

KIRKLEES COUNCIL

FINANCIAL PROCEDURE RULES

June 2016~~April 2015~~

Financial Procedure Rules

Introduction

These Financial Procedure Rules set out the framework which the Council will use in managing its financial affairs. They set out levels of responsibility and give authority to the Cabinet, Members and Officers and are intended to promote good practice in the use of public funds.

A guide to the Financial Procedure Rules will be published on the Intranet to help users understand and implement good financial management. Users should contact the Director of Resources or his staff if assistance or clarification is needed.

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Financial Procedure Rules
Definitions

Activity Budget	A standard sub division of a Service Budget
Asset	An item belonging to the Council that has a value ; It can include buildings, equipment, vehicles, stocks, stores, money and items of intellectual value
Associated Organisation	An organisation in which the Council has a majority or substantial shareholding, or exercises substantial influence through its funding of the organisation.
Business Case	A written document, setting out the reasons for a project, including analysis of options, risks and resources needed.
Cabinet Member	A single member of the Cabinet.
Central Budget	A budget which is held centrally and for which statutory Chief Finance Officer is accountable (in accordance with any rules established in these procedures, or by Council, or Cabinet)
Controllable Budget	A budget which is allocated to a Director , and for which the Director is accountable, in accordance with any rules established in these procedures, or by the Director of Resources, or by Council, or Cabinet
Director	The person responsible for the proper compliance with these procedures whose name is included on a schedule approved by the Chief Executive.
Director of Resources	The Director –or other officer- who is the council's statutory .Chief Financial Officer. Any rules applying to a Director apply equally to the Director of Resources when behaving as a service Director.
Directorate	The consolidated Service plans and activity budgets that fall within the responsibility of any one director
Fixed Asset	Any physical item having a long term value –such as a vehicle, or property.
Irregularity	An unexpected or inappropriate event or behaviour
Land Asset	Means the property of the Council that is freehold or leasehold property (including any buildings on it), rights of possession of land, easements and/or other estates or interests in land.
Medium Term Financial Plan	Three year Revenue Budget Plan and Capital Investment Plan.
Named Project	A project (forming part of a Capital Programme) identified by Cabinet (or any other body or person so authorised by Cabinet) for inclusion in the Capital Plan.
Officer	An employee of the Council or other person contracted to carry out functions where these Financial Procedure Rules apply.
Partnership	Any organisation with which the Council has a formal or informal agreement to act together.
Programme Area	A group of projects having a similar purpose in the Capital Investment Plan.
Project	A single scheme included separately in the Capital

	Investment Plan, or as a part of a programme area.
Rollover	A mechanism for transferring budgets between financial years.
Service Plan	A statement of objectives plans, performance measures and the use of resources for a Service.
Specified Project	A project specified by Council for inclusion in the Capital Plan.
Virement	The transfer of resources from one budget to another.

1. **FINANCIAL GOVERNANCE**

- 1.1 The Council has a statutory duty to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Council has resolved that the Director of Resources is the responsible officer.
- 1.2 The Council will approve Financial Procedure Rules to be used by all members and officers.
- 1.3 The Corporate Governance & Audit Committee is responsible for approving the Council's Annual Statement of Accounts
- 1.4 The Cabinet is responsible for ensuring that the Financial Procedure Rules are followed across the Council. The Corporate Governance & Audit Committee is also responsible for reviewing the Financial Procedure Rules annually and for making recommendations for any changes to the Council.
- 1.5 The Corporate Governance & Audit Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management arrangements. The Cabinet is responsible for assessing the risk of activity undertaken by the Council.
- ~~1.6 The Personnel Committee is responsible for recommending to Council the annual Pay Policy statement and strategy, for implementation each April.~~
- 1.7 The Director of Resources is responsible for the proper administration of the Council's financial affairs, and particularly for:-
- a) Providing financial advice and information to members and officers;
 - b) Setting standards for good financial management and monitoring compliance with those standards;
 - c) Advising on the key financial controls necessary to secure sound financial management;
 - d) Ensuring that proper systems of internal control are operated;
 - e) Co-ordinating the preparation of the Revenue Budgets and the Capital Investment Plan;

- f) Determining the accounting policies and financial procedures and records for the Council;
 - g) Preparing the annual financial statements in accordance with the relevant accounting standards and codes of practice;
 - h) Treasury management activities;
 - i) Preparing a risk management policy statement and promoting it throughout the Council;
 - j) Maintaining an effective internal audit function;
 - k) Ensuring proper professional practices are maintained within the finance function; and
 - l) Managing the Council's taxation affairs.
- 1.8 The Director of Resources must report to the Council's Monitoring Officer and to the Council if:-
- a) A decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful; or
 - b) There has been, or is about to be, an unlawful action resulting in a financial loss to the Council;
- and the Council's Monitoring Officer will take all appropriate and necessary steps to deal with the matter.
- 1.9 The Director of Resources may issue any instruction intended to fulfil these responsibilities and is entitled to any information or explanations as he/she may require.
- 1.10 Directors must ensure that financial systems and procedures used in their service areas are adequate to record and control all transactions and to achieve adequate levels of internal check and control.
- 1.11 Directors must make arrangements to ensure that all officers involved in financial matters are aware of, and competent in the use of, these Financial Procedure Rules. The extent of delegated authority to officers must be recorded.
- 1.12 Directors must ensure that any report to Cabinet contains the financial implications of any proposals. These financial implications must be agreed with the Director of Resources.
- 1.13 Where, as a result of legislation or decision of the Council, part of the Council's functions are delivered by an associated organisation including any partnerships of which the Council is a member or participant, funded partly or wholly by the Council, the organisation must submit for approval by the Council its own arrangements for corporate governance. These arrangements will incorporate the spirit of the Council's Financial Procedure Rules, and will include the Council's right of access to financial information about the associated organisation.
- 1.14 Schools with delegated budgets are subject to, and must comply with, the 'Kirklees Scheme for Financing Schools', which has tailored these Financial Procedure Rules for use in those Schools.

1.15 A reference in the Financial Procedure Rules:-

- a) To a Director includes where appropriate the Chief Executive.
- b) To the Cabinet includes Cabinet committees;
- c) To the Director of Resources includes his or her nominees; and
- d) To an officer means any employee of the Council, or other persons contracted to carry out functions where these Financial Procedure Rules apply.

2. **REVENUE BUDGET PREPARATION AND MANAGEMENT**

Responsibilities

- 2.1 The Council is responsible for determining the Council's Medium Term Financial Plan (MTFP) comprising a multi-year General Fund Revenue Budget Plan (including the revenue consequences from the Capital Investment Plan) and setting the level of Council Tax for the following financial year. The multiyear plan will normally be for a period of 3 years.
- 2.2 The Cabinet is responsible for recommending to the Council a Medium Term Financial Plan comprising a multi-year General Fund Revenue Budget Plan and Capital Investment Plan and for implementing it when determined.
- 2.3 The Cabinet is responsible for approving the setting of Council Tenant Rents, and other rents and service charges within the Housing Revenue Account (HRA), each year, within the scope of existing HRA rent and charging policies.

Budget Preparation

- 2.4 The Cabinet will submit no later than the October meeting of the Council each year a provisional budget strategy for the following three years. The starting point will be the existing multi-year plans rolled forward from the previous year, including a high level review of Council funding and spend assumptions across the next 3 years. Any resultant gap between funding and spend forecasts will inform target spending controls over the new MTFP period
- 2.5 The Director of Resources is responsible for establishing budget procedures, including determination of the following:
 - i) target spending controls for the Council budget over the MTFP, and their allocation to Directors, as appropriate,
 - ii) the format for budget documentation,
 - iii) a corporate budget timetable, and
 - iv) to report on any amendments put forward as part of the Council's budget process

- 2.6 The provisional budget strategy will include arrangements for wider public engagement on budget options being considered.
- 2.7 Directors will produce draft budget proposals to meet target spending controls for Council budgets over the MTFP, in accordance with budget procedures and the annual budget timetable as set out by the Director of Resources. These draft budget proposals will show how resources are to be allocated across activities, taking into account any service changes, performance targets, and the specific requirements of any relevant legislation, including service equalities impacts, in formulating budget options for Cabinet consideration.
- 2.8 The Cabinet will consider these proposals in detail and make its recommendations to the Council at least 14 days before the date set for the meeting of the Council which will determine the Council's Budget for the next financial year.
- 2.9 The Director of Resources will advise the Cabinet and the Council on the overall budget, the levels of Council Tax, the use of reserves and the need for contingency budgets, and on the risks involved in the forecasts of spending levels and income. The annual budget report must make reference to all matters required by legislation or appropriate professional guidance, including matters such as the Pay Policy Statement and strategy.

Budget Management

- 2.10 The Cabinet is responsible for implementing the Corporate Plan within the resources allocated in the Revenue Budget. The Cabinet will provide summary revenue monitoring information to the Council at least twice per year.
- 2.11 The Director of Resources will determine which budgets are "controllable" by Directors, and will allocate the specific budgets that each Director has responsibility to manage.
- 2.12 These budgets will normally align with the Directorate structure of the Council, but may also reflect the cross council (transformational) structure of the Council. The Director of Resources will determine which budgets may be considered together for the purposes of delegated virement authority (per FPR 2.20 to 2.24 below).
- 2.13 Directors are responsible for managing controllable budgets within their delegated authority and should exercise proper budgetary control in order to achieve Corporate Plan and Service Plan objectives.
- 2.14 Directors are authorised to incur any expenditure included in the approved revenue budget, as amended by any Virement including obtaining and accepting quotations and providing grants and loans, subject to other requirements of CPRs and FPRs.

2.15 Directors must report on budget management. They must take action to avoid overspending budgets and report any difficulties to the Director of Resources. These reports must be in a format and to a timetable prescribed by the Director of Resources.

2.16 Where a Director is reporting a projected overspending of more than £500,000 on an activity that cannot be addressed through budget virement, ~~the Director must~~ this will be highlighted by the Director of Resources as part of the report to the Cabinet on the overall management of the Revenue Budget on a quarterly basis through the year ~~prepare a report to Cabinet,~~ setting out the reasons for the overspending and management options ~~for eliminating or reducing the overspending.~~

~~When a Director reports under Financial Procedure Rule 2.16,~~ The Cabinet is responsible for approving an action plan.

~~The Cabinet is responsible for monitoring the implementation of the action reviewing management options plan,~~ and for taking recommending such further steps as are necessary to align activity with resources.

2.17 The Director of Resources is accountable for all central budgets, which will be managed in the same way as activity budgets.

2.18 The Director of Resources has delegated authority to review the requirement for existing Council Provisions and earmarked Reserves, in-year, and to report any new Reserves or Provisions requirements to Cabinet.

2.19 Directors should delegate authority to commit budgets to the appropriate level of management, make arrangements to set out clearly the extent of authority of managers, and review the performance of managers in managing these budgets.

Virements

2.20 Directors are authorised to transfer resources within an activity budget without limit providing the Service Plan for the activity is not changed in a material way.

Virement which is associated with a change in the level of service from that set out in the service plan must be approved by the Cabinet.

2.21 Directors, in consultation with the appropriate executive member(s), are authorised to transfer resources between controllable activity budgets subject only to the cumulative Virements on any one activity not exceeding 10% of the original gross directorate budget or £500,000, whichever is the smaller.

2.22 The Cabinet is authorised to transfer resources (undertake a Virement) of more than £500,000 between activity budgets, subject only to the cumulative Virements on any one Directorate not exceeding 10% of the original gross budget, or £2m, whichever is the smaller. Cumulative Virements above these thresholds requires Council approval.

The Cabinet may authorise the transfer of up to £500,000 , cumulative in any one financial year, from the revenue budget to add additional resources to the capital plan. Directors can authorise the transfer of up to £100,000 cumulative in any one financial year, from the revenue budget to add additional resources to the capital plan.

- 2.23 Virement is specifically not allowed where the transfer of resources is from budgets for capital charges, simple service level agreements (SLAs) or statutory taxes and levies.
- 2.24 All Virements will be recorded in a way prescribed by the Director of Resources who will arrange for Virements to be incorporated into subsequent financial monitoring reported to the Cabinet.

Rollover

- 2.25 Rollover is a mechanism for transferring budget provisions from one year to the next, or vice versa.
- 2.26 The Council, in determining the Revenue Budget for a particular year, will also determine the arrangements for rollover for that year. The Council will determine changes to the Council's Revenue Budget arising from the rollover process.
- 2.27 The Cabinet is responsible for recommending changes to the Revenue Budget arising from the rollover process.
- 2.28 In the rollover process, there will be a presumption that the overall level of resources available to support rollover proposals will not exceed the net under spend of the Council as a whole for that year.
- 2.29 Subject to the parameters set out in FPR 2.28 above, there will be a presumption that rollover entitlement will be considered at a Directorate level in the first instance, and will not exceed the Directorate's net under spend position for that year.

Other

- 2.30 Where during any year a material change of funding (and or any change associated activity) arises this must be reported to Cabinet along with a statement of any associated change in the risk profile.(for example a change from outsourced to direct employment may have the same overall cost, but may significantly increase the Council's risk).
- 2.31 Where, as a result of a mistake or error by an officer, the Council becomes liable for any charges, penalties or additional expenses, such costs will be met by the activity in which the error is made.
- 2.32 Whenever the Cabinet becomes aware –following a report from the Director of Resources- that a reduction in resources during the current or future years

may impact on the Councils financial position, it may take such steps as it considers necessary to reduce activity immediately or at a stage prior to the next budget Council in order to address this factor.

- 2.33 The Director of Resources will report to the Cabinet on the overall management of the Revenue Budget on a quarterly basis through the year. At least a summary of this information will be published on the council website.
- 2.34 After the end of each financial year, the Director of Resources will report to the Cabinet and the Council on the outturn financial performance and proposed rollover of each Directorate and of the Council as a whole.

3. **CAPITAL INVESTMENT PLAN PREPARATION AND MANAGEMENT**

General

- 3.1 All capital investment must be made in recognition of the CIPFA 'Prudential Code for Capital Expenditure', and take account of affordability, prudence and financial sustainability, value for money, stewardship, organisational objectives, and practicality. ~~In order to achieve this, Directors must prepare a business case in respect of each project (or programme).~~

Responsibilities

- 3.2 The Council is responsible for determining the Council's Capital Investment Plan and approving the prudential indicators and limits that support the capital investment.
- 3.3 The Cabinet is responsible for recommending to the Council at the same time as the proposed Revenue Budget, a multi-year Capital Investment Plan and the prudential indicators and limits that support the recommended capital investment.
- ~~and~~
- 3.47 The Council will determine allocations of capital resources to programme areas, or to specified projects.

~~3.5 The Cabinet is responsible for implementing the Capital Plan when determined, approved by Council, in line with any stated Council policies, or strategies~~

- 3.6 ~~The Director of Resources will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available.~~ The Director of Resources must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.

Capital Investment Plan Preparation.

- ~~3.5—7~~ The Director of Resources will prepare draft investment plans in accordance (where set) with the planning totals. Directors are responsible for

providing details of all programmes and projects in a format prescribed by the Director of Resources.

~~3.6 The Cabinet will consider these proposals in detail and make its recommendations to the Council at the same time as the proposed Revenue Budget.~~

~~3.7 The Council will determine allocations of capital resources to programme areas, or to specified projects.~~

Plan Management

~~3.8 The Cabinet is responsible for implementing the Capital Investment Plan within the resources allocated.~~

3.89 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.

3.910 The Cabinet is authorised to:

~~(1) Transfer resources within a programme area without restrictions.~~

~~(1) Transfer resources between any project or programme area up to a maximum of £500,000 in any financial year.~~

~~(2)~~

~~(3)(2) 3.11 The Cabinet is authorised to transfer resources between programme areas or specified projects, subject only to the maximum amount of Virement in any one year on any programme or specified project not exceeding 10% or £500,000, whichever is the smaller. Where the 10% is less than £100,000, Virement of £100,000 will be allowed. The 10% limit does not apply to transfers from the Capital Contingency.~~

~~3.12 The Cabinet may delegate its authority under Financial Procedure Rules 3.10 and 3.11 to individual Cabinet members, to District Committees, to Directors or, in the case of the Housing Investment Plan, to the Board of Kirklees Neighbourhood Housing Limited. The Cabinet is required to determine arrangements for delegation, which may differ between service areas. These delegations must be agreed annually by the Cabinet. (Delegation is not permitted to persons or organisations other than those listed in this paragraph)~~

3.103 Directors are responsible for managing programmes and projects, and must make appropriate arrangements to control projects and avoid overspending.

Directors are authorised to transfer resources to or from any project, or to or from any unallocated resources within a programme area up to a maximum of £100,000 in any financial year.

~~They must prepare regular reports on the progress of projects in a format and to a timetable prescribed by the Director of Resources, and take action to avoid overspending the amounts provided in the Capital Investment Plan and report any difficulties to the Director of Resources.~~

Cabinet may transfer up to £500,000, and Directors up to £100,000,

cumulatively in any one year, from the revenue budget to add resources to provide additional resources to current or new projects included in the capital plan.

3.11 Transfer of resources must recognise funding arrangements. Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project to the extent that it is funded by a project specific third party grant.

3.12 The Cabinet may delegate its authority under Financial Procedure Rules 3.910 and 3.104 to the Board of Kirklees Neighbourhood Housing Limited. The Cabinet may also allow additional delegated authority to Directors, this to be agreed on an annual basis.

3.13 Any decision on resource allocation by Cabinet, Directors or Subsidiary Organisations (3.9 to 3.12) must recognise any policy decisions of Council; Any decision on resource allocation by Directors or Subsidiary Organisations (3.10-3.12) must recognise any policy decisions of Cabinet.

~~Virement~~

3.14 The Cabinet may delegate to Directors its authority to exercise Virement within a programme area provided that;

- the spending on the whole programme area being contained within the resources allocated;
- the Virement of additional resources into or from a project being less than the tolerance levels set out in Financial Procedure Rule 3.21;

and

- Directors report retrospectively to Cabinet on the use of this authority as part of the quarterly monitoring on the Capital Plan.

3.15 All Virement will be recorded in a way prescribed by the Director of Resources, who will arrange for Virements to be reported to the Cabinet.

3.146 The Director of Resources will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year at least four times per year.(including the reporting of virements in respect of each programmes and project The Cabinet will provide summary monitoring information to the Council at least twice per year.

Progressing investment decisions

3.158 The Chief Executive will may establish a Strategic Investment Board to oversee investment in capital programmes and projects (and revenue projects as approved by Management Board). This Board will consider business cases and has authority to give instruction to Directors and provide advice to Cabinet in relation to delivery of investment. Directors must prepare a business case (in a format prescribed by the Director of Resources, but which must include reference to the costs of capital, the consequential revenue costs of borrowing, and any operating expenditure and income associated with the investment) for each project or programme area. The Strategic Investment

~~Board may permit Directors to proceed with planning applications and the completion of feasibility studies and option appraisals as part of developing a business case arrangements to ensure effective deployment of capital resources, including the preparation of business cases, option appraisal etc designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects.~~

~~3.16 The Director of Resources will grant approval to each specific project when satisfied that: d) — The incurring of the expenditure has been authorised by the Director of Resources; and~~

~~3.19—The Cabinet will approve each business case. The Cabinet will in some instances decide that the business case should be prepared for a whole programme area, or a group of projects. The Cabinet may delegate some or all of its authority to:~~

~~(a) Approve business cases~~

~~and or~~

~~(b) Identify projects that fall within a business case~~

~~—— to individual Cabinet Members, to District Committees, in the case of Housing Revenue investment to Kirklees Neighbourhood Housing Ltd, or to Directors. These delegations must be agreed annually by the Cabinet. (Delegation is not permitted to persons or organisations other than those listed in this paragraph)~~

~~3.20—In respect of each project authority to proceed only arises when the Cabinet, or other body or person authorised by 3.19, has approved the Business Case and (if applicable) named project allocation. Directors are authorised to proceed (as appropriate) to land acquisition, detailed design and to commit to contracts providing:~~

~~-~~

~~a) The projects appears on a schedule of named projects (approved by Council or Cabinet).~~

~~b) a) — That the total costs of a project including tenders or quotations, fees etc, are estimated to be less than or equal to the amount approved in the business case and the Capital Investment Plan; or~~

~~b)W — That where the total costs of a project exceed the amount approved in the business case and the Capital Investment Plan and the excess is within agreed tolerance levels(3.21), and the appropriate Virement additional resources has been approved; (3.9, 3.10).~~

~~ce) Any# necessary external approvals, if any, have been obtained;~~

~~d) The project will not led to any unexpected or unplanned costs, not envisaged by the business case or optional appraisal.~~

~~a) —~~

~~d) — The incurring of the expenditure has been authorised by the Director of Resources; and~~

~~3.17 e) Directors have authority to progress projects once the approval at 3.16 has been given. They must ensure compliance also with Contract Procedure Rule. That any contracts over £100,000 have been signed by the Assistant Director Legal Governance & Monitoring~~

~~3.21 The tolerance levels set out in Financial Procedure Rule 3.20(b)~~

Current project value	% Tolerance	Minimum value
£0-£249,999	10%	£15,000
£250,000 to £499,999	8%	£25,000
£500,000 to £749,999	6%	£40,000
£750,000 to £1,249,999	5%	£45,000
£1,250,000 to £1,999,999	4%	£60,000
£2,000,000 and above	3%	£80,000

~~3.22 The Director of Resources will authorise the incurring of the full project costs provided he/she is satisfied that the approval will not give rise to any further expenditure not provided for in either the Capital Investment Plan or the Revenue Budget, and there is no other material change to any circumstance. In the event of material change, the processes described at 3.18 and 3.19 must be repeated~~

~~3.2318 The Directors of Resources and Strategic Investment Board are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case. This assessment will to be used to influence future investment planning and conclusions reported in summary to Cabinet as a part of the capital investment planning process.~~

4. FINANCIAL SYSTEMS, PROCEDURES AND GRANTS

- 4.1 The Director of Resources is responsible for the operation of the Councils accounting systems, the form of accounts and the supporting financial records. Any changes to the existing financial systems or the establishment of new systems must be approved by the Director of Resources.
- 4.2 Any changes to financial procedures to meet the specific needs of a Service must be agreed between the Director and the Director of Resources.
- 4.3 Directors must ensure that officers understand and are competent to undertake their financial responsibilities and receive relevant financial training that has been approved by the Director of Resources.
- 4.4 Directors are responsible for the proper operation of financial processes in their own departments and must ensure that all financial, costing, and other statistical information is recorded fully and accurately.
- 4.5 Directors must ensure that financial documents are retained in accordance with the Council's approved retention schedule.

- 4.6 As far as practicable, Directors must make arrangements for the separation of duties between the carrying out of transactions and the examining and checking of transactions.
- 4.7 Directors in consultation with Cabinet Members, may apply for grants from any funding body, providing the proposed activity is consistent with the approved service plan and Council policy.
- 4.8 Directors must ensure a detailed business case is prepared, in consultation with the Director of Resources, in respect of any grant offer. Any material grant conditions must be agreed with the Assistant Director Legal Governance & Monitoring
- 4.9 Directors are authorised to accept any offer of grant and subsequent grant conditions up to a maximum of £100,000, or 5% of the gross revenue budget (capital plan where the grant funding is for capital purposes) for the activity, whichever is the higher.(this includes grants from government and third parties which do not involve an application process)
- 4.10 The Director of Resources in consultation with the Assistant Director Legal Governance & Monitoring and the appropriate Director is authorised to apply for, and or approve the acceptance of grants in all other circumstances.
- 4.11 Grant claims, financial returns and submissions must be completed by the relevant Director and the Director of Resources for submission to the relevant government department, agency or organisation.

5. **INTERNAL AUDIT**

Responsibility & Authority

- 5.1 The Director of Resources must arrange and direct a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.
- 5.2 The Head of Audit & Risk will report directly to the Chief Executive, the Chair of the Corporate Governance & Audit Committee or the External Auditor in any circumstance where the functions and responsibilities of the Director of Resources are being reviewed.(other than routine reporting of work carried out)
- 5.3 The Head of Audit & Risk has authority to:-
- (a) Enter at all times any Council premises or land or location from which Council services are provided;
 - (b) have access to all property, records, documents and correspondence relating to all activities of the Council;
 - (c) require and receive explanations concerning any matter; and

- (d) Require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.

The Director of Resources has the same authority for any accounting or associated purpose.

Planning & Reporting

- 5.4 The Head of Audit & Risk must plan and report (in accordance with the Audit Charter, Public Sector Internal Audit Standards and any instruction from the Councils Corporate Governance & Audit Committee) upon:-
 - a) The risks inherent in and associated with each system;
 - b) The soundness, adequacy and application of the financial and other management controls and systems within each Service;
 - c) The extent of compliance with, and the financial effects of, established policies, plans and procedures;
 - d) The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause;
 - e) The suitability, accuracy and reliability of financial and other management data within the organisation; and
 - f) Value for money aspects of service provision.
- 5.5 In respect of any audit report or communication issued, the Director must reply within 4 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments a reply must be made within 2 weeks of issue.
- 5.6 The Head of Audit & Risk will provide a written summary of the activities of the Internal Audit function to the Corporate Governance & Audit Committee at least four times per year and an Annual Report produced for consideration by, Cabinet and Corporate Governance & Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.

The Head of Audit & Risk will review the system of internal audit on an annual basis (and arrange for an external assessment once every 5 years) and report the outcome to the Corporate Governance & Audit Committee.

Investigations and Suspected Fraud, Corruption or Bribery.

- 5.7 The Chief Executive and Directors must ensure that all Members and employees are:-

- a) Aware of the Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy;
- b) Aware of the Whistleblowing Strategy; and
- c) Operating in a way that maximises internal check against inappropriate behaviour.

The Director of Resources is responsible for the development and maintenance of the Anti-Fraud, Anti-Corruption and Anti Bribery Strategy and Whistleblowing Strategy and for directing the Council's efforts in fraud investigation.

- 5.8 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Director. The Director concerned must immediately notify the Head of Audit & Risk who may take action by way of investigation and report.
- 5.9 Where, following investigation, the Head of Audit & Risk considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

(Claimant fraud in respect of Housing Benefit and Council Tax Reduction and Discounts (where the claimant is not an employee or Member of the Council) is currently investigated by the Customer and Exchequer Service).

6. **INSURANCE**

- 6.1 The Director of Resources, in consultation with Directors is responsible for assessing insurable risks and for arranging all insurance cover, including the management and control of the insurance fund. He/she will control all claims and maintain records of them. He/she has authority to receive or make claims on behalf of the council and negotiate and agree all settlements.
- 6.2 Directors must promptly notify the Director of Resources in writing of all new risks or Assets to be insured and of any alterations affecting existing insurances. All insurances held must be reviewed on an annual basis.
- 6.3 In the event of any insurance claim or occurrence Directors must:-
- a) Not admit liability where this may prejudice the outcome of any settlement;
 - b) Promptly notify the Director of Resources, in writing, of any loss, liability, damage or any event likely to lead to a claim; and

- c) Inform the Police in the case of loss or malicious damage to Council property.
- 6.4 Directors must consult the Director of Resources and the Assistant Director Legal Governance & Monitoring as to the terms of any indemnity the Council is required to give.
- 6.5 The Director of Resources will determine the extent of insurance cover which must be provided for in any external contract for the supply of goods, works or services. The Director of Resources, in consultation with the Director and Assistant Director Legal Governance & Monitoring, may reduce the cover requirements in respect of specific contracts.

7. **ASSETS**

- 7.1 Directors are responsible for the care and custody of all current and Fixed Assets of the relevant service (including stocks, stores, inventory items and all other items used for the Council's purposes, including property). These items must only be used for the authorised purposes of the Council.
- 7.2 Directors must ensure that contingency plans exist for the security of Assets and the continuity of service in the event of any disaster, significant event, or system failure.

Disposal of Assets

- 7.3 Surplus or obsolete goods, materials and inventory items are to be disposed of by agreed transfer to another Service, or disposal in accordance with Contract Procedure Rules, except when the Cabinet instructs otherwise.
- 7.4 Leased items (excluding Land Assets) should only be disposed of in accordance with instructions of the lessor.

Stores

- 7.5 Directors must keep records of all stock held. The Director of Resources will determine which items will be subject to stock accounting, the methods of recording and valuation. An appropriate system of continuous stock taking must be agreed with the Director of Resources
- 7.6 Directors must arrange periodical or continuous checks of stock. This should be by persons independent of the management of the stock. These arrangements must ensure that all items of stock are checked at least once per year. The Director of Resources will be notified of any discrepancies revealed by periodic checks, and is authorised to amend records accordingly.
- 7.7 Stock holdings should be kept at minimum levels consistent with normal working practices

Inventories

- 7.8 Directors are responsible for ensuring that detailed inventories of all land, buildings, equipment, specialist furniture, specialist fittings, vehicles, plant and machinery are compiled and kept up-to-date. New inventory items must be entered promptly and redundant items (other than Land Assets) deleted and disposed of in accordance with Financial Procedure Rule 7.3. The form of inventory and the type of Assets recorded thereon will be determined by the Director of Resources after consultation with the appropriate Director.
- 7.9 The inventory should include:-
- a) The nature, type, model, serial number, location, quantity, value, date of acquisition;
 - b) All items valued at, more than £100;
 - c) Items of a lesser value which are portable and attractive; and
 - d) Evidence to indicate an inspection has been carried out.
- 7.10 Directors are responsible for ensuring that inventory items owned by another Directorate, but used operationally by their service areas are subjects to an appropriate risk based level of control. When Assets are loaned to employees, or other organisations, the Director must record the reason for the loan, date/periods and name of the receiver, and ensure recovery at the end of the period at which the purpose of the loan has expired.
- 7.11 Inventory items must (where appropriate) be security marked, stamped or engraved with the Council's name.
- 7.12 Each Director is responsible for ensuring risk based checking of the inventory and must notify the Director of Resources of any discrepancies revealed by these checks.

Fixed Assets Register

- 7.13 The Director of Resources must ensure that a Register of Fixed Assets is maintained.
- 7.14 Each Director must ~~immediately~~ notify the Director of Resources of the:
- (1) acquisition of any land, property or vehicle and any other assets having a value of more than £10,000.
- ~~7.15 Each Director must immediately notify the Director of Resources of the~~ (2) disposal (or transfer to another Service) of any Asset (or part of any Asset) which is included on the Register of Fixed Assets.
- 7.16 In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company

the item must be suitably marked as the property of that company.

Land Assets

7.17 The Assistant Director Physical Resources & Procurement must maintain a detailed record of all Land Assets owned by the Council (except dwellings provided for general letting) and is responsible for the security and custody of all title deeds and must maintain a suitable register of Land Assets.

7.18 The disposal of Land Assets is dealt with in the Contract Procedure Rules.

Information Assets

Directors are responsible for ensuring that inventories of all information Assets are compiled and kept up-to-date. New inventory items must be entered promptly and redundant items deleted and disposed of in accordance with the Council's Information Security Policy Records Management Policy and the appropriate Retention and Disposal Schedule. The form of inventory and the type of Assets recorded thereon will be determined by the Director of Resources

8. SECURITY

Security of Assets

8.1 Directors are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and any other Assets for which they are responsible. The Director of Resources must be consulted to establish adequate security arrangements except in relation to Land Assets that are the responsibility of the Assistant Director Physical Resources and Procurement, or other Director, under Contract Procedure Rule 13.

8.2 All keys to safes and other places containing money, goods or other valuables are to be the responsibility of specified officers who must retain possession of such keys at all times.

A register of keys and their holders must be maintained by each Director. The loss of any key must be reported immediately to the Director who must record details of the circumstances of the loss, and take such action as is necessary to protect the property of the Council.

8.3 Maximum levels for cash holdings in each separate location are to be established in line with insurance limits.

Security of Information

8.4 Directors must maintain proper security, privacy and use of data and information held in any media including, but not inclusively, documents, magnetic, digital,(such as laptop and tablet computers, mobile phones, memory cards)

Directors must ensure that:-

- a) All employees are aware of and comply with the Council's Information Security and Records Management policies;
- b) All sensitive information is protected from unauthorised disclosure;
- c) The accuracy and completeness of information and software is safeguarded;
- d) Software and other intellectual property is used only in accordance with licensing agreements;
- e) Data Protection legislation is complied with;
- f) The Freedom of Information Act is complied with;
- g) Proper controls to system and physical access are in place; and
- h) The Council's intellectual property rights are protected.

Security of Property Relating to Clients and Customers

- 8.5 Directors must provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of customer/clients' property (including instructions on the disposal of property of deceased clients) for all staff whose duty is to administer, in any way, the property of clients. Due care should be exercised in the management of a customer or clients' money in order to maximise the benefits to the customer/client.
- 8.6 The Council is responsible for taking reasonable care of all items of property found by staff or members of the public on Council premises until the items are reclaimed or disposed of. Each Director must nominate officers who are responsible for the custody of lost property and keep a register of such property received, detailing the item, date, time, name and address of finder and how and to whom the property is returned or disposed of.
- 8.7 Directors may seek Cabinet authority on how lost property will be dealt with. Otherwise, if the lost property is not claimed within three months the Director will then determine if the item is of value for use by the Council, and arrange for its use for this purpose. All other items are to be disposed of in accordance with Contract Procedure Rules and the proceeds allocated to an appropriate council income code.

9. TREASURY MANAGEMENT

Policies and Strategies

- 9.1 The Council has adopted the key recommendations of the Code of Practice for Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy.

- 9.2 The Council is responsible for adopting a treasury management policy statement, setting out the policies and objectives of its treasury management activities, and treasury management practices, setting out how those policies and objectives will be achieved and how treasury management will be managed and controlled.
- 9.3 The Cabinet is responsible for the implementation and monitoring of the treasury management policies ~~,and~~ practices and performance. The Corporate Governance & Audit Committee has responsibility for scrutinizing treasury management policies and practices.
- 9.4 The Director of Resources is responsible for the execution and administration of treasury management decisions in accordance with the policy statement and agreed practices.
- 9.5 The Director of Resources will report to the Council (via the Corporate Governance & Audit Committee and Cabinet);
- (a) before each financial year recommending a treasury management strategy and plan;
 - (b) at least once in relation to treasury management activity during the year;
 - (c) by way of an annual report after the end of the year.

This will include the planned and actual performance in respect of the prudential indicators and limits

Administration

- 9.6 All money under the management of the Council is to be aggregated for the purposes of treasury management and will be controlled by the Director of Resources.
- 9.7 Investments other than bearer securities are to be in the name of the Council or nominee approved by the Cabinet. All borrowings are to be in the name of the Council.
- 9.8 The Director of Resources will select the Council's Registrar of stocks, bonds and mortgages and must maintain records of all borrowings by the Council.
- 9.9 A suitable register must be maintained in respect of all investments, securities, bearer securities and borrowings.
- 9.10 The Director of Resources will arrange all loans and leases including operating leases.

Trust Funds

- 9.11 All trust funds are to be, wherever possible, in the name of the Council, except where charities legislation dictates otherwise. Officers acting as trustees by

virtue of their official position must deposit all documents of title relating to the trust with the Assistant Director, Legal Governance & Monitoring (unless the Trust Deed otherwise directs) who must maintain a register of all such documents deposited.

10. **BANKING ARRANGEMENTS, CHEQUE SIGNING AND IMPREST ACCOUNTS**

Banking Arrangements

- 10.1 All of the Council's banking arrangements are to be approved by the Director of Resources, who is authorised to operate such bank accounts as he or she considers appropriate.
- 10.2 Bank accounts must not be opened without the approval of the Director of Resources. Where a bank account is opened, the account name must describe the purpose of the account. All new accounts should be named in the format 'KC, XYZ Unit Account'.

Cheques and Electronic Payments

- 10.3 Payments to suppliers and employees will be made by electronic means unless there are good reasons to use a different method.
- 10.4 All cheques are to be ordered only in accordance with arrangements approved by the Director of Resources, who is to ensure their safe custody. Cheques drawn on the Council's main bank accounts must either bear the facsimile signature of the Director of Resources or be signed in manuscript by him/her or other authorised officers. All alterations and amendments are to be signed in manuscript by the Director of Resources, or other authorised officers.
- 10.5 Banking arrangements made for authorisation of payments to be made or received under electronic transfer are to be in a form approved by the Director of Resources.
- 10.6 Directors must maintain a register of all officers authorised to sign cheques and other bank documents together with specimen signatures

Imprest Accounts

- 10.7 Directors will determine what amount is appropriate for an individual imprest Director and keep a record of every imprest issued, including the name of the imprest holder, amount and location.
- 10.8 Any imprest holder (or sub imprest - see rule 10.10) must at any time account for the total imprest if requested to do so by the Director of Resources and keep adequate records in a form approved by the Director of Resources and supported by valid (VAT) receipts. On ceasing to be responsible for an imprest account the officer must account promptly to the Director for the

amount advanced.

- 10.9 Payments from imprest accounts are to be limited to minor items of expenditure and to any other items approved by the Director of Resources.
- 10.10 Where deemed appropriate by an imprest account holder a sub-imprest may be provided to another officer for which the main imprest account holder must obtain and retain an acknowledgement. In all cases where this occurs the main imprest holder must notify the Director.

11. **INCOME**

- 11.1 Fees and charges must be reviewed at least once per annum. Directors have authority to amend fees and charges to achieve budget targets and in line with the annual budget strategy, and are permitted to freeze or raise charges by an amount up to the equivalent to the index of retail prices. Changes to charges may also reflect reasonable rounding to relevant prices which might in some cases mean that certain prices rise by more than the index of retail prices or the budget strategy. Directors may make amendments to existing Fees and Charges during the financial year to account for changes in legislation, market conditions or to support the local communities or local business following the completion of an appropriate business case, in consultation with the relevant Portfolio Holder and Director of Resources.

Any proposal to implement new fees or charges must be approved by Cabinet.(unless the making and quantum of the charge is a statutory obligation). See also Contract Procedure Rules.

- 11.2 The methods of collecting, recording and banking of all income due to the Council are to be approved by the Director of Resources
- 11.3 The Director of Resources must be notified, in accordance with practices agreed with the relevant Director, of all income due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.
- 11.4 Directors must ensure that to the maximum extent possible income is collected by electronic means. This means that positive action should be taken to promote the use of customer payment by direct debit at the point of order for one off items, and continuous debit arrangements for ongoing services provision. Directors must ensure full compliance with all practices necessary to fully protect the banking data of the council's customers.

Collection and Banking of Income

- 11.5 Directors must make appropriate arrangements for the control and issue of all receipt forms, books, tickets, ticket machines or other acknowledgements for money.
- 11.6 All income received by the Council must be acknowledged by the issue of an

official receipt or by another approved method indicating payment has been received. In order to ensure compliance with relevant money laundering regulations, the Council must not accept any cash payment in excess of ~~£10,000~~ (15,000 euros ~~(£11,700)~~) in respect of one single transaction on one occasion. The exception to this rule is that in the case of a disposal of a Land Asset by way of public auction, or under auction conditions, the Council may accept a cash payment in excess of ~~15-£10,000~~ Euros where the Land Asset being disposed of exceeds a sale price of ~~£10,000~~150,000 Euros. Anti-money laundering compliance is the responsibility of the Director of Resources who is entitled to issue instruction relating to this matter.

- 11.7 All money received by an officer on behalf of the Council must either be paid to the Director of Resources or to the Council's bank account as the Director of Resources may determine, at intervals taking account of the security of the premises. No deductions are to be made from such monies unless specifically authorised by the Director of Resources. Personal cheques must not be cashed out of monies held on behalf of the Council. Refunds must be made through the payments system.
- 11.8 Arrangements for opening incoming mail must ensure that any money so received is immediately recorded.
- 11.9 Every transfer of official money from one officer to another must be evidenced in the records of the Services concerned by the signature of the receiving officer.

Cash discrepancies

- 11.10 Each Director must maintain a detailed record of all cash surpluses and deficiencies in a manner approved by the Director of Resources, ~~and these must be recorded in the Council's accounts.~~
- 11.11 The Director must investigate any apparent patterns of discrepancies
- 11.12 Where such discrepancies are in excess of £100 individually, or in total within any period of 1 month, the Director concerned must immediately investigate and notify the Director of Resources who may undertake such investigations as he/she deems appropriate.

Debtors

- 11.13 Wherever possible, payment should be obtained in advance, or at the time of provision of a service, goods, letting or works. Where credit is given, Directors must ensure that the credit status of each customer is satisfactory. Directors are responsible for issuing debtor accounts in a form approved by the Director of Resources immediately a debt falls due. Each Director, in conjunction with the Director of Resources must maintain adequate records to ensure that all credit income due to the Council is promptly recovered.
- 11.14 Directors must regularly consider debts due and ensure adequate year end provisions for bad and doubtful debts. Directors are authorised to write off all

individual bad debts subject to the approval of the Director of Resources. A report on the details of all debts written off under delegated authority must be prepared and formally noted by the Director in consultation with the Cabinet Member. The Director of Resources must prepare an annual consolidated report of all debts written off for consideration by the ~~Cabinet and the~~ Corporate Governance & Audit Committee. Directors must ensure that appropriate accounting entries are made following write off actions.

- 11.15 The 'writing off' of a debt does not absolve a Director of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by the Director.

12. **PAYMENT OF INVOICES**

All payments must be made through the councils accounting system (SAP) and should be made by electronic transfer except where there are substantial overriding reasons for alternative means of payment.

- 12.1 Directors must ensure that all valid invoices are paid within 30 days of receipt.
- 12.2 The Director of Resources will determine the method and frequency of payment from one of the Council's main bank accounts, except for:-
- Petty cash and other imprest accounts
 - Delegated bank accounts approved by the Director of Resources.

Automated Payments

- 12.3 When an invoice is matched through the automated procurement and payment system, it will be paid automatically.
- 12.4 Any invoices rejected by the automated system must be subject to thorough checking by the Director to determine the reason for variance, and the cause recorded.

Certification & Processing (paper records)

- 12.5 Directors must approve a schedule of officers authorised to certify invoices, (names and specimen signatures). This must be supplied if requested to the Director of Resources. The schedule must be reviewed at least once per year.
- 12.6 All invoices- that are not the subject of automated processing- must be certified in manuscript, unless an alternative method is expressly authorised by the Director of Resources.

By certifying an account for payment the authorised officer indicates that satisfactory checks have been carried out to ensure that:-

- (a) The work, goods or services to which the account relates have been

received or carried out, examined and approved;

- (b) Prices, extensions, calculations, discounts, other allowances and tax are correct;
- (c) There is a proper tax invoice when appropriate;
- (d) The relevant expenditure has been properly incurred, is within budget, and is charged to the appropriate budget;
- (e) Entries have been made in Asset registers, inventories, stores and other records as appropriate; and
- (f) The account has not previously been paid.

12.7 Where errors on an invoice are detected manual adjustments which reduce the total payment are permissible, provided that this does not change the total amount of VAT payable. In all cases where the amount due increases, or changes the amount of VAT, a replacement invoice and/or credit note must be obtained before payment is made.

12.8 The Director must where possible achieve an adequate level of internal check. At least two officers should be involved. The officer certifying the account for payment should not be the same officer who received or checked the items, goods, works or services.

No officer may certify any invoice involving payment to himself or herself.

12.9 All forms of account submitted for payment to a supplier or contractor other than on the original invoice must be accompanied by a special certification stating that the original invoice has not been paid and will not be paid subsequently. The certificate must be signed by an officer authorised to certify accounts for payment.

12.10 The Director of Resources may withhold payment of any invoice where there is evidence to suggest that it is not in order. The Director of Resources must establish rules that control the use of pro-forma invoices, to ensure that these are not used to circumvent council procedures,

Advance Payments

12.11 Where a supplier or contractor requires payment prior to the despatch of goods or the provision of services, an official order signed by a duly authorised officer and clearly marked that payment is to be made before receipt of the goods or services must be completed. Whenever possible a supplier's invoice must be obtained, and payment made on this. In exceptional circumstances only, a pro forma invoice or supplier's order form detailing fully the goods/service to be obtained may be used. This must be approved by an officer authorised to certify invoices and retained as a record of the payment made, Where VAT features in the advance payment, the

issuing officer must then obtain a VAT invoice or authenticated receipt for the transaction, and arrange for its processing to facilitate the recovery of VAT.

Discounts

- 12.12 All discounts available from a supplier are to be taken as a deduction against the cost of goods purchased and must appear on the invoice. Where a supplier provides any free item, or discount is available in the form of goods these are the property of the Council, as are loyalty or bonus points or other rewards earned.

Payment by Direct Debit/Standing Order

- 12.13 The Director (or Designated Finance Officer) must approve all requests for creation of a Direct Debit mandate, and supply to the Director of Resources such information as is deemed necessary (e.g. codes, cost centre(s) to be charged, a copy of a recent bill, showing signatory certification, for the account in question). If the payment method is Standing Order, the requestor must also specify the frequency of payment and, where appropriate, a termination date.
- 12.14 The Director must inform the Director of Resources when any payment is to be terminated.
- 12.15 Services must retain all statements relating to accounts paid by Direct Debit /Standing Order for current plus three previous financial years in order to substantiate the authority's claim for VAT on these accounts.

13. PURCHASING CARDS

- 13.1 All arrangements regarding purchasing cards must be approved by the Director of Resources.(as set out in the Purchasing Card Procedure Manual)
- 13.2 Directors in conjunction with the Director of Resources will determine the monthly credit limit, any cash limits and permissible purchasing categories for individual payment and procurement cards.
- 13.3 Each cardholder must ensure safe custody of the card at all times.
- 13.4 Cards may be used only in accordance with the approved scheme and for legitimate expenses incurred by the cardholder in the course of official Council business.

They must not be used:-

- a) To avoid any corporate rules on procurement and purchasing (for example to purchase only from approved suppliers)
- b) To circumvent the procedures for the ordering of and payment for, goods and services under these regulations; or
- c) To purchase items for the private or personal use of cardholders.

- 13.5 Each cardholder must ensure that all expenditure incurred using a purchasing card is supported by adequate records and a VAT receipt is obtained to support all expenditure.

14. **SALARIES, WAGES AND PENSIONS**

- 14.1 All payments of salaries, wages, pensions, compensations, gratuities, allowances and other emoluments to current or former employees are to be made by the Director of Resources in accordance with information supplied by the Director. All payroll transactions must be processed through the Council's payroll system.
- 14.2 Directors must ensure that appointments of all employees are in accordance with the appropriate Conditions of Service of the Council or any approved scheme of delegation, and within the approved budgets, grades and rates of pay. Any variations of terms and conditions must be in accordance with arrangements approved by the Cabinet.

Records

- 14.3 Directors must maintain adequate records to notify the Director of Resources of all appointments, resignations, dismissals, and retirements together with changes in pay rates, bonuses due, overtime worked and other matters affecting remuneration, and provide all information to ensure that the correct adjustments are made in respect of absences, pensions, income tax, national insurance, sickness and maternity pay and any other additions to or deductions from pay. Directors must also advise the Director of Resources of any employee benefit in kind to enable reporting for taxation purposes.
- 14.4 All officers must complete a time record of actual times of attendance at work, except where a time clock is used. Paper records should be signed by the officer as a correct statement. It is the responsibility of each manager to check time records of officers for which that manager has responsibility.
- 14.5 Time records and other pay documents must be maintained in a manner approved by the Director of Resources and be certified by the Director or other authorised officers. The Director must maintain a list of officers who are permitted to certify payroll documentation –either electronically or by manuscript (and their specimen signatures) and these authorisations must be reviewed at least annually by the Director. Details of officers authorised must be supplied to the Director of Resources

Overpayments

- 14.6 The Director of Resources is authorised to write-off any net overpayment of salary/wage/pension/gratuity where death-in-service of an employee occurs, except where the Council holds a statutory obligation to recover such overpayments. All other overpayments of pay must be treated for the purposes of recovery and write off in accordance with Financial Procedure Rule 11.

15. **TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES**

- 15.1 Payment of all claims must be in accordance with Schemes of Conditions of Service adopted in respect of the employee to which the payment relates, and will be paid through the councils payroll system unless otherwise agreed by the Director of Resources
- 15.2 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses must be made electronically, or where authorised, on a paper form approved by Director of Resources. The form must provide for certification in manuscript by the Director or authorised officer.
- 15.3 The Director must maintain a list of officers who are permitted to authorise expenses claims electronically and by paper (and their specimen signatures) and these authorisations must be reviewed at least annually by the Director. Details of officers authorised to sign such expense claims must be supplied to the Director of Resources on request.
- 15.4 The certification (or electronic approval) of a claim by or on behalf of a Director is taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

16 **TAXATION**

- 16.1 The Director of Resources is responsible for advising the Council on all taxation issues that affect the Council.
- 16.2 Each Director must ensure taxation is treated correctly and consult with the Director of Resources in the event of any uncertainty as to any taxation treatment.
- 16.3 The Director of Resources will lead and co-ordinate discussion or negotiations with HM Revenue and Customs about any taxation matter.
- 16.4 The Director of Resources will complete all of the Council's tax returns.

17. **GIFTS AND HOSPITALITY**

- 17.1 Officers must ensure that it is apparent that no cause could reasonably arise for adverse criticism or suggestion of improper influence about the acceptance of any gift or hospitality. They must ensure that in accepting any offer of gifts and or hospitality to do so would not infringe the requirements of the Bribery Act 2010.
- 17.2 Directors must maintain a central record of all gifts, invitations and hospitality offered and or received, including items of token value.

- 17.3 The receipt of personal gifts should be discouraged, but if an officer, during the course of, or as a result of, official duties, receives any personal gift, other than one of only token value (less than £25), the matter must be reported to the Director who will decide if the item is to be returned or forwarded to some charitable cause, and the Director must inform the donor what has happened to the gift and explain the reason why gifts should not be sent in the future.
- 17.4 Directors and other officers with the permission of the Director may accept invitations to events and associated hospitality of any value where this relates to a function promoted by an organisation with which the Council has formal links and attendance constitutes a demonstration of faith in that organisation. It will not normally be appropriate for attendance by a companion. A Director must agree that they are satisfied that attendance by the companion is appropriate.
- 17.5 Hospitality must only be given or accepted where it is on a scale appropriate to the circumstances, reasonably incidental to the occasion, not extravagant and justifiable as in the public interest. Particular care must be taken when this involves potential customers or suppliers. The circumstances and the type of hospitality are to be recorded in the central record maintained by the Director concerned.

18. **WORKING WITH CLIENTS AND CONTRACTORS**

- 18.1 Officers who, in accordance with their conditions of service, are permitted to carry out private or other paid work must not do so during Council time, and must not use any Council premises, resources or facilities for the execution of such work. No stationery or publicity material is to indicate that the person is a Council employee nor should the address or any telephone number of the Council be stated. Officers must declare to their Director in writing the nature and duration of such private work.
- 18.2 Officers must declare to their Director any circumstance where they believe that they may have a pecuniary or non-pecuniary interest in any proposed supply contract, grant award or other transaction for which they have involvement or responsibility.
- 18.3 Officers must not work for any current or prospective supplier or contractor to the Council.
- 18.4 All intellectual property created by employees in the course of their duties is, and remains, the property of the Council. The copyright or equivalent of any material cannot be sold without the permission of Cabinet. Any article, book or similar material for publication that is prepared in the Council's time is the property of the Council. Any disposal of intellectual property must be made in accordance with contract procedure rules. Any article, book or similar material for publication prepared by an employee (relating to their official duties) requires the written approval of the Director prior to publication.

19. **UNOFFICIAL AND VOLUNTARY FUNDS**

These regulations relate to funds administered by officers of the Council, the accounts of which are not included in the Authority's accounts.

- 19.1 Any proposed unofficial funds require the prior approval of the Director concerned who must maintain a record of all such funds and ensure that officers are appointed to administer each fund.
- 19.2 A separate bank account must be maintained for each fund (in the name of the fund) and fund monies must be kept separate from Council monies. Alternatively, the fund may be administered through the Council's bank account and general ledger but should be separately identifiable.
- 19.3 Where a separate bank account is maintained, directors must ensure that they receive a copy of the accounts of each fund and a certificate in the prescribed form from the auditors or independent examiners of each fund that has to be audited or independently examined. Such accounts are to be prepared annually, and at the completion of the purpose for which the fund was set up.
- 19.4 The Director of Resources is to have access to any records relating to such funds, and be immediately informed of any irregularities which arise in connection with them.

20. **FINANCIAL CONTROL OF PARTNERSHIPS, JOINT VENTURES ASSOCIATED ORGANISATIONS AND SIMILAR ARRANGEMENTS**

Working in Partnership with Associated Organisations

- 20.1 The Director of Resources is responsible for promoting and maintaining the same high standards of financial administration in partnerships that apply throughout the Council, or advising the Cabinet where he/she is aware that arrangements within a partnership are in conflict or are uncertain compared with the practices adopted by the Council.
- 20.2 The Director of Resources must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory, and must:-
 - a) Consider the overall corporate governance arrangements and legal issues when arranging contracts with the partner/joint venture or associated organisation.
 - b) Ensure that the risks have been fully appraised before agreements are entered into with the partner/joint venture or associated organisation.

- 20.3 Directors must ensure that in all grant agreements, contribution to partnerships and where appropriate in agreed contracts for the supply of works, goods and services the Director of Resources has access to the accounts, records and all other documentation, and is entitled to seek explanations from Officers of the funded organisation regarding the deployment of the Council's funding payment.

Working for Other Organisations

- 20.4 Directors are responsible for ensuring that approval is obtained from the Director of Resources and the Assistant Director Legal Governance & Monitoring before any negotiations commence in relation to the provision of new or additional works or services to other organisations expected to exceed £20,000.
- 20.5 The Cabinet is responsible for approving any new contractual arrangements for any work for other organisations expected to exceed £100,000 per annum. The Director of Resources may agree contractual arrangements below this level.
- 20.6 Directors must ensure that any proposed arrangement to work for other organisations does not impact adversely upon the Services provided to or by the Council. All agreements, contracts or arrangements must be properly documented and appropriate information must be provided to the Director of Resources to enable a note to be entered into the Council Statement of Accounts concerning material items.

Grants and Loans to Other Organisations

- 20.7 A Director may issue a grant or loan of any value;
- a) Provided that it is offered fully in accordance with a scheme of grants or loans that has been approved by the Cabinet.
- and
- b) There is sufficient budget provision.
- 20.8 Where a Director proposes to offer a grant, or loan to any organisation which is not covered by an existing approved scheme (as 20.7 above) he/she may do so only following:
- a) A full financial appraisal of the project to which the grant or loan relates, by the Director of Resources;
- b) A full financial appraisal of the organisation to which the grant or loan is to be granted, by the Director of Resources;
- c) The preparation of a written report that establishes the justification for the financial assistance.

- v) Consultation with the Executive Member responsible for the budget area which is to offer the grant or loan.

and

- vi) Establishing that there is sufficient budget provision.

In carrying out the evaluation at (a) and (b) above the Director of Resources will consider if any surety (legal charges on assets, bonds and or guarantees) is required of the applicant (see 20.10)

20.9 An Area Committee may issue a grant of any value provided that;

- a) It accords with, or is not in contravention of, any general scheme rules which are established by the Cabinet;

and

- b) There is sufficient budget provision.

20.10 The Assistant Director Legal Governance & Monitoring will execute any legal agreement in respect of any grant or loan exceeding £100,000 .

The Director who is offering the grant or loan may issue any grant or loan agreement below this value (using standard documents where required by the Assistant Director Legal Governance & Monitoring), except where the Director of Resources considers that a loan or grant should be subject to a surety from the applicant. In such cases grants or loans must then be executed by the Assistant Director Legal Governance & Monitoring

The Assistant Director Legal Governance & Monitoring has discretion to delegate the right to enter into such agreements as they think appropriate.

20.11 When offering grants or other forms of assistance to entities that operate on a commercial basis Directors must ensure that no assistance will infringe EU Procurement or State Aid requirements. In the event of any doubt about the matter advice must be sought from the Assistant Director Legal Governance & Monitoring.

21. **PURCHASING OF WORKS, GOODS AND SERVICES**

Orders

21.1 Before any official order is issued for works, goods or services, the Director or other authorised officer must ensure that:-

- (a) The works, goods or services, are necessary for the discharge of the responsibilities of the Council;
- (b) Sufficient budget is available to fund the expenditure; and

- (c) The Contract Procedure Rules (which apply to all purchasing decisions irrespective of value) have been complied with.
- 21.2 Directors are responsible for all orders issued. Order will be issued electronically. Paper orders must only be used when authorised by the Director of Resources. Paper orders may only be issued and signed in manuscript by officers authorised by the Director. The items, quantities and prices must be accurately recorded.
- 21.3 Directors must keep a record of who is authorised to sign order documentation or issue orders electronically and the extent of this authority. This list must be reviewed at least once per year.
- 21.4 Except where there is a formal contract, in which case work instructions and orders must conform with the provisions of the contract, official orders will be issued for all works, goods or services to be supplied to the Council, except for supplies of continuous services (such as gas), and statutory taxes, for petty cash purchases and other exceptions as the Director of Resources may approve. Orders must clearly indicate the nature and quantity of the work/services/items/supplies required, any related contract or agreed prices, discounts receivable and dates or periods of delivery, and where applicable make specific requirements to obligations placed on the contractor, such as those relating to Data Protection
- 21.5 Verbal orders must be kept to a minimum and be confirmed either the same or next working day by written orders which must be marked as a confirmatory order.
- 21.6 Records of all non-computerised order books must be kept by the Director. Copies of orders must be retained. All copies of spoilt, incorrect or un-issued orders must be appropriately marked and retained in any order book.
- 21.7 The director must record the receipt of the goods, works or services electronically (or where applicable on paper) and (where applicable) all payments made in respect of an order. All Goods Received Notes must be retained.

Management of Suppliers

- 21.8 In respect of each order or contract for construction work, and any order or contract for services exceeding £20,000 the Director responsible must appoint an authorised officer, directly employed or otherwise to carry out supervision of the contract. All orders must provide for the reasonable inspection of progression of activity at any stage that the council (acting reasonably) chooses.

Specification

- 21.9 In respect of each order or contract exceeding £20,000 the Director must prepare or agree a written brief stating the objective of the order or contract

and the sources of funding to meet the estimated cost of the project and appoint an authorised officer.

- 21.10 Unless otherwise agreed with the Director of Resources, the authorised officer must prepare a specification which will indicate relevant issues for the supply, (for example type, quantity, quality, time, location, occasions), and the risks and obligations placed on the supplier including data protection and management where applicable.. Specifications should set outcomes or outputs, and be prepared on a generic basis and not include named products except where this can be justified on technical grounds. They should be prepared in a way which is likely to bring about the most economically advantageous solution whilst ensuring compliance with minimum statutory requirements and Council policy. The specification may only be altered on the basis of written instructions from the Director, who must justify the reason for change and sources of funding.

Variations

- 21.11 The authorised officer may, subject to the provisions of the contract, make any variations essential to the achievement of the objectives of the contract but must have regard to the budget provision. The authorised officer must not issue any variation likely to increase the approved cost of the project without the written agreement of the Director responsible, who must state the authority and source of financial provision for the additional expenditure.
- 21.12 Every variation must be immediately recorded in writing by the authorised officer.

Overspending

- 21.13 Any variation to a contract which results or will result in additional costs being incurred on a contract of more than 5% of the contract sum will be reported to the budget holding Director and Director of Resources as soon as practicable.

Recording of Contractual Payments

- 21.14 Directors must ensure that a Contract Register is kept which shows details of all payments made against any contract. Any payments on account to contractors against a formal contract are to be made only on an approved certificate issued and checked by the authorised officer which must be passed to the Director of Resources.
- 21.15 The certificate authorising final financial settlement of any contract will not be issued until the appropriate officer has produced a detailed statement of account and all necessary supporting documents, and these have been checked in accordance with arrangements approved by the Director of Resources and the final payment agreed by the budget holding Director.

Claims

- 21.16 All claims (or prospective claims) from contractors for loss and expense will be considered by the authorised officer who will immediately advise the client Director and they will jointly consider methods for cost reduction to achieve the budgetary provision.
- 21.17 The budget holding Director and the Director of Resources must be consulted in respect of any claim (or prospective claim) from a contractor for loss and expense in excess of £10,000.
- 21.18 The Director will report in detail to the Cabinet if the financial consequences of the claim cannot be accommodated within the approved project budget.
- 21.19 Any claim from a contractor outside the terms of the contract, or under any statutory instrument or any claim for an ex-gratia payment will be jointly considered by the Assistant Director Legal Governance & Monitoring, Director of Resources and Director(s) of the appropriate Service(s) before any recommendation is made to the Cabinet.

Codes of Practice

- 21.20 All procurement must accord with the Contract Procedure Rules, Procurement Policy and all relevant Procedure Guidelines.

Approved by Council March 2015
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