

Financial Regulations

- 1 Introduction
- ~~2 Responsibilities~~
- ~~23~~ Financial Planning and Financial Management
 - ~~23.1~~ Budget Strategy
 - ~~23.2~~ Medium Term Financial Strategy
 - ~~23.3~~ Annual Budget Setting
 - ~~23.4~~ Budget Management and Monitoring
 - ~~23.5~~ Closing of Accounts and Statement of Accounts
 - ~~23.6~~ Treasury Management Framework
 - ~~3.7~~ ~~Pension Fund Management~~
- ~~34~~ Financial Administration, Systems and Procedures
 - ~~34.1~~ Accounting
 - ~~34.2~~ Banking Arrangements
 - ~~34.3~~ Assets
 - ~~34.4~~ Imprest Accounts
 - ~~34.5~~ Income
 - ~~34.6~~ Insurance
 - ~~34.7~~ Investments, Borrowing, Capital Financing and Trust Accounts
 - ~~34.8~~ Ordering of Supplies, Works and Services
 - ~~4.9~~ ~~Salaries, Pensions and Allowances~~
 - ~~34.910~~ Amenity and Unofficial Funds
- ~~45.~~ Risk Management and Control of Resources
 - ~~45.1~~ Risk Management
 - ~~45.2~~ Internal Control
 - ~~45.3~~ Internal Audit
 - ~~45.4~~ Corporate Anti-Fraud Team (CAFT)
 - ~~45.5~~ External Audit
- ~~56.~~ Trading Accounts
- ~~67.~~ External Arrangements
 - ~~67.1~~ Partnerships
 - ~~67.2~~ External Funding
 - ~~67.3~~ Work for Third Parties
 - ~~67.4~~ Alternative Delivery Models
- ~~78.~~ Transparency

~~The Financial Regulations should be read in conjunction with the Budget and Policy Framework and Procedure Rules.~~

1. Introduction

~~1.1 The London Borough of Barnet Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to.~~

~~1.21.1~~ The Financial Regulations provide the framework for managing the financial affairs of the Council. These Financial Regulations should apply to all Mmembers, officers, contractors and partners in the work they do for the Council.

~~1.31.2~~ The Director of Resources, is the in the role as Chief Finance Officer, also known as the s151 Officer, and has statutory duties in relation to the financial administration and stewardship of the Council.

~~1.4 Throughout these Financial Regulations, the title Chief Finance Officer will be used to denote the designated 'Section 151 Officer' of the Council, including Nominated Deputy. This statutory responsibility cannot be over-ridden and arises from Section 151 of the Local Government Act 1972.~~

~~1.5 Key legislation within this statutory framework includes but is not limited to:~~

- ~~• Local Government Finance Act 1988~~
- ~~• Local Government and Housing Act 1989~~
- ~~• Local Government Act 2003~~
- ~~• Accounts and Audit Regulations 2015~~

~~1.6 More specifically, under the statutory framework outlined above, the Chief Finance Officer is responsible for:~~

~~1.7 The proper administration of the Council's financial affairs~~

~~1.8 Setting of, and monitoring compliance with, financial management standards~~

~~1.9 Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.~~

~~1.10 Providing financial information~~

~~1.11 Preparing the revenue budget and capital programme (in conjunction with Chief Officers)~~

~~1.12 Treasury management~~

~~1.13 Reporting on the adequacy of reserves and the robustness of the budget estimates when the annual budget is being considered (ARTICLE 9)~~

~~1.14 Section 114 of the Local Government Finance Act 1988 requires that the Chief Finance Officer, in consultation with the Head of Paid Service and the Monitoring Officer, must inform all Members and external auditors if the Council or one of its officers:~~

~~1.15 Has made or is about to make a decision which involves or would involve the Authority incurring expenditure which is unlawful~~

~~1.16— Has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or~~

- ~~• Is about to enter an item of account, the entry of which is unlawful (ARTICLE 9).~~

~~1.17— Section 114 also requires the Chief Finance Officer to:~~

~~1.18— Make a report if it appears to he/she that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. If a section 114 notice is issued, the Full Council must (under section 115) meet within 21 days to consider the notice.~~

~~1.19— Nominate a properly qualified deputy to deputise should he/she be unable to perform the duties under Section 114 personally. The Council must provide the Chief Finance Officer with sufficient staff, accommodation and other resources— including legal advice where this is necessary— to carry out the duties under section 114.~~

~~1.39~~ The Financial Regulations govern the way the Council undertakes financial forward planning, annual budget setting, budget monitoring and closing of the accounts. ~~These aspects are set out in section 3: Financial Planning and Financial Management.~~

~~1.410~~ The Financial Regulations also govern the way day to day financial administration is conducted and financial controls are exercised. ~~These aspects are set out in section 4: Financial Administration, Systems and Procedures.~~

~~2. Responsibilities~~

~~2.1— Financial regulations apply to every member and officer of the authority and anyone acting on its behalf (including contractors and partners). All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value (repeats 1.1).~~

~~2.2— Consultants or agencies acting for the Council will be bound by these procedures, where applicable, and it should be a condition of their employment or engagement that they do so.~~

~~1.52.3~~ The Scheme for Financing Schools, which follows the requirements of the School Standards and Framework Act 1998, governs School Governors, Headteachers and school staff of Maintained schools with delegated budgets. A local financial guide for schools supplements the Scheme for Financing Schools. In these cases the Financial Regulations do not apply. Each school is required to have a financial management policy and procedures document.

~~2.4— Chief Officers (the term used to cover all Directors and Departmental Heads/Managers) are responsible for ensuring that all staff in their departments~~

~~are made aware of the existence and content of the authority's Financial Regulations and other internal regulatory documents, and that they comply with them. They must also ensure that either hard or electronic copies are available for reference within their departments. (should be in contract of employment)~~

~~2.5 Each Chief Officer is required to maintain a scheme of financial delegation in accordance with the minimum standards as determined by the Chief Finance Officer or Nominated Deputy, operating in support of the operational budget holder, and which accords to the financial limits included within the overall scheme of delegation and Contract Procedure Rules (should be in contract of employment).~~

~~2.6 It is the responsibility of each Chief Officer to consult with the Chief Finance Officer and seek advice and/or approval on any matter liable to affect the Council's finances materially, before any commitments are incurred. (should be in contract of employment)~~

~~2.7 Substantial breaches of Financial Regulations shall be reported to the Chief Finance Officer by the relevant Chief Officer and may be treated as disciplinary offences. Where the Chief Finance Officer considers it appropriate he/she will report to the next meeting of the Audit Committee any substantial breach of these Regulations that is identified. (should be in budget holders contracts of employment)~~

~~2.8 These Financial Regulations shall not override any statutory provisions that apply.~~

~~1.62.9 These procedures shall be reviewed regularly by the Chief Finance Officer but at least every three years. The Constitution, Ethics and Probity Committee **recommend to Council for approval** ~~approve~~ all amendments and summaries of changes resulting from the review. ~~Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on an annual basis wherever possible.~~~~

~~2.10 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Regulations that members, officers and others acting on behalf of the authority are required to follow.~~

~~2.11 The Chief Finance Officer shall be responsible for ensuring the Council's continuing compliance with the Accounts and Audit Regulations 2015 and all relevant Accounting Codes of Practice and Auditing Statements.~~

~~1.72.12 The Chief Finance Officer is required to control and be responsible for the accounts and finances of the Council in every respect and ensure, as far as possible, that consistent financial systems operate throughout the entire operation of the Council.~~

23. FINANCIAL PLANNING AND FINANCIAL MANAGEMENT

23.1 BUDGET STRATEGY

~~23.1.1~~ The Budget Strategy, ~~approved by Full Council~~, sets out the Council's proposed income and expenditure, both revenue and capital, and the level of council tax, for the following financial year, approach on a range of issues, including: including the way in which corporate service priorities are considered, ~~as part of the Council's capital and revenue budget processes~~; the level of balances and reserves, ~~(having taken account of advice from the Chief Finance Officer)~~; and the management of financial risks,

~~23.1.2~~ The Council's policies for the recovery of debt, which do not form part of the budget strategy are separately approved by the Policy and Resources Committee. ~~The setting of fees and charges which do not form part of the budget strategy are separately approved by the relevant thematic committee. (see later)~~

~~23.1.3~~ The Budget Strategy and Medium Term Financial Strategy will normally be recommended by the Policy and Resources Committee to Full Council for approval at the start of each financial year.

~~23.2~~ MEDIUM TERM FINANCIAL STRATEGY

~~23.2.1~~ The Chief Finance Officer, in consultation with the Chairman of the Policy and Resources Committee, will maintain a Medium Term Financial Strategy that covers a period of at least three financial years, including the current financial year.

~~23.2.2~~ The Medium Term Financial Strategy will be produced and reported in conjunction with the annual budget, council tax and rent proposals to the Policy and Resources Committee and Full Council before 11 March of the preceding financial year. Further updates on the Medium Term Financial Strategy may be reported during the year.

~~23.2.3~~ The Financial Forward Plan will cover revenue and capital budgets, and will highlight how resources are being re-directed to address Corporate Plan priorities.

~~3.2.4~~ ~~In respect of resources, the Medium Term Financial Strategy will take account of the following:~~

- ~~• forecasts of formula, business rates and specific grants;~~
- ~~• increases in fees and charges, and the introduction of new charges;~~
- ~~• interest earned and payable;~~
- ~~• levels of reserves and balances;~~
- ~~• increased income from rents and council tax;~~
- ~~• capital receipts and grants.~~

~~3.2.5~~ ~~In respect of expenditure, the Medium Term Financial Strategy will take account of the following:~~

- ~~• full year effects of previous decisions;~~
- ~~• changes in responsibility arising from new or amended legislation or regulations, net of increased income from new fees and charges;~~

- ~~• re-direction of resources to achieving Corporate Plan priorities and targets and away from non-priority areas;~~
- ~~• forecast changes in service demand;~~
- ~~• forecasts of inflation, pay awards and interest rates;~~
- ~~• efficiency savings;~~
- ~~• planned service reductions;~~
- ~~• prudential borrowing;~~
- ~~• financial risks.~~

23.2.46 In that the Medium Term Financial Strategy spans a number of years , it is to be expected that figures in later years will often be preliminary estimates and/or aspirations of future decisions and changes in council policy.

23.3 ANNUAL BUDGET SETTING

23.3.1 The Council will publish a draft budget for consultation. Arrangements for budget consultation will be determined by the Council.

23.3.2 The Chief Finance Officer will set the council tax base for tax-setting purposes before 31 January of the preceding financial year, and notify precepting and levying bodies of this figure by this date. The Chief Finance Officer will notify all Council Members via the Policy and Resources Committee and Full Council.

23.3.3 The Policy and Resources Committee will finalise its recommendations to Council on the revenue budget, council tax, capital programme and rent levels taking account of the results of budget consultation. This will normally be in February, following announcement of the Final Local Government Finance Settlement. Theme Committees will work up proposals for consideration by the Policy and Resources Committee.

23.3.4 Policy and Resources Committee's recommendations to Council must be made in time for Council to set the capital and revenue budget and council tax before 11 March of the preceding financial year.

~~3.3.5 The budget and capital programme that Policy and Resources Committee recommends to Council must be based on reasonable estimates of expenditure and income, and take account of:~~

- ~~• outturn forecasts for the current year;~~
- ~~• guidance from the Chief Finance Officer on the appropriate level of reserves, balances and contingencies;~~
- ~~• financial risks associated with proposed budget developments, reductions and ongoing projects;~~
- ~~• forecasts of capital receipts;~~
- ~~• affordability of prudential borrowing over the period of the council's financial forward plan;~~
- ~~• comments from the external auditor on matters such as the level of reserves and provisions.~~

~~23.3.56~~ The Chief Finance Officer shall advise the Council whether s/he is able to certify that the draft Budget contains robust estimates and reserves for the purpose of meeting the requirements of Section 25 of the Local Government Act 2003.

~~23.3.67~~ Fees and Charges

The budget recommended by Policy and Resources Committee will incorporate the latest projection of income from fees and charges.

~~23.3.78~~ For the fees and charges within their remit, theme Committees, Planning Committee and Licensing Committee must approve changes to fees and charges that are above CPI inflation by 2% or more, the introduction of new fees and charges, and changes to fees and charges outside the normal annual cycle.

~~23.3.89~~ Changes to fees and charges approved by theme Committees, Planning Committee and Licensing Committee must be reported to Policy and Resources Committee for noting.

~~23.3.910~~ Chief Officers may approve changes to fees and charges annually where the change is broadly in line with inflation. The date for annual increases need not be 1 April.

Capital Programme and Budget

~~23.3.1011~~ The Capital Programme has been developed following these principles;

- To maintain an affordable five-year rolling capital programme.
- To ensure capital resources are aligned with the Council's strategic vision and corporate priorities.
- To undertake prudential borrowing only where there are sufficient monies to meet, in full, the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking appropriate external funding and disposal of surplus assets.

~~3.3.112~~ Alternative Budget Motions

Any ~~M~~member proposing to put forward to Council any amendment to the draft Budget or any alternative Budget should provide a copy thereof to the Chief Finance Officer as soon as possible and at least 5 clear days before the Council meeting, so that he/she may advise Council whether the resulting amended or alternative Budget would provide robust estimates and reserves for the purpose of Section 25 of the Local Government Act 2003.

~~3.3.13~~ ~~The alternative budget motion must set out the appropriate changes to the Policy and Resources Committee's recommendations as they affect the budget for the forthcoming year and any element of the Financial Forward Plan (e.g. balances, full year effects, council tax levels). The Chief Finance Officer may also require further information to be included if he/she considers it will improve the Council's understanding of the financial implications in the forthcoming or future years.~~

~~3.3.14~~ ~~Any Member proposing to put an alternative budget motion to Council is responsible for ensuring it is received by the Head of Governance by the date set by the Head of Governance. It is also their responsibility to ensure they give~~

~~the Chief Finance Officer reasonable time to fully validate their alternative budget proposals.~~

~~3.3.15 The Chief Finance Officer is responsible for validating any alternative budget motions put forward by Members.~~

23.4 BUDGET MANAGEMENT & MONITORING

~~3.4.1 Latest Approved Budget~~

~~The latest approved budget for a service or capital project is the budget determined by Council prior to the start of the year, as amended subsequently by approved variations in budget and capital financing throughout the year.~~

~~3.4.2 The Chief Finance Officer is responsible for maintaining the latest approved revenue and capital budget in accordance with the scheme of revenue and capital virement as set out below. (need not be stated)~~

23.4.13 Making changes to the budget

A virement is the transfer of budget from one specific area to another. This can either be a transfer within revenue budgets or capital budgets but not between revenue and capital.

23.4.24 The Virement Scheme is intended to enable the Directors and their officers to manage budgets with a degree of flexibility within the overall framework determined by the Council, and therefore optimise the use of resources.

23.4.35 Amendments to the revenue budget can only be made with approval as per the scheme of virement table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee

23.4.46 No revenue virement is allowed between the following budgets without approval of the Policy and Resource Committee;

- Financing charges,
- Rates and other taxes,
- Recharges and Insurances.

23.4.57 Amendments to the capital budget can only be made with approval as per the table below

Capital Virements
Policy & Resources Committee approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e. as per the budget book. The report must show the proposed: <ol style="list-style-type: none"> i) Budget transfers between projects and by year; ii) Funding transfers between projects and by year; and iii) A summary based on a template approved by the Chief Finance Officer
Policy and Resources Committee approval is required for all capital additions to the capital programme. Capital additions should also be included in the quarterly budget monitoring report to Performance and Contract Management Committee for noting.
Funding substitutions in order to maximise funding are the responsibility of the Chief Finance Officer.

Budget Monitoring

23.4.68 Chief Officers are required to notify the Chief Finance Officer of all underspends, over-recovery of income or windfall benefits arising within their revenue and capital budgets. Where these occur they should in the first instance be transferred to the contingency budget unless regulations specify restrictions on their use which make this inappropriate or the under spend, additional income or other financial benefits are to be used to offset uncontrollable overspends elsewhere within the service. The chief officer is responsible for notifying the Chief Finance Officer that this is to occur. Approval to these budget variations will be in line with the scheme of virement.

Budget Monitoring – Revenue

23.4.79 Chief Officers should ensure that their revenue cost centre managers do not enter into commitments before satisfying themselves there is sufficient approved budget provision. Chief Officers have no authority to overspend revenue budgets, or under-recover income budgets under their control, and are responsible for monitoring their budgets to ensure this situation does not arise.

23.4.810 It is the responsibility of Chief Officers to notify the Chief Finance Officer of forecast revenue budget or capital project overspends regardless of whether offsetting savings or additional income have been identified.

~~3.4.11 Having notified the Chief Finance Officer of a forecast revenue budget overspend, the Chief Officer must submit proposals to the Chief Finance Officer for offsetting the forecast overspend, together with an assessment of the impact these corrective actions will have on service delivery and performance targets. Approval to these budget variations will be in line with the scheme of virement.~~

~~3.4.12 When notifying the Chief Finance Officer of such a situation, Chief Officers must advise if the problem relates solely to the current financial year or needs to be addressed within the financial forward plan as well.~~

Budget Monitoring – Capital

~~23.4.914 Forecast overspends on approved capital projects must be communicated ~~through~~ the Chief Finance Officer **to the Chairman of the Policy & Resources Committee as soon as possible immediately**. Having notified the Chief Finance Officer, the Chief Officer must submit ~~with~~ options to the Chief Finance Officer for offsetting the forecast overspend ~~(e.g. by reducing the project specification, or budget for other projects) and/or identifying additional funding.~~~~

~~3.4.15 All forecasted overspends/additions must then be submitted to the Policy and Resources committee for approval.~~

~~23.4.106~~ Due to the uncertainty around the generation and timing of capital receipts, and the impact that delays could have on the level of prudential borrowing, capital project managers must obtain the prior approval of the Chief Finance Officer before entering into any individual capital commitment on an approved capital project over £1m.

Central Contingency

~~23.4.117~~ The Chief Finance Officer will determine which budget risks and uncertainties are to be held within the central contingency.

~~23.4.128~~ Allocations from the central contingency relating to planned developments will be approved by the Chief Finance Officer, following the receipt from a Chief Officer of a fully costed proposal to incur expenditure that is in line with planned development (including full year effect). Where there is a significant increase in the full year effect (over £250,000), the contingency allocation must be approved by the Policy and Resources Committee.

~~23.4.139~~ Allocations from the central contingency for unplanned expenditure, including proposals to utilise underspends previously generated within the service and returned to central contingency, will be approved by the Chief Finance Officer. Where there are competing bids for use of under spends, additional income or windfalls previously returned to central contingency, priority will be given to the service(s) that generated that return. Allocations for unplanned expenditure over £250,000 must be approved by Policy and Resources Committee.

Balances and Reserves.

~~3.4.20 Full Council, sets out the Council's approach on the level of balances and reserves, having taken account of advice from the Chief Finance Officer as stated in 3.1.1~~

~~23.4.1424~~ Allocation to and from the balances and reserves will be the responsibility of the Chief Finance Officer in line with the principles that Full Council have agreed.

~~3.4.22~~ Chief Officers are to indicate, during monthly monitoring, which reserves are likely to be used in year, subject to the Chief Finance Officer approval. For the avoidance of doubt the Chief Finance Officer retains ultimate decision making on the creation, addition to or use of reserves.

~~23.4.1523~~ Any significant change in the planned use of a reserve must be approved by the Policy and Resources Committee.

Budget Monitoring – reporting

~~23.4.1624~~ The Chief Finance Officer will report in detail to Performance and Contract Management Committee at the end of each quarter as a minimum, on the revenue and capital budgets and wider financial standing and.

~~3.4.25~~ Reports on the revenue budget will normally include:

- ~~• a revised forecast outturn including details as part of which, Chief Officers will inform Performance and Contract Management Committee:
 - ~~i) of those cost centres for which they are responsible that are projecting net overspends or underspends either over £100,000 or over £50,000 where the cost centre's gross budget is less than £1m; and~~
 - ~~ii) of the actions proposed to ensure that these overspends are not realised and that service delivery is not impacted by underspends.~~~~
- ~~• advice from the Chief Finance Officer on whether action is required to address any diminution in reserves and, if necessary, proposals and/or options for action that needs to be taken.~~

~~3.4.26~~ These reports will make recommendations for varying the approved budget (revenue and capital) where necessary in the following circumstances:

- ~~• allocations from the central contingency for unplanned expenditure over £250,000, or for planned expenditure where there are significant full year effects;~~
- ~~• underspends and windfall benefits returned to the centre;~~
- ~~• increases in service revenue budgets where overspends are considered unavoidable and cannot be contained within the overall budget managed by a Chief Officer;~~
- ~~• variations in capital project budgets;~~
- ~~• additions to the capital programme outside of the main budget cycle.~~

23.4.127 Full Year Effects

In preparing any estimates of expenditure and income, Directors and Heads of Service must give proper consideration to full year effects.

23.4.128 Annual Governance Statement

Chief Officers must support the work on corporate risk management ~~led by the Monitoring Officer~~, contributing to the production of the Annual Governance

Statement that has to be published alongside the Statement of Accounts. ~~Details of this are set out in the Code of Corporate Governance.~~

23.4.129 Partnership Working

Before entering into a partnership with another organisation that involves pooling some of the Council's revenue and/or capital budgets, the Chief Officer in consultation with the Chief Finance Officer must ensure that adequate financial controls are in place. A financial risk assessment must also be prepared and monitored over time.

3.4.30 General Requirements

~~Chief Officers must consult the Chief Finance Officer at an early stage on any current or future matter or decision that has financial implications that are not incorporated in the Financial Forward Plan or could impact on the Medium Term Financial Strategy.~~

23.4.2034 Authorisation of Non-Budgeted Expenditure (Emergency Payments)

Emergency payments may arise as a consequence of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.

23.4.2132 Emergency payments can only be made **by decision of the Urgency Committee or by Chief Officers up to their delegated financial limit of £180k and all such emergency payments should be reported to the next meeting of the Performance & Contract Management Committee.** ~~in extenuating circumstances with the following approval (as a minimum):~~

- ~~• Up to £500,000 Strategic Commissioning Board (SCB) member~~
- ~~• SCB member will notify the Chief Finance Officer as soon as practicable that the emergency payment has been made.~~
- ~~•~~
- ~~• Over £500,000 Chief Executive Officer or Chief Finance Officer~~
- ~~• following consultation with the Leader of the Council.~~
- ~~•~~

~~3.4.33 In all circumstances, the expenditure must be consistent with the Corporate Plan and management agreements and should be reported to the next Performance and Contract Management Committee meeting.~~

~~3.4.34 The Chief Finance Officer may approve revenue or capital expenditure not provided for within the latest approved budget if satisfied that:~~

- ~~• the expenditure is wholly reimbursable to the Council; or~~
- ~~• compensatory savings have been identified; and~~
- ~~• there are no significant full year effects.~~

23.5 CLOSING OF ACCOUNTS & STATEMENT OF ACCOUNTS

23.5.1 The Chief Finance Officer is responsible for making arrangements for closing the Council's and the Pension Fund accounts and producing the annual Statement of Accounts, as well as all matters relating to their audit and public inspection.

23.5.2 Chief Officers are responsible for ensuring that ~~they and their~~ staff adhere to the timetable and requirements set out by the Chief Finance Officer ~~(for the closing of accounts, and provide any information and evidence required in relation to this.~~

~~3.5.3 The Statement of Accounts will be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and Local Authority Accounting Panel (LAAP) bulletins, and Accounts and Audit Regulations 2015 which includes the deadline for their production and the requirement to include an Annual Governance Statement (AGS).~~

~~3.5.4 Chief Officers must provide on time any information and evidence the Chief Finance Officer requires to close the accounts and complete all grant and subsidy claims.~~

~~3.5.5 In closing the accounts, the Chief Finance Officer may amend the originally approved funding of revenue and capital services and projects if this is to the Council's financial benefit.~~

23.5.36 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports to those charged with governance on matters arising from the audit of the Council's accounts and Pension Fund accounts. There is also an Annual Audit Letter which includes the external auditor's report and opinion on the audit of the accounts, as well as comments and recommendations on whether the Council provides Value for Money. **These reports will be considered by the Audit Committee.**

23.6 TREASURY MANAGEMENT FRAMEWORK

~~3.6.1 The Council adopts the key recommendations contained in "The Prudential Code for Capital Finance in Local Authorities — fully revised second edition (CIPFA, 2009), "Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes (CIPFA, 2009) and any subsequent recommended good practice by CIPFA.~~

~~3.6.2 Adherence to Prudential Code and Treasury Management Code of Practice — The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice, as described in Section 4 of that code.~~

23.6.13 Policy and Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities **and based upon the relevant CIPFA Codes.-**

~~3.6.4 The Chief Finance Officer will create and maintain suitable Treasury Management Practices, setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control these activities.~~

~~23.6.25~~ The Performance and Contract Management Committee will receive reports on its treasury management policies, practices and activities. These reports will incorporate the prudential borrowing limits and performance indicators. Policy and Resources Committee will receive an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the Treasury Management Practices.

~~23.6.36~~ The Chief Finance Officer has the delegated authority to undertake long term borrowing on behalf of the Authority Council in line with the Treasury Management Strategy Statement Authority agreed by Council each year and will issue a Delegated Powers Report immediately after this power is exercised to inform Members in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee.

~~3.6.7 The Council delegates responsibility for the implementation and the monitoring of its treasury management policies and practices to Performance and Contract Management Committee and the updating of the Treasury Management Practices, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and Treasury Management Practices and CIPFA's Standard of Professional Practices on Treasury Management.(Article7)~~

~~3.7 PENSION FUND MANAGEMENT~~ ~~(place into scheme of delegation if not already there)~~

~~3.7.1 The Chief Finance Officer is responsible for, or responsible for delegating authority for:~~

- ~~• approving early payment of deferred benefits under regulation 30 of the Benefits Regulations or similar provisions in previous Regulations~~
- ~~• exercising discretion on compassionate grounds not to actuarially reduce deferred benefits paid early under regulation 30 of the Benefits Regulations or similar provisions in previous Regulations;~~
- ~~• exercising the power to accept late applications (made more than 30 days after return to work or, if does not return to work, 30 days after the date of leaving) from a member who wishes to pay optional contributions for a period of absence (Regulation 22 of the Administration Regulations);~~
- ~~• informing a member, who is entitled to a pension or retirement grant under two or more provisions, which provision shall apply (Regulation 34 of the 1997 Regulations – no double entitlement);~~
- ~~• determining that late applications to convert scheme additional voluntary contributions (AVCs) into a membership credit will be accepted provided such a late claim is not made within one year of attaining normal retirement date (NRD) or six months after leaving service whichever is the later (Regulation 26 of the Administration Regulations).~~

- ~~determining (for Barnet Council Employees only) whether to accept any request for the inwards transfer of pension rights made more than 12 months after the member joined the Scheme (Regulation 83 of the Administration Regulations).~~
- ~~determining (for Barnet Council employees only) whether to accept any request for joining previous Scheme membership (either with this Employer and/or with another scheme employer) made more than 12 months after the member re-joined the Scheme (Regulation 16 of the Administration Regulations).~~
- ~~exercising absolute discretion in determining the recipient(s) of any death grant payable from the Scheme (Regulations 23, 32 and 35 of the Benefits Regulations);~~
- ~~deciding whether to treat education or training as continuous despite a break for the purpose of determining eligibility for a child's pension (Regulation 26 of the Benefits Regulations);~~
- ~~communicating with other employers that are scheduled or admitted bodies as appropriate~~

34. FINANCIAL ADMINISTRATION, SYSTEMS AND PROCEDURES

34.1 ACCOUNTING

34.1.1 All accounting arrangements across the council shall be in a manner approved by the Chief Finance Officer, taking into account best practice guidance issued by relevant external bodies, such as CIPFA and national guidance.

34.1.2 There must be adequate separation of duties to ensure that no one officer is able to handle any financial transaction from start to finish without there being some mechanism for independent checking. By finish is meant the completion of the accounting for the transaction.

34.1.3 All accounting should occur on the Council's Accounting System and any exceptions must be specifically authorised by the Chief Finance Officer.

34.2 BANKING ARRANGEMENTS

34.2.1 The Chief Finance Officer must approve all banking and card acquiring arrangements across the Council, and must be satisfied with the safe keeping of all controlled banking stationery.

34.2.2 The Chief Finance Officer will maintain a register of all bank and card acquiring contracts.

34.2.3 Cheques above certain financial limits set by the Chief Finance Officer shall be manually countersigned by those designated officers authorised to do so by the Chief Finance Officer.

34.2.4 The Chief Finance Officer will be responsible for ensuring that the Council's banking arrangements are reviewed on a regular basis and that the banking contract is reviewed every three years.

34.2.5 Chief Officers are responsible for ensuring that the any staff in their areas that use the Procurement Cards adhere to the requirements of the LBB Purchasing Card (PCard) Guide and Terms and Conditions.

34.3 ASSETS

34.3.1 Chief Officers are responsible for the proper security of all buildings, stocks, furniture, equipment and cash etc. within their service. The Chief Executive shall exercise a co-ordinating role on security issues and shall be consulted where it is felt that security is inadequate or in special circumstances.

34.3.2 Maximum limits for cash holdings shall be set by the Chief Finance Officer, which may not be exceeded without prior authority. Areas where cash is counted and held must be secure and with access restricted only to authorised staff.

34.3.3 Chief Officers are responsible for the sale or disposal of assets employed in their service, and for accounting for these transactions. All disposals in excess of £6,000 (or a higher figure that is consistent with capital accounting regulations) are to be notified to the Chief Finance Officer.

~~34.3.4 The Council has set a *de minimis* threshold for capital expenditure at £50,000. This figure provides guidance only; the Chief Finance Officer may exercise discretion on the *de minimis* threshold.~~

34.3.45 Chief Officers are responsible for implementing a system for the maintenance of stocks and stores including regular stock checks and write offs when required.

34.4 IMPREST ACCOUNTS

34.4.1 The Chief Finance Officer must authorise all imprest accounts and the Imprest Account Holder must comply with the rules set by the Chief Finance Officer.

~~4.4.2 The imprest account holder must:~~

- ~~• provide a certificate showing the state of the account at the end of the financial year and additionally when requested by the Chief Finance Officer;~~
- ~~• only reimburse expenditure up to a limit set by the Chief Finance Officer;~~
- ~~• obtain receipts for all payments made, which will be proper VAT receipts;~~
- ~~• properly account for VAT in all float reimbursements;~~
- ~~• not allow the account to be overdrawn and shall arrange for reimbursement at regular intervals;~~
- ~~• not pay any salaries, wages or allowances from the account;~~
- ~~• not pay income into the account;~~
- ~~• provide the Chief Finance Officer with a full account for the advance when ceasing to be the imprest account holder.~~

34.5 INCOME

- 34.5.1 The Council will usually charge for all services, where allowable, and have charging policies in place.
- 34.5.2 Officers should encourage payment in advance or at point of service delivery wherever possible as per the Debt Management Policy, and minimise the amount of credit given to customers.
- 34.5.3 All records relating to income due to the Council, accounts raised, and receipts issued shall be in a format agreed by the Chief Finance Officer.
- 34.5.4 Officers responsible for controlled stationery must keep it secure. Methods of payment must be agreed by the Chief Finance Officer.
- 34.5.5 The Chief Finance Officer, or officer nominated by the Chief Finance Officer, may authorise payment by instalments if full payment cannot be obtained immediately, in accordance with the Debt Management Policy.
- 34.5.6 Officers receiving monies shall keep an accurate and chronological account of all receipts and bankings.
- 34.5.7 Monies received must be banked on the day of receipt wherever possible, and not later than the next working day. All amounts paid in must be referenced to enable subsequent identification of the accounts to which they relate. All cheques, postal orders etc. shall be crossed with the crossing stamp provided.
- 34.5.8 No deductions may be made from monies received.
- 34.5.9 Chief Officers must notify the Chief Finance Officer of all monies due to the Council under contracts, leases or other agreements and the cessation of use or change of user affecting this income.
- 34.5.10 Invoicing & Debt Recovery
Officers responsible for raising invoices must ensure that VAT has been properly accounted for.
- 34.5.11 The Council's Debt Management Policy, approved annually in February by Policy and Resources Committee, sets out the Council's policy and procedures in relation to the billing, collection and recovery of monies owed to the Council and is to be adopted across all services within the London Borough of Barnet.

34.6 INSURANCE

- 34.6.1 The Chief Finance Officer is responsible for maintaining the Insurance Strategy arranging adequate insurance cover for the Council and keeping comprehensive records of all risks covered and report to Policy & Resources Committee annually.
- 34.6.2 Chief Officers must notify the Chief Finance Officer immediately of all new areas of risk and of any change of circumstances likely to affect existing insurance risks.

34.6.3 Any incident which could give rise to an insurance claim must be promptly notified to the Chief Finance Officer by the relevant officer, who shall also inform the Police if appropriate.

34.6.4 The Chief Finance Officer will handle all insurance claims, in conjunction with the Monitoring Officer and/or the insurance company if proceedings are issued.

34.6.5 Officers must consult the Chief Finance Officer and Monitoring Officer in all cases where the Council is requested to give an indemnity.

34.6.6 Officers in receipt of a motor vehicle allowance must produce registration documents, insurance policy, certificate of insurance and test certificate if required by the Chief Finance Officer. Insurance policies must be comprehensive and cover use on official business.

4.6.7 Schools

~~Where funds for insurance are delegated to any school, the Council may require the school to demonstrate that cover relevant to the Council's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the Council. If the Council makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets, the Council will have regard to the actual risks, which might reasonably be expected to arise at the school in question in operating this requirement rather than applying an arbitrary minimum level of cover for all schools.~~

34.6.78 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance may be funded from the school budget share.

34.6.89 The Council is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could be charged to the school's budget share.

34.7 INVESTMENTS, BORROWING, CAPITAL FINANCING & TRUST ACCOUNTS

34.7.1 The Chief Finance Officer shall ensure that the Council's money is properly managed and controlled in a way which balances risk with return but with the overriding consideration being given to the security and liquidity of the Council's investment.

34.7.2 All investments, except bearer securities, controlled by the Council shall be registered in the Council's name or the Council's Pension Fund or in the name of nominees approved at a Policy and Resources Committee.

~~34.7.3 All securities shall be held securely by the Council's bankers, or custodians approved at the Policy and Resources Committee.~~

~~34.7.4 The Chief Finance Officer shall ensure that all borrowing and, whenever applicable trust funds, are registered in the name of the Council.~~

~~4.7.5 The Chief Finance Officer will set Prudential indicators, as outlined in the Prudential Code for Capital Finance in Local Authorities, for the forthcoming and following two financial years. These will be contained in the Treasury Management Strategy approved by Policy and Resources Committee each February.~~

~~34.7.56 The Chief Finance Officer will also provide regular monitoring reports to Performance and Contract Management Committee and report any breaches or amendments of the Prudential Code to Council.~~

~~4.7.7 The Chief Finance Officer will be the Council's registrar of all stocks and bonds. In addition this officer will maintain a register of all loans and investments made in the name of the Council.~~

~~4.7.8 The Chief Finance Officer shall ensure that all legislative amendments and changes in treasury or capital limits are approved at Policy and Resources Committee and where necessary full Council.~~

34.8 ORDERING OF SUPPLIES, WORKS & SERVICES

~~4.8.1 Procurement of supplies, works and services must be in accordance with Contract Procedure Rules. It is a disciplinary offence to fail to comply with Contract Procedure Rules when letting contracts. Council employees have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Monitoring Officer. The procedures for initiating procurement activity, for authorising and accepting tenders and the financial limits for procurement are set out in the Contract Procedure Rules and are not repeated here.~~

~~4.8.2 With respect to third party organisations, if a supplier is awarded business in excess of 25% of their turnover, then a risk assessment needs to be carried out to ensure that the supplier is not overly dependant on the Council. Where the supplier is a consortium, the relevant figure is the combined turnover of the consortium's constituent members.~~

~~4.8.3 Chief Officers are responsible for all contracts tendered and let by their service areas. Their duties in relation to contract letting and management are:~~

- ~~• to ensure compliance with English Law, U.K. and EU legislation and Council policy;~~
- ~~• to ensure value for money and optimise risk allocation in all procurement matters;~~
- ~~• to ensure compliance with the Contract Procedure Rules~~

34.8.14 All contracts are subject to the Contract Procedure Rules and Chief Officers must have systems in place to ensure that only authorised officers are allowed to place purchase orders, and that purchase orders are only raised when there is sufficient budget available.

34.8.25 **Creation of a purchase Order (PO):** Once the purchase has been agreed, a purchase order must be raised on the council's accounting system. **Payment of an invoice:** Authorised officers must ensure that a purchase order has been raised on the accounting system and successfully communicated to the supplier. Invoices in respect to works, supplies and services will be paid by the Central Accounts Payable Team, but only after the authorising officer has, where necessary, first receipted the supply on the accounting system.

34.8.36 All invoices must reference a valid purchase order number, otherwise the Central Accounts Payable Team reserves the right to refuse payment of an invoice.

~~4.8.7 Only invoices presented in an acceptable format will be passed for payment. This includes invoices that do not comply with VAT Regulations. VAT is only recoverable by the Council if a proper VAT invoice is made out in the name of the the Council.~~

34.8.48 To enable the Council to comply with the Late Payment of Commercial Debts Regulations, no amended invoices will be accepted and a new invoice with a revised date will be required. ~~Chief Officers must ensure that their services must return an invoice to the supplier and seek a new invoice with a revised date, whenever:-~~

~~the invoice is dated prior to receipt of supplies, works or services and this is contrary to the agreed payment terms;~~

~~the invoice is incorrect;~~

~~the invoice does not reference a valid Purchase Order number.~~

~~4.8.9 When certifying an invoice for payment that was initially disputed, record the date on which the invoice was actually validated must be recorded~~

34.8.510 The Central Accounts Payable Team will perform a three-way match against the purchase order, goods receipt and invoice, prior to making a payment. Invoices from trusted suppliers, (as advised by the Strategic Procurement Team) will only require a two-way match. Invoices that do not pass this criteria will be returned to the service for amendment.

34.8.614 **Payments in advance** : Chief Officers prior to authorising payments in advance, must undertake a risk assessment of the supplier or service provider defaulting. All payments in advance in excess of £100,000 must be notified to the Chief Finance Officer.

~~4.9 SALARIES, PENSIONS & ALLOWANCES~~

~~4.9.1 Details of payroll arrangements and responsibilities are set out in the HR Regulations.~~

3.4.910 TAXATION

~~3.9.14.10.4~~ The Chief Finance Officer is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence its own activities, or indirectly, as a consequence of service delivery through external partners.

~~4.10.2~~ The Chief Finance Officer is responsible for advising Chief Officers on all taxation issues that affect the Council, in the light of guidance issued by appropriate bodies and relevant legislation as it applies.

~~4.10.3~~ To enable the Chief Finance Officer to fulfil the requirements of this role, Chief Officers will:

- ~~(i)~~ Ensure that the Chief Finance Officer is consulted on all proposals that may alter or affect the Council's tax liability, including proposals to implement alternative service delivery models.
- ~~(ii)~~ Ensure that the VAT guidance issued by the Chief Finance Officer is complied with (i.e. to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed).
- ~~(iii)~~ Ensure that, where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary construction industry tax scheme requirements (as advised by the Chief Finance Officer).
- ~~(iv)~~ Ensure that the Chief Finance Officer guidance on fee payments to consultants, individuals or partners is complied with.

~~4.10.4~~ The Chief Finance Officer is responsible for ensuring that the Council's tax records are maintained, all tax payments are made, tax credits are received and tax returns are submitted by their due date, as appropriate.

3.4.1110 AMENITY & UNOFFICIAL FUNDS

~~34.104.1~~ Amenity or Unofficial Fund relates to all sums of money other than those which are required to be paid into the Council's General Bank Account (or such other account so authorised by the Chief Finance Officer) or Trust Fund monies outside the authority of the Council.

~~3.10.24.11.2~~ All accounts shall be opened by the Chief Finance Officer and their names shall include the name of the London Borough of Barnet and the establishment concerned.

~~3.10.34.11.3~~ Provided the Chief Finance Officer approves and is satisfied with accounting and security arrangements, separate accounts need not be opened for funds of small amounts.

~~4.11.4~~ The head of each establishment which sets up such a fund shall inform the relevant Chief Officer of its existence.

~~4.11.5~~ Responsibility for the administration of the fund shall rest with the head of the establishment and with such other member(s) of staff as that person shall decide.

~~4.11.6 Expenditure from the fund shall be at the discretion of the establishment head in conjunction with other member(s) of staff as felt necessary.~~

~~4.11.7 Cheques shall be signed and countersigned by the head and deputies of the establishment. All transactions above a limit set by the Chief Finance Officer shall be signed by at least two authorised officers.~~

~~4.11.8 Auditors shall be appointed by the head of the establishment and the fee (if any) shall be charged to the fund. Where the turnover of the fund exceeds an amount set by the Chief Finance Officer, the fund must be audited by auditors approved by that officer. The Chief Finance Officer shall have the right to inspect the accounts.~~

~~4.11.9 At the end of each financial year the head shall submit an audited summary of the fund to the Chief Finance Officer (and Governing Body if appropriate).~~

45 RISK MANAGEMENT AND CONTROL OF RESOURCES

45.1 RISK MANAGEMENT

45.1.1 The Performance and Contract Monitoring Committee is responsible for approving the Council's risk management framework and for reviewing the effectiveness of risk management. Individual services are responsible for ensuring the proper management of risk.

~~5.1.2 Chief Officers are responsible for ensuring that they and their staff uphold the requirements of the Corporate Risk Management Framework.~~

45.2 INTERNAL CONTROL

45.2.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

45.2.2 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

45.2.3 It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

45.3 INTERNAL AUDIT

45.3.1 Under the Accounts and Audit Regulations 2015 the Council has a statutory obligation to have an adequate and effective system of internal audit. The

Assurance Director has the delegated authority for providing and maintaining this service.

~~45.3.2 The Chief Internal Auditor is responsible for providing an internal audit function which meets the requirements of the Public Sector Internal Audit Standards (PSIAS). He / she is also responsible for providing an opinion, in support of the Annual Governance Statement, on how the Council's risk management processes identify, evaluate, monitor and report that controls are operating effectively within the Council. The Chief Internal Auditor helps the Chief Finance Officer discharge his/her responsibilities under section 151. Irrespective of the organisational position of internal audit, this officer should have the right to report on matters concerning internal audit and internal control directly to the Chief Executive and the Audit Committee.~~

45.3.3 Internal Audit is an assurance function that provides 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

~~5.3.4 Management are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the Annual Governance Statement, both emphasises and reflects the importance of this aspect of internal audit work. Management's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.~~

45.3.45 Internal Audit has unrestricted access to all information (including records, computer files, databases, systems, property and personnel) across any service and/or activities undertaken by the Council, or partners on the behalf of the Council where council information is held in order to review, appraise and report as may be necessary on:

- ~~• the adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;~~
- ~~• the extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Council and service management and the extent of compliance with legislation and regulations, including reporting requirements of regulatory bodies;~~
- ~~• the extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity and risk management strategies exist;~~
- ~~• the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;~~

- ~~• the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;~~
- ~~• the suitability of the organisation of the units audited for carrying out their functions, to ensure that services are provided in a way which is economical, efficient and effective;~~
- ~~• the follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely; and~~
- the operation of the Council's Governance arrangements.

~~5.3.6 Independence~~

~~Internal Audit should be independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should not have any operational responsibilities.~~

~~5.3.7 Audit advice and recommendations, including where Internal Audit has been consulted about significant changes to the internal control systems, are given without prejudice to the right of Internal Audit to review and make further recommendations on the relevant policies, procedures, controls and operations at a later date.~~

~~5.3.8 The status of Internal Audit should enable it to function effectively. The support of the organisation is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness. The Chief Internal Auditor should have direct access to and freedom to report in his or her own name and without fear or favour to, all officers and members and particularly to those charged with governance.~~

~~45.3.59~~ The Chief Internal Auditor shall be able to meet the Chairman of the Audit Committee alone outside of the normal Audit Committee meetings.

~~5.3.10 Responsibility & Authority~~

~~Internal Audit is an integral part of the organisation and functions under the policies established by management and the Council.~~

~~5.3.11 The purpose, scope, authority and responsibility of the internal auditing service is defined in a formal charter. The charter makes clear the independence of the internal auditing service and emphasises that it must not be restricted when carrying out its responsibilities.~~

~~45.3.612~~ Chief Officers shall have regard to the principles of risk management, and to the Council's risk management policy. It is the responsibility of Internal Audit to review the adequacy and effectiveness of the council's arrangements for risk management.

~~45.3.713~~ The Chief Internal Auditor shall report to the Chairman of the Audit Committee all significant concerns that he/she may have over the adequacy and

effectiveness of internal controls and risk management activities within the organisation.

45.4 CORPORATE ANTI-FRAUD TEAM (CAFT)

~~45.4.1~~ Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. The Assurance Director has the delegated authority for providing and maintaining this service.

~~5.4.2~~ As part of these Regulations, Directors should ensure that there are arrangements to enable staff and the public to raise and report any issues of concern in accordance with the Council's Whistleblowing policy.

45.4.23 Objective & Scope

The CAFT is an independent, objective activity designed to add value and improve the Council's operations. It helps the Council achieve its objectives by bringing a systematic, disciplined approach to investigation, evaluating and improving the effectiveness of fraud prevention and detection and the subsequent prosecution of individuals and organisations where appropriate. The Council has a zero tolerance approach to fraud and other irregularity.

~~45.4.34~~ The objective of the CAFT is to assist officers and Members in the effective discharge of their responsibilities. To this end, the CAFT furnishes them with assurance, analysis, appraisals, recommendations, counsel, and information concerning the activities it is required to become involved with. The objective includes promoting fraud awareness across the authority.

~~4.5.4.45~~ The scope of the CAFT encompasses both the investigation and examination of the effectiveness of the council's systems of fraud control when subject to breach. ~~In carrying out assigned responsibilities, Investigation Officers:-~~

~~review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;~~

~~ensure there are appropriate policies (Counter Fraud Framework) and procedures in place as well as effective systems for accurate reporting of any such fraud (including "Whistleblowing" and a "Fraud Hotline")~~

~~provide an effective, efficient and value for money investigation service;~~

~~Where appropriate provide the organisation, its employees and business partners with a advice in relevant areas such as fraud, corruption, bribery and anti money laundering and other legislation relating to the proceeds of crime.~~

5.4.6 Independence

~~CAFT officers are independent when they carry out their work so act freely and objectively. Independence permits Investigators to render the impartial and unbiased judgements essential to the proper investigation and conclusion of fraud. Irrespective of the organisational position of CAFT, the Assurance Director should report on matters concerning internal audit and internal control directly to the Leader, the Chief Executive and the Audit Committee.~~

45.4.57 Responsibility & Authority

The primary responsibility for the awareness, prevention, detection and deterrence of fraud, corruption, bribery or money laundering activity lies with the Chief Officers. This responsibility includes ensuring that staff and partners are aware of both the implications of fraud and money laundering and the risks of fraud and money laundering across their service area. The primary responsibility for the investigation of any suspected fraud, corruption, bribery or money laundering activity found in a service area lies with the CAFT. All details must be immediately forwarded to the CAFT, to preserve the chain of evidence linked to such investigations within the law.

~~5.4.8 All Council Members and employees are personally responsible for ensuring they (and any subordinates) are aware of the Council's Counter Fraud Framework and the procedures and policies within it. All suspected breaches must be reported to the Assurance Director, the Chief Internal Auditor or any member of the CAFT.~~

~~5.4.9 The Assurance Director will maintain a scheme of delegation that will set out duties and responsibilities in relation to counter fraud activities.~~

45.4.610 CAFT have unrestricted access to all council held information and records (including computer files, databases, systems, property and personnel) across any service and/or activities undertaken by the Council, or partners on the behalf of the Council, in order to effectively carry out their duties:

45.4.711 CAFT or other authorised representative shall have authority to:

- Enter or visit any land, premises, offices or establishments of the Council; and carry out any necessary searches of the aforementioned.
- have unrestricted access to, access, view, search, and remove any and all records, documents and correspondence, including electronically held correspondence, documents and records, and property and assets of the Council;
- where requested by CAFT view only access to specific databases/systems which hold council data
- receive such explanations as are necessary concerning any matter under examination, and / or fraud investigation;
- in conjunction with the relevant Chief Officer, suspend any employee of the Council under CAFT investigation from duty: acting in accordance with the Council's disciplinary procedures; and, in cases concerning illegal working, employees may be exited from the organisation and/or may be suspended without pay pending investigation.
- require any employee of the Council to produce and surrender any cash, stores, equipment or any other Council property under his or her control
- interview any and all employees and individuals in connection with investigations including where necessary interviews in accordance with the Police & Criminal Evidence Act (on tape).

45.5 EXTERNAL AUDIT

45.5.1 Public Sector Audit Appointments Limited (replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by section 5 of the Audit Commission Act 1998.

~~5.5.2 The Local Audit and Accountability Act 2014 established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government in England which cover the audit of accounts up to 2018/19.~~

45.5.23 External auditors have a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Chief Finance Officer, in conjunction with Chief Officers, must ensure that the Council makes best use of resources and taxpayers and / or service users receive value for money.

45.5.34 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

56. TRADING ACCOUNTS

~~6.1 As the Council continues to develop its commissioning model alongside a more commercial culture, trading accounts and business unit charging are becoming increasingly important.~~

5.16.2 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts and business units, where appropriate.

~~6.3 Where consideration is being given to the introduction of charges for discretionary services or to utilising a trading power the relevant Chief Officer must consult with the Chief Finance Officer and Legal Services on all aspects of the proposal (i.e. financial, legal and personnel related) prior to seeking approval from the relevant theme committee.~~

5.26.4 The Chief Officer must observe all statutory requirements in relation to trading accounts, including the maintenance of a separate revenue account to include all relevant income and expenditure, including overhead charged and an annual report in support of the final accounts.

5.36.5 The Chief Officer must ensure that the same accounting principles are applied in relation to trading accounts as for other service units.

67. EXTERNAL ARRANGEMENTS

67.1 PARTNERSHIPS

~~7.1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It may also act to achieve~~

~~the promotion or improvement of the economic, social or environmental well-being of its area.~~

~~67.1.12~~ Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. Where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project, this is not a partnership.

~~67.1.23~~ It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Council's Procurement Policy and Procedures.

~~6.7.1.34~~ Chief Officers are responsible for ensuring that appropriate work is undertaken and committee approvals are obtained before any negotiations are concluded in relation to work with external bodies, ~~these include:~~

- ~~(i) The approval of the Chief Finance Officer and the Monitoring Officer prior to entering into a partnership agreement.~~
- ~~(ii) An appraisal which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.~~
- ~~(iii) Demonstrating that the partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.~~
- ~~(iv) The proposed financial contribution by the Council to the partnership can be met from existing budget provision.~~
- ~~(v) Policy and Resources or Council (where appropriate) approval is secured for all delegations and frameworks for the proposed partnership.~~

~~67.1.45~~ The approval of both the Chief Finance Officer and the Monitoring Officer must be obtained prior to the Council entering into any formal partnership agreement. The approval of the Chief Finance Officer must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. ~~This is to ensure that the:~~

- ~~(i) Legal status and financial viability of the arrangement are clearly established and acceptable.~~
- ~~(ii) The Council's financial commitment to the partnership is quantified and that this can be accommodated within the existing budget provision.~~
- ~~(iii) Financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective.~~
- ~~(iv) The Council is not exposed to undue financial, legal or reputational risk as a consequence of its involvement in the partnership.~~
- ~~(v) The Council's own financial accounting and reporting requirements can be satisfied.~~

~~67.1.56~~ A written partnership agreement must be produced that clearly establishes the responsibilities of the respective partners for managing the arrangement and the

resources made available to the partnership. The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money, and for addressing any overspend.

Delegation of budget to a partnership

~~67.1.67~~ The delegation of budget to a partnership (whether or not the arrangement is binding on the parties), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as follows:

- Up to £~~1m~~500,000 Assistant Directors (or named equivalent) following consultation with the Chief Finance Officer.
- Up to £5m Chief Executive Officer or Chief Finance Officer following consultation with the Leader of the Council.
- More than £5m Policy and Resources Committee following consultation with all of the above.

~~67.1.78~~ Where the Council is the 'accountable body' for a partnership, these Financial Regulations apply to decisions relating to the expending of that money. All expenditure must be authorised by an appropriate London Borough of Barnet officer, or by someone else who has a statutory power to authorise expenditure.

~~7.1.9~~ ~~Chief Officers are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to the partnership that apply throughout the Council.~~

~~7.1.10~~ ~~Chief Officers must provide information on the partnership arrangements to the Chief Finance Officer, to enable the appropriate disclosures to be made within the Council's annual Statement of Accounts.~~

~~67.2~~ EXTERNAL FUNDING

~~7.2.1~~ ~~External funding is potentially a very important source of income; however funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.~~

~~67.2.12~~ External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria. It also covers contributions being sought from participating organisations and individuals, from either public or private sources.

~~7.2.3~~ ~~Chief Officers, in consultation with the Chief Finance Officer, should develop their External Funding Strategy to explore all feasible options that maximise external funding available to the Council. Their strategy should cover the principles which the Council will apply to generating additional funding via making bids to the Government and other funding bodies and the proper~~

~~processes for obtaining necessary approvals. It is particularly important to ensure that approved resources are available for any 'match funding' requirements prior to entering into any agreements.~~

~~67.2.24~~ The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

~~67.2.35~~ Chief Officers must provide the Chief Finance Officer with details of all bids for external funding. Bids will follow the requirements of the Council's investment appraisal process. ~~In particular, the following information must be provided:~~

~~How the bid supports achievement of Corporate Plan targets;~~

~~Whether the bid is for capital and/or revenue funding;~~

~~Revenue and capital matched funding contributions required from the Council, and how these will be identified;~~

~~Revenue and capital matched funding contributions required from other organisations and individuals, how these amounts will be secured, and the risks associated with them;~~

~~An 'exit strategy', which sets out how budgets will be adjusted after the grant expires;~~

~~Where the bid is for revenue funding:-~~

~~whether this is to support existing levels of activity or enhanced / new activities;~~

~~proposals for reducing the activity OR incorporating it in the base budget once the external funding is exhausted;~~

~~Where the bid is for capital funding:-~~

~~whether an asset will be created, and if so, how this fits in with the Council's Strategy;~~

~~how the ongoing cost of maintaining the asset will be funded;~~

~~whether the asset can / will be disposed of at a later date.~~

~~67.2.46~~ Chief Officers must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, ~~unless approval has been given by the Chief Finance Officer. Decisions to proceed ahead of confirming external funding will be taken after assessing all relevant risks. The Chief Finance Officer has the right to refer the decision to the Policy and Resources Committee.~~

~~7.2.7~~ ~~Where external funding is applied for, it is the responsibility of the Chief Officer to ensure that the monies are received from the paying body and, wherever possible, received ahead of the planned expenditure being incurred by the Council.~~

~~67.2.58~~ Chief Officers must advise the Chief Finance Officer of all grant and subsidy notifications as soon as they are received. Where the amount notified is greater than the budget, the excess will be deemed a windfall and should in the first instance be returned to the central contingency unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the service. Where the amount notified is less than the budget, the Director or Head of Service must notify the Chief Finance Officer of options for containing any potential overspend.

~~7.2.9 Chief Officers must ensure that all conditions associated with external funding are met and that information and evidence required to complete grant and subsidy claims are provided on time.~~

~~7.2.10 Chief Officers are responsible for ensuring that they comply with all requirements for the audit of external funding where applicable.~~

67.3 WORK FOR THIRD PARTIES

~~67.3.1 Work can only be undertaken for third parties where the Council has the legal powers to undertake the work. Where such legal powers exist, Chief Officers are responsible for:~~

~~(i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.~~

~~(ii) Ensuring that the appropriate expertise exists to fulfil the contract.~~

~~(iii) Ensuring that no contract adversely impacts upon the services provided by the Council.~~

~~(iv) Approval will be made after appropriate professional advice, including but not restricted to legal, has been obtained.~~

~~67.3.2 With regard to the financial aspects of third party contracts, Chief Officers will:~~

~~(i) Comply with any guidance issued by the Chief Finance Officer and will ensure that the appropriate insurance arrangements are made.~~

~~(ii) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.~~

~~(iii) Ensure that the Council is not unnecessarily exposed to the risk of bad debts.~~

~~67.3.3 A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement. Chief Officers will provide information on the contractual arrangements to the Chief Finance Officer in order that the appropriate disclosures can be made within the Council's annual statement of accounts.~~

~~67.3.4 Performance and Contract Management (PCM) Committee is responsible for monitoring the contractual arrangements for any significant work for third parties or external bodies. For this purpose, significant is deemed to be contracted annual income from a body that is greater than £100,000.~~

67.4 ALTERNATIVE DELIVERY MODELS

~~67.4.1 Services may be commissioned from retained services within the Council or via alternative delivery models. There are various types of alternative delivery model, including, but not limited to:~~

~~(i) Local Authority Trading Company (LATC) —a separate legal entity in which the Council has an interest that trades for profit with both public and private bodies. An LATC could have a number of legal forms including a company~~

- ~~limited by shares, a company limited by guarantee, a community benefit society or a cooperative society.~~
- (ii) Joint Ventures - set up as separate corporate entities joining two or more parties for the purpose of executing a business undertaking. ~~They are able to trade for profit.~~
 - (iii) Charitable incorporated organisation - a corporate entity which is regulated by the Charities Commission; ~~surpluses are reinvested in the company.~~
 - (iv) Social Enterprises - businesses trading for social and environmental purposes.
 - (v) Outsourcing – a contractual arrangement between the Council and a private provider for the delivery of an agreed service; ~~which involves the transfer of Council staff to the private provider. The outsourced provider can charge its customers and make a profit.~~
 - (vi) Social Impact Bonds – contract to achieve agreed social outcomes through a programme of interventions delivered by a number of service providers.
 - (vii) Joint Committee – joint bodies set up, by agreement, to discharge or carry out activities in conjunction with others.
 - (viii) Unincorporated association – ~~pooling of resources with other public sector bodies as a means of facilitating joint working in the provision of services.~~

~~7.4.2 This above list is not intended to be exhaustive, but is provided to illustrate the range and diversity of alternative service delivery models.~~

~~67.4.23~~ Any proposal to commission services via an alternative delivery vehicle must be developed through the Council's business case governance framework and using the business case template, to ensure that there is a robust planning and decision-making process in place.

~~7.4.4 The business case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.~~

~~7.4.5 Chief Officers are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision making process, and that specialist advice is sought from the following key stakeholders across the Council, at each stage in the development of the business case:~~

- ~~(i) Chief Finance Officer (including financial, cash management and tax advice);~~
- ~~(ii) Director of Assurance (including Monitoring Officer, Internal Audit and Organisational Risk advice);~~
- ~~(iii) Director of Commercial Services;~~
- ~~(iv) Director of Human Resources and Assistant Director of Finance (Customer Services Group) (including HR, payroll, pensions administration, purchase to pay, income collection).~~

~~67.4.36~~ Chief Officers are responsible for ensuring that committee approval is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented.

78. TRANSPARENCY

78.1.1 To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value. Monthly payment transactions made via purchase card, employee expenses and accounts payable are available to download via the Council's Open Barnet data portal. This brings together all our published datasets and other information of interest on one searchable database for anyone, anywhere to access. <http://open.barnet.gov.uk/>