

## **PART 4**

### **Financial Procedure Rules and Contract Procedure Rules in Part 4 and the Scheme of Delegation to Officers in Part 9**

#### **Introduction**

- 1** In these Financial Procedure Rules, Contract Procedure Rules and in the Scheme of Delegation to Officers, “Designated Officer” means the Chief Executive, Director of Service Delivery, Director of Business Strategy and Development, Director of Corporate Services, Chief Finance Officer and Assistant Director of Corporate Services or any properly appointed deputy or other Officer authorised to act for such Designated Officer.
- 2** For the avoidance of doubt, any function purported to be delegated to or exercisable by a Designated Officer of the Council, shall be deemed also to be delegated to the Chief Executive, who in the absence of that Delegated Officer on leave, through sickness, attendance at conference or for any similar reason, shall authorise a substitute officer to act. The exception to this shall be the Head of Finance when acting on behalf of the Chief Finance Officer under Section 151 of the Local Government Act 1972 and the Head of Legal Services when acting on behalf of the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.
- 3** As an addition to the Financial Procedure Rules, the Council has adopted the following clauses as recommended by the Chartered Institute of Public Finance and Accountancy:
  - 3.1** The Council will create and maintain, as the cornerstones for effective treasury management:
    - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
    - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of CIPFA’s Code of Practice, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code’s key principals.

- 3.2** Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 3.3** This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 3.4** The Council nominates the Audit and Standards Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **PART 4**

### **Financial Procedure Rules**

#### **1 Financial Administration**

##### **1 Financial Administration**

- 1.1** Every Officer of the Council and Councillor shall comply with the provisions of these Financial Procedure Rules.
- 1.2** The Cabinet shall be responsible for regulating and controlling the finances of the Council.
- 1.3** The Chief Finance Officer shall, for the purposes of Section 151 of the Local Government Act 1972, be responsible for the proper administration of the Council's financial affairs as the Council's financial and economic adviser.
- 1.4** The Chief Finance Officer shall have responsibility for maintaining an adequate and effective system of Internal Audit.
- 1.5** The Chief Finance Officer, in consultation with the Chief Executive, shall report to the Cabinet on the level of financial resources available and to be utilised in each financial year. These Officers shall keep the Cabinet informed of the Council's finances and financial performance and provide financial and performance advice to the Scrutiny Committee as necessary.
- 1.6** The Designated Officer shall be responsible for:
  - (a) the observance of the Council's Financial Procedure Rules and financial regulations;
  - (b) the accountability and control of employees, and
  - (c) the security, custody and control of all other resources of his/her department.
- 1.7** All the accounting procedures and records of the Council shall be approved by the Chief Finance Officer in consultation with the Designated Officers concerned.
- 1.8** Each Designated Officer shall agree with the Chief Finance Officer any proposed changes in accounting procedures or records. All agreed changes shall be properly recorded.
- 1.9** Where a Designated Officer delegates his/her powers to staff

in accordance with a scheme of delegation, a written record including appropriate authorisation of such delegation must be maintained by the delegated Officer concerned.

## **2 Financial Planning**

- 2.1** To enable the Council's annual estimates to be prepared, the Cabinet shall prepare a programme of proposed capital expenditure and estimates of income and expenditure on revenue account and shall consider the combined effect of these programmes and estimates upon the Council's financial resources, and submit them to the Council for approval, with a recommendation as to the General Fund Net Requirement and its levy implications for the next financial year.
- 2.2** Prior to any application for external funding each application shall be submitted to the Chief Finance Officer for appraisal to confirm that the financial implications have been fully assessed.
- 2.3** Before claims for grant or reimbursement are submitted to any Government department or other body, they shall be sent to the Chief Finance Officer for examination and certification.

## **3 Control on Capital and Revenue Expenditure**

### **3.1 Capital Expenditure**

**3.1.1** The Designated Officer, jointly with the Chief Finance Officer, shall prepare financial appraisals of all projects to be put forward for inclusion in the Capital Programme.

**3.1.2** Capital expenditure shall only be incurred if the project is included in the Council's approved Capital Programme and the Cabinet has authorised expenditure on the project.

**3.1.3** The Designated Officer responsible for implementing an approved capital project and the Chief Finance Officer shall regularly report on the progress and financial expenditure of the project to meetings of the Cabinet.

#### **3.1.4 Leases**

In consultation with the Council's senior legal officer, the Chief Finance Officer shall settle terms and conditions for the leasing of vehicles, plant and equipment in accordance with financial policies determined by the Cabinet.

## **3.2 Revenue Expenditure**

### **3.2.1 Recurring Expenditure**

The inclusion of an estimate in a budget shall be authority for the expenditure of sums not exceeding that estimate (inclusive of transfers or supplementary estimates that have been authorised).

### **3.2.2 Orders for Works and Goods**

Orders for works and goods shall be issued in a form approved by the Chief Finance Officer and in accordance with any prescribed procedures.

### **3.2.3** The following principles shall be observed in connection with accounting systems:

- (a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording those sums shall be separated as completely as possible from the duty of collecting or disbursing them, and
- (b) Officers charged with the duty of examining and checking the accounts of financial transactions will not be engaged in any of these transactions.

### **3.2.4 Non-Recurring Expenditure**

Items of non-recurring revenue expenditure approved each year by the Cabinet can only be used for the purpose stated.

### **3.2.5 Trading Activities**

No Officer shall engage in any trading activity until a Business Plan incorporating a statement of financial viability has been examined by the Chief Finance Officer and approved by the Cabinet following consideration of the views of the Chief Finance Officer.

## **3.3 Reserves**

### **3.3.1** The Cabinet shall each year set aside from its estimates amounts to be transferred into reserves for the proper support of the Council's services.

- 3.3.2** The Cabinet shall each year include in its estimates amounts to be transferred from its reserves for the proper support of the Council's services.
- 3.3.3** During the course of each year the Leader of the Council may authorise amounts to be expended from uncommitted reserves provided such amounts are used in accordance with the purposes for which the reserve was established. The Leader will seek advice from the Chief Finance Officer prior to each authorisation and each amount authorised will be reported to the next meeting of the Cabinet.
- 3.3.4** A vehicles replacement programme will be submitted to Cabinet at least once every three years. Vehicles may be purchased up to twelve months in advance of requirements in accordance with the approved programme provided that the Chief Finance Officer is satisfied that there is an adequate balance available within the Repairs and Renewals Fund and the action is approved by the relevant Cabinet Member.
- 3.3.5** Details of vehicles purchased in advance of the programme will be reported to the next available meeting of the Cabinet.

#### **3.4 Contingencies**

##### **3.4.1 Provision for Salary and Wages Pay Award**

The Cabinet shall include in the revenue budget such provision for salary and wages awards as may be considered necessary.

##### **3.4.2 Contingencies**

The Leader of the Council may approve expenditure from the contingency fund element of the Working Balance to meet the cost of additional and/or previously unforeseen expenditure. The Chief Finance Officer in consultation with the Chief Executive shall be permitted to approve expenditure from the contingency fund to meet the cost of additional and/or previously unforeseen expenditure up to a sum not exceeding £5,000. A statement of any expenditure however authorised shall be reported to the next available Cabinet.

#### **3.5 Petty Cash Expenditure**

- 3.5.1** The Chief Finance Officer is authorised to pay to each Director or Designated Officer an amount to be used as petty cash. The amount will be at a level consistent with the needs of the department involved.

- 3.5.2** No income received on behalf of the Council may be paid into a petty cash account but must be banked or accounted for in one of the Council's accounts.
- 3.5.3** Payments shall be limited to minor items of expenditure and shall be supported by a receipt.
- 3.5.4** An Officer responsible for a petty cash account shall give the Chief Finance Officer a certificate to show the position of his/her petty cash account at the end of each financial year and at any other times if so requested.
- 3.5.5** On ceasing to be entitled to hold a petty cash account, the Officer will account to the Chief Finance Officer for the amount advanced.
- 3.5.6** No single item of expenditure from petty cash shall exceed £50 (including VAT), unless in exceptional circumstances and with the prior approval of the Chief Finance Officer.

## **3.6 Budget Transfers**

### **3.6.1 Revenue Estimates**

The Revenue Estimates shall show on a separate page each annual Cabinet budget divided into Service Estimates. Each Service Estimate shall be sub-divided into the following resources estimates:

- Employees;
- Premises;
- Transport;
- Supplies and Services;
- Agency and Contracted Services;
- Support Services;
- Capital Charges, and
- Income.

Except for employees no sum can be transferred from one Service Estimate to another without the prior approval of:

- (a) the Cabinet for sums over £50,000
- (b) the Council for sums over £100,000.

No sum may be transferred to or from the resources estimates provided for Support Services or Capital Charges. Proposals to transfer sums to or from the resources estimates provided for income must be supported by the Chief Finance Officer and authorised by the Leader of the Council. All such transfers will be reported to the next available meeting of the Cabinet.

With the exception of non-recurring items in 3.2.4 above, a Designated Officer shall have delegated powers to transfer money from one of the remaining resource estimates to another within a Service Estimate with the prior approval of the Chief Finance Officer. Each transfer shall not exceed the sum of £50,000.

The Chief Executive, in consultation with the Chief Finance Officer may make arrangements of a short term and temporary nature, to use vacancy savings in the establishment budget from all Service Estimates to maintain priority services and facilitate change. The arrangements will ensure no addition to the Council's recurring base budget.

### **3.6.2 Housing Revenue Account Capital Programme**

The Director of Service Delivery or Designated Officer, in consultation with the Chief Finance Officer, may transfer sums between programme heads in the Housing Revenue Account Capital Programme. All such transfers must be reported to the next meeting of the Cabinet.

### **3.6.3 General Fund Capital Programme**

Designated Officers may, with the approval of the Chief Finance Officer, transfer sums of up to £5,000 from one project or programme head to another. All such transfers must be reported to the next meeting of the Cabinet. Any additional costs of a project or programme head which cannot be met by transfer must be the subject of a supplementary estimate, prior to being incurred.

## **3.7 Supplementary Estimates**

The Leader of the Council may approve a supplementary estimate to the budget provided that:

There are sufficient uncommitted resources in the Council's reserves and balances to fund the supplementary estimate.

That each reserve will only be used for its stated purpose.

The General Fund Working Balance is used in accordance with the indicative risk based service elements when the estimates were last approved by Council.

The approval of the Cabinet shall be required when the amount of each approval exceeds £100,000.

## **3.8 Emergencies**

Nothing in these Financial Procedure Rules shall prevent a Designated Officer or the Cabinet from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency

or disaster which can be justified by reference to Section 138 of the Local Government Act 1972. Any expenditure incurred must be reported to the next meeting of the Cabinet.

### **3.9 Payments**

**3.9.1** The Chief Finance Officer is authorised to make payment in respect of expenditure incurred under the provisions of these Financial Procedure Rules.

**3.9.2** Apart from petty cash, the Council will pay money due by cheque or electronic method, drawn on the Council's bank account.

**3.9.3** Each Designated Officer shall:

- (a) send the names of Officers authorised to certify financial records to the Chief Finance Officer, together with specimen signatures, and
- (b) keep under regular review the department's list of names of the Officers authorised to certify such records and promptly notify any changes to the Chief Finance Officer.

**3.9.4** Before certifying an invoice, the certifying Officer must be satisfied that:

- (a) the work, goods or services to which the account relates have been received, carried out, examined and approved;
- (b) the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- (c) the relevant expenditure has been properly incurred and is within the relevant estimate provisions;
- (d) appropriate entries have been made in inventories, stores records or stock books as required, and
- (e) the account has not been previously passed for payment and is a proper liability of the Council.

**3.9.5** Each certified original invoice shall be passed without delay to the Chief Finance Officer. The Chief Finance Officer shall examine the account and be entitled to make enquiries and to receive information and explanations as may be required.

**3.9.6** Any amendment to an invoice shall be made in ink and initialled by the Officer making it, stating briefly the reasons where they are not self-evident.

### **3.10 Outstanding Payments**

At the end of each financial year each Designated Officer shall comply with the requirements of the Final Accounts timetable and notify the Chief Finance Officer of all outstanding expenditure relating to the previous financial year.

## **4 Control of Income**

### **4.1 Fees and Charges**

All fees and charges, including nil charges, shall be reviewed annually and agreed by the Cabinet.

### **4.2 Collection**

Designated Officers shall notify the Chief Finance Officer of all items of income arising from their department's activities. The collection of all money due to the Council shall be under the supervision of the Chief Finance Officer. All money received by an Officer on behalf of the Council will be paid without delay to the Chief Finance Officer or where instructed to the Council's Bank. Every transfer of the Council's money from one member of staff to another shall be evidenced in the records of the departments concerned by the signature of the receiving Officer.

### **4.3 Banking Facilities**

The Cabinet shall approve the appointment of a Bank or Banks. All arrangements with the Council's Bankers shall be made by the Chief Finance Officer. All Council money shall be transacted through the official accounts of the Council. No other account shall be used for transacting or transferring Council funds.

### **4.4 Cheques**

#### **4.4.1 Main Account**

All cheques (with the exception of cheques drawn on the Court Fees' and Chair's accounts) shall be ordered on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody. All cheques drawn on the Council's main bank account shall bear the facsimile signature of the Chief Finance Officer.

Cheques for amounts which exceed £10,000 shall be manually signed by the Chief Finance Officer or an Officer authorised in writing by the Chief Finance Officer.

#### **4.4.2 Court Fees' Account and Chair's Account**

Cheques for use on each of these accounts shall be supplied by the Council's bank.

The Chief Finance Officer shall notify the bank of the names of persons who will operate the account together with specimen signatures.

#### **4.5 Amounts to be Written-off**

**4.5.1** Where an amount of debt is less than £10,000, or the amount involved is claimable in bankruptcy or liquidation proceedings, the Chief Finance Officer or Designated Officer is authorised to write off the amount. Amounts written off will be reported to the next meeting of the Cabinet by the Chief Finance Officer.

**4.5.2** Where the sum is between £10,000 and £50,000, the Cabinet is authorised to write off the amount.

**4.5.3** Where the sum exceeds £50,000, the Cabinet shall make an appropriate recommendation to the Council.

**4.5.4** A complete record of all debts written-off must be maintained by the Chief Finance Officer.

#### **4.6 Value Added Tax**

When the rate of Value Added Tax (VAT) is altered, the Chief Finance Officer, in conjunction with the appropriate Designated Officer, is authorised to amend all fees and charges as required.

### **5 Audit and Control Arrangements**

#### **5.1 Internal Audit**

**5.1.1** The Chief Finance Officer shall maintain adequate and effective arrangements for the internal audit of the Council's accounting records, control systems and other operations in accordance with the Audit Regulations and Auditing Guidelines.

**5.1.2** The Chief Finance Officer (or authorised representative) shall have authority to:

- (a) enter at all reasonable times on any Council premises or land;
- (b) have access to all records, documents and correspondence relating to any financial and other transactions of the Council;

- (c) require and receive such explanations as are necessary concerning any matter under examination, and
- (d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.

**5.1.3** Internal Audit shall, in consultation with the Chief Executive and other appropriate Officers, agree arrangements for securing economy, efficiency and effectiveness in the use of the Council's resources.

**5.1.4** In carrying out its duties, the Internal Audit Section will operate in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 and amended from time to time and other relevant auditing standards.

## **5.2 Irregularities**

Whenever any matter arises which may involve any irregularity concerning cash, stores or property of the Council or the financial or non-financial functions of the Council, the appropriate Designated Officer shall immediately notify the Chief Finance Officer. The Chief Finance Officer shall take any necessary steps by way of investigation and report to the Chief Executive. The Chair of the Audit and Standards Committee shall be informed of the outcome of the investigation.

## **5.3 External Audit**

An independent external audit of the Council's services will be carried out by Officers appointed by the Audit Commission for Local Authority Accounts.

## **5.4 Stocks and Stores**

**5.4.1** Each Designated Officer shall be responsible for the care and custody of the stocks and stores in his/her department.

**5.4.2** Stocks will not be in excess of normal requirements except in special circumstances with the approval of the Cabinet.

**5.4.3** Designated Officers shall arrange for stocks to be checked by an Officer other than the employee in charge of the stocks at least once in every year.

**5.4.4** The Chief Finance Officer shall be entitled to ask each Designated Officer for such information as required in relation to stores for the accounting, costing and financial records. Disposal of surplus or obsolete materials, stores or equipment

which have an estimated realisable value greater than £2,500 shall be agreed with the Chief Finance Officer. If agreed, the items are to be disposed of by competitive tender or public auction, unless the Committee concerned decides otherwise. For such items with a realisable value below £2,500 the method of disposal shall be at the discretion of the Designated Officer concerned.

- 5.4.5** Any surplus or deficiency in stock of a value in excess of that from time to time agreed with the Chief Finance Officer shall be reported to the Chief Finance Officer who shall decide what further action is required. The facts shall be reported to the next meeting of the Cabinet.

## **5.5 Inventories**

- 5.5.1** Inventories shall be maintained by all departments and record an adequate description of furniture, fittings and equipment, plant and machinery. The extent to which the property of the Council shall be recorded and the form in which the inventories shall be kept is to be determined by the Chief Finance Officer in consultation with the Designated Officers.

- 5.5.2** Each Designated Officer is responsible for maintaining an annual check of all items on the inventory, and taking action in relation to surpluses or deficiencies and recording this in the inventory. Any losses shall be reported to the Chief Finance Officer.

- 5.5.3** The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business. The Council's property shall not be used other than for the Council's purposes, except in accordance with specific directions issued by the Designated Officer concerned.

## **5.6 Security**

- 5.6.1** Each Designated Officer is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc under their control. The Chief Finance Officer must be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- 5.6.2** Maximum limits for cash holdings will be agreed with the Chief Finance Officer and shall not be exceeded without his/her consent.

- 5.6.3** Keys to safes and similar receptacles shall be held in a secure environment remote from the premises where the safe or

similar receptacle is located which restricts access to authorised personnel only. The loss of any key shall be reported to the Chief Finance Officer immediately.

**5.6.4** The Director of Corporate Services shall be responsible for maintaining proper security and privacy as respects information held in the computer installation.

**5.6.5** The Director of Corporate Services shall maintain an inventory of all IT and telecommunication equipment within the Council.

## **5.7 Insurance**

**5.7.1** The Chief Finance Officer will arrange all necessary insurance cover and negotiate all claims in consultation with other Officers where necessary, and will review all insurances in consultation with other Directors at least annually.

**5.7.2** Designated Officers shall notify and consult with the Chief Finance Officer to enable cost effective insurance to be maintained:

- (a) before making any acquisition or disposal of land or buildings;
- (b) before taking on any other or altering any existing risk;
- (c) before signing or accepting any written agreement comprising or containing an indemnity from the Council or a disclaimer of liability, and
- (d) immediately of any loss, damage, claim or circumstances which might give rise to a claim by or against the Council.

## **6 Salaries, Wages And Pensions**

**6.1** The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the Council shall be made and controlled by the Chief Finance Officer under arrangements approved by the Chief Executive.

**6.2** All time records or other pay documents shall be certified in writing by, or on behalf of, the appropriate Designated Officer. The names of Officers authorised to certify payment records shall be sent to the Chief Finance Officer, together with specimen signatures. The name of each Officer shall be authorised by the appropriate Designated Officer and must be amended whenever there is a change in the Officer's responsibilities.

## **6.3 Travelling and Subsistence Allowances**

- 6.3.1** All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted and duly certified, in a form approved by the Chief Finance Officer.
- 6.3.2** Payments to members, including co-opted members of the Council or its Committees who are entitled to claim travelling or other allowances, shall be made by the Chief Finance Officer upon receipt of the appropriate completed form. All claims are to be submitted within two months of the date on which the duty was carried out. Claims for duties undertaken in March must be submitted for payment within one month of 31 March.
- 6.3.3** The certification by, or on behalf of, a Designated Officer shall mean that:
- (a) the certifying Officer is satisfied that the journeys were authorised;
  - (b) the expenses were properly and necessarily incurred;
  - (c) the allowances are properly payable by the Council; and
  - (d) any VAT element to be reclaimed is supported by a VAT invoice or receipt.
- 6.3.4** Members' and Officers' claims submitted more than six months after the expenses were incurred will be paid only with the express approval of the Chief Finance Officer.

## **7 Asset Register**

- 7.1** The Chief Finance Officer shall maintain an asset register in the form required by the Code of Practice on Local Authority Accounting.
- 7.2** The Council's senior legal officer shall keep all contracts, legal instructions and title deeds under secure arrangements agreed with the Chief Finance Officer.

## **8 Retention of Records**

Each Director shall ensure that financial records are securely filed for the period of time required by the Chief Finance Officer.