

## APPENDIX R

# Financial Regulations

### 1 Introduction

Financial Regulations govern the way the Council undertakes financial forward planning, annual budget setting, budget monitoring and closing of the accounts—~~setting out the responsibilities of Council, Cabinet (and Cabinet Committees), the Chief Finance Officer (Deputy Chief Executive), Corporate Directors, Heads of Service and Managers.~~ These aspects are set out in Part 1 (Financial Management).

Financial Regulations also govern the way day to day financial administration is conducted and financial controls are exercised. These aspects are set out in Part 2 (Financial Administration).

~~Financial Regulations are supported by other elements of the Council Constitution, in particular:-~~

- ~~• Scheme of Delegation~~
- ~~• Budget & Policy Framework Procedure Rules~~
- ~~• Contract Procedure Rules~~
- ~~• Management of Real Estate, Property and Land~~

### 2 Status of Financial Regulations

Financial regulations apply to every member and officer of the authority and anyone acting on its behalf. 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.

~~The regulations identify the financial responsibilities of the Full Council, Executive and Scrutiny Committee members, the Chief Executive, the Monitoring Officer, the Chief Finance Officer and other Corporate Directors.~~

The responsibilities of the Chief Finance Officer are discharged by the Deputy Chief Executive. Thus this post is responsible for the proper administration of the Council's financial affairs for the purposes of Section 151 of the Local Government Act 1972 (and all subsequent amendments). This includes responsibility for producing and updating these Financial Regulations.

The Regulations shall not override any statutory provisions that apply.

Each Director is responsible for ensuring that these Regulations are strictly adhered to, throughout the department under their control.

Where applicable consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so.

Substantial breaches of Financial Regulations shall be reported to the Chief Finance Officer by the relevant Director 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.

~~As part of these Regulations, Corporate 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.~~

The Chief Financial Officer shall be responsible for ensuring the Council's continuing compliance with the Accounts and Audit Regulations 2003 and 2006 and all relevant Accounting Codes of Practice and Auditing Standards.

~~No report having financial implications shall be submitted to Members without adequately timed prior consultation with the Deputy Chief Executive and/or officers delegated to undertake such functions by him/her.~~

These procedures shall be reviewed regularly by the Chief Finance Officer but at least every 3 years. The Constitutional Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on an annual basis wherever possible.

~~The Deputy Chief Executive is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to full Council for approval. The Deputy Chief Executive is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Council and/or to the Executive.~~

Directors 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.

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.

### **3 Responsibilities**

Section 151 of the Local Government Act 1972 states that each local authority "shall make arrangements for the proper administration of their financial affairs and shall

secure that one of their officers has responsibility for the administration of those affairs”.

The “arrangements” include the Council’s Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters). In approving those arrangements, Members are bound by the general principles of administrative law. The Council’s appointed officer under Section 151 is the Chief Operating Officer. In performing his/her functions as the appointed officer, he/she shall seek to ensure that the management of the Council’s financial affairs accord with the arrangements approved by Council subject to his overarching statutory duties including those referred to at paragraphs 2.5.7-10 below. The Section 151 officer owes a fiduciary duty to the public to carry out those duties effectively and these cannot be overridden by the Council.

Financial management covers all financial accountabilities in relation to the running of the authority, including the budget and policy framework.

### *~~The Full Council~~*

~~The full Council is responsible for adopting the authority's constitution and members' code of conduct and for approving the budget and policy framework within which the Executive operates.~~

### ~~*Executive*~~

~~The Executive is responsible for the regulation and control of the finances of the Council. The Executive shall submit recommendations to the Full Council for the levying of general or special rates or taxes, or for the approval of annual estimates. The Executive is responsible for the approval of draft estimates for submission to the Full Council. It is also responsible for monitoring financial performance throughout the year.~~

~~The Executive discharges its responsibilities in relation to finance through Cabinet and the Cabinet Resources Committee. Throughout the year Cabinet Resources Committee receive reports which allow progress against approved budgets to be scrutinised. All members should receive appropriate training in the areas of Financial Strategy, Local Government Finance and key specialist areas such as Treasury and Risk Management.~~

### *~~Committees~~*

~~Overview and Scrutiny committees have the remit to scrutinise any aspect of the finances of the Council. They monitor the decisions of the Executive and can challenge or ‘call in’ a decision that has been made by the Executive.~~

~~The Special Committee (Constitutional Review) is responsible for reviewing the Council’s constitution and related regulations, codes of conduct and other guidance including the Financial Regulations.~~

~~The Audit Committee is responsible for providing independent assurance of the risk management framework and the associated internal control environment, independent scrutiny of financial and non financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the~~

~~financial reporting process. It has a specific responsibility to maintain an overview of the Council's constitution in respect of contract procedure rules and Financial Regulations.~~

### ~~The Statutory Officers~~

#### ~~Chief Executive:~~

~~The Chief Executive is responsible for the corporate and overall strategic management of the Authority as a whole. He or she must report to and provide information for the Executive, the full Council, the Overview and Scrutiny committees and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Authority.~~

#### ~~The Director of Corporate Governance as the Monitoring Officer:~~

~~The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. The Monitoring Officer is responsible for compliance with the Constitution~~

~~The Monitoring Officer is responsible for advising all members and officers about who has authority to take a particular decision.~~

~~The Monitoring Officer is responsible for advising the Executive and/or full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the Authority's budget and policy framework.~~

#### ~~The Deputy Chief Executive, as Chief Financial Officer, is responsible for:~~

- ~~• The proper administration of the Authority's financial affairs.~~
- ~~• Setting and monitoring compliance with financial management standards.~~
- ~~• Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.~~
- ~~• Providing financial information.~~
- ~~• Preparing the revenue budget and capital programme.~~
- ~~• Treasury management and banking.~~

~~For the remainder of these Regulations, the term 'Chief Finance Officer' will be used in relation to the Deputy Chief Executive's specific responsibilities in relation to finance~~

~~Section 114 of the Local Government Finance Act 1988 requires the Chief Financial Officer to report to the full Council, Executive and external auditor, if the Authority or one of its officers:~~

- ~~• Has made, or is about to make, a decision which involves incurring unlawful expenditure.~~

- ~~Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority.~~
- ~~Is about to make an unlawful entry in the Authority's accounts.~~

Section 114 of the 1988 Act also requires:

- ~~The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.~~
- ~~The Authority to 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.~~

~~The Chartered Institute of Public Finance and Accountancy has issued a statement on the role of the Chief Financial Officer in Local Government [nb yet to be issued in final form as at 22 Feb]. CIPFA's statement says that the CFO is:~~

~~'the most senior finance professional within a local Authority, and 'is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest; must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively'~~

### *Other Council Officers*

~~Chief Internal Auditor (for the purpose of these regulations, this title refers to the officer responsible for delivering an internal audit service in accordance with the CIPFA Code)~~

~~The Chief Internal Auditor is responsible for providing an internal audit function which meets the requirements of CIPFA's Code of Practice for Internal Audit in Local Government and 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 Financial 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.~~

### *Corporate Directors*

~~Corporate Directors are responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.~~

~~It is the responsibility of Corporate Directors to consult with the Chief Financial Officer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.~~

~~Each Corporate Director is responsible for observing the Council's Financial Regulations and for monitoring financial performance within their department.~~

~~Each Corporate Director is responsible for ensuring that any expenditure incurred within their service is in accordance with both the purpose and objectives of the services being provided and provides value for money. Expenditure must not be incurred or charged to any budget where such expenditure bears no relation to the service being provided.~~

~~Each Corporate Director is required to maintain a scheme of financial delegation in accordance with the minimum standards as determined by the Chief Finance Officer as Section 151 Officer or Nominated Deputy, and which accords to the financial limits included within the overall scheme of delegation and contract rules.~~

~~Each Corporate Director is responsible for the control and accountability of employees and the security, custody and control of all of the resources, including plant, buildings, materials, cash and stores, appertaining to his/her department~~

~~Each Corporate Director, or failing them, the Chief Finance Officer, shall report to Cabinet immediately where they are not complying with these Rules.~~

#### *~~Council Corporate Directors Group~~*

~~The Chief Executive and Corporate Directors who form the Council Corporate Directors Group, chaired by the Chief Executive, are responsible, individually and collectively, for ensuring that efficiency and value and value for money are achieved across the Council, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.~~

~~As budget holders they are responsible for the budgets delegated to deliver the services within their Directorate in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.~~

#### *~~Heads of Service~~*

~~Heads of Service are individually responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As Budget Holders they are responsible for the budgets delegated to them to deliver their service in line with the priorities within the Corporate Plan.~~

#### *~~Heads of Finance/Finance Managers/Senior Management Accountants~~*

~~The Heads of Finance advise Corporate Directors and their management teams on all financial matters. They are supported in this role by the finance managers and accountants, who are responsible for the preparation of budget reports and the~~

~~provision of specialist advice and general guidance on financial systems, including rules and procedures~~

~~However responsibility for budgetary control lies with the Corporate Directors as delegated budget holders, their Heads of Service and Service Managers.~~

# Part 1 – Financial Management

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## 1 MEDIUM TERM FINANCIAL STRATEGY

~~The Council's Constitution sets out how decisions are made including setting the Council Budget. Whilst the Council Budget sets out what those decisions are, the Medium Term Financial Strategy determines the underlying principles behind them and is key in driving the delivery of the Corporate Plan.~~

~~The Financial Forward Plan sits beneath the Medium Term Financial Strategy indicating future years' budgets and council tax levels. These indications are based on the current available information and provides the starting point for the following year's budget.~~

1.1 The Budget Strategy, approved by Cabinet, sets out the Executive's approach on a range of issues, 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 Financial Officer);

- the management of financial risks;

The setting of fees and charges and the Council's policies for the recovery of debt are separately approved by Cabinet and do not form part of the budget strategy.

~~The guiding principles for the Medium Term Financial Strategy are set out in a separate document.~~

- 1.2 The Annual Budget and Medium Term Financial Strategy will normally be approved by Cabinet at the start of each financial year.

## **2 MEDIUM TERM FINANCIAL STRATEGY**

- 2.1 The Chief Financial Officer, in consultation with the Cabinet Member with responsibility for Resources, will maintain a Medium Term Financial Strategy that covers a period of at least four financial years, including the current financial year.

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

- 2.3 The Medium Term Financial Strategy will cover revenue and capital budgets, and will highlight how resources are being re-directed to address Corporate Plan priorities.

- 2.4 In respect to resources, the Medium Term Financial Strategy will take account of the following:-

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

- 2.5 In respect to 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.

2.6 In that the Medium Term Financial Strategy has a four year horizon 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.

### **3 ANNUAL BUDGET SETTING**

3.1 The Executive will publish a draft budget ~~and performance management plans~~ for consultation.. Arrangements for budget consultation will be determined by the Executive.

3.2 The Chief Finance Officer will set the council taxbase 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, at the same time, notify all Council Members.

3.3 The Executive 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.

3.4 The Executive'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.

3.5 The budget and capital programme that the Executive 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 Financial 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;
- recommendations from the external auditor on matters such as the level of reserves and provisions.

3.6 The budget recommended by the Executive will incorporate the latest projection of income from fees and charges.

3.7 Corporate Directors and Heads of Service 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.

- 3.8 Cabinet Resources Committee must approve changes to fees and charges that are significantly different from inflation, the introduction of new fees and charges, and changes to fees and charges outside the normal annual cycle.

#### Alternative Budget Motions

- 3.9 Alternative budget motions must be validated by the Chief Finance Officer before they are accepted as a valid budget motion. This is essential since if an alternative budget motion is approved, the Chief Finance Officer will need to amend the council tax bills immediately following the Council meeting and Cabinet and officers will be required to implement the detailed budget proposals.
- 3.10 The alternative budget motion must set out the appropriate changes to Cabinet'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.
- 3.11 Any Member proposing to put an alternative budget motion to Council is responsible for ensuring it is received by the Head of Governance in line with the deadline set out in Part 3, Section 1 of the Constitution. It is also their responsibility to ensure they give the Chief Finance Officer sufficient time to fully validate their alternative budget proposals.

#### Definition of Capital Expenditure

- ~~3.12 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, provide a definition of capital expenditure.~~
- ~~3.13 Capital expenditure is principally in respect of acquiring, constructing or enhancing physical assets (including buildings, land and immovable equipment) which provide benefit over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset or substantially increase the extent to which an asset can be used in the delivery of services. Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body.~~

## **4 BUDGET MANAGEMENT & MONITORING**

### Latest Approved Budget

- 4.1 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 in accordance with the “Scheme of Revenue and Capital Virement”.

- 4.2 The Chief Finance Officer is responsible for maintaining the latest approved budget and capital programme.
- ~~4.3 It is envisaged that the Scheme of Revenue and Capital Virement for revenue and capital budgets will be determined by the Leader as part of the scheme of delegation. If this is not done, the Chief Finance Officer must determine a scheme in consultation with the Cabinet Member for Resources.~~

#### Budget Monitoring – General

- 4.4 Directors, Assistant Directors, Commissioners and Heads of Service should ensure that their cost centre managers do not enter into commitments before satisfying themselves there is sufficient approved budget provision. Corporate Directors and Heads of Service have no authority to overspend revenue or capital budgets, or under-recover income budgets under their control, and are responsible for monitoring their budgets to ensure this situation does not arise.
- 4.5 Directors, Assistant Directors, Commissioners and Heads of Service 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 returned to central contingencies 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 these exceptions occur, the Directors, Assistant Directors, Commissioners and Heads of Service is responsible for notifying the Chief Finance Officer that this is to occur.

Directors, Assistant Directors, Commissioners and Heads of Service must notify the Chief Finance Officer of forecast revenue budget or capital project overspends regardless of whether offsetting savings or additional income or capital resources have been identified.

#### Budget Monitoring – Revenue

- 4.6 Having notified the Chief Finance Officer of a forecast revenue budget overspend, the Director, Assistant Director, Commissioner or Head of Service 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 (see Appendix A).
- 4.7 When notifying the Chief Finance Officer of such a situation, Directors, Assistant Directors, Commissioners and Heads of Service must advise if the problem relates solely to the current financial year or needs to be addressed within the financial forward plan as well.
- 4.8 Some services or projects within the Council’s budget and capital programme may be wholly or part funded by time-limited external funding. As soon as the possibility of expenditure slipping past the funding deadline is forecast, the cost

centre / project manager must notify the Chief Finance Officer immediately, and provide options for reducing expenditure and/or identifying alternative funding. It will not usually be the case that loss of external funding arising from expenditure slipping will be met from central resources.

#### Budget Monitoring – Capital

- 4.9 Forecast overspends on approved capital projects must be communicated to the Chief Financial Officer immediately
- 4.10 Having notified the Chief Finance Officer, the Director, Assistant Director, Commissioner or Head of Service must submit 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.
- 4.11 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, 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

- 4.12 The Chief Finance Officer will determine which budget developments are to be held within the central contingency.
- 4.13 Allocations from the central contingency relating to planned developments will be approved by the Chief Finance Officer, in consultation with the Cabinet Member for Resources, following the receipt from a Director, Assistant Director, Commissioner or Head of Service 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, the contingency allocation must be approved by Cabinet Resources Committee.
- 4.14 Allocations from the central contingency for unplanned expenditure up to £250,000, including proposals to utilise underspends previously generated within the service and returned to central contingency, will be approved by the Chief Finance Officer in consultation with the Cabinet Member with responsibility for Resources. Where there are competing bids for use of underspends, additional income or windfalls previously returned to central contingency, priority will be given to the service(s) that generated that return.
- 4.15 Allocations for unplanned expenditure over £250,000 must be approved by Cabinet Resources Committee.

#### 4.16 Reporting to Members

The Chief Finance Officer will report in detail to Cabinet Resources Committee at least four times a year on the revenue and capital budgets and wider financial standing.

- 4.17 Reports on the revenue budget will normally include:-

- (a) a revised forecast outturn including details as part of which, Corporate Directors will inform Cabinet Resources Committee:
  - i) of those cost centres for which they are responsible that are projecting net overspends or underspends either;
    - a) over £100,000 or
    - b) 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 or underspends are not realised.
- (b) 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.

4.18 These reports will make recommendations for varying the approved budget (revenue and capital) 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 Director or Head of Service;
- variations in capital project budgets;
- additions to the capital programme outside of the main budget cycle.

#### Authorisation of Non-Budgeted Expenditure

4.19 In cases of urgency or emergency, the Chief Finance Officer may approve revenue or capital expenditure in excess of the latest approved budget.

4.20 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.

In all circumstances, the expenditure must be consistent with the Corporate Plan and key priority plans and should be reported to the next Cabinet meeting.

## **5 FURTHER RESPONSIBILITIES OF CORPORATE DIRECTORS AND HEADS OF SERVICE**

## Budget Monitoring

5.1 Directors, Assistant Directors, Commissioners and Heads of Service must establish arrangements for managing revenue and capital budgets within their services. These arrangements must include:-

- schemes of delegation, which set out the authority that cost centre managers and capital project managers have for taking budget decisions within the scheme of virement;
- a budget monitoring framework that reports back to service management teams, enabling Corporate Directors and Heads of Service to provide the Chief Finance Officer with a report on their revenue and capital budgets in accordance with the timetable he/she sets;
- details of who has authority to take decisions in respect to their service's budget in their absence.

## External Funding

5.2 Directors, in consultation with the Chief Finance Officer, are encouraged to explore all feasible options that maximise external funding available to the Council. 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. This may include lobbying Government with new funding proposals.

5.3 Directors, Assistant Directors, Commissioners and Heads of Service 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 Asset Management Strategy;
  - how the ongoing cost of maintaining the asset will be funded;
  - whether the asset can / will be disposed of at a later date.

5.4 Directors, Assistant Directors, Commissioners and Heads of Service 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 Cabinet Resources Committee or Cabinet Member for Resources.

5.5 Directors, Assistant Directors, Commissioners and Heads of Service 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.

5.6 Where external funding is applied for, it is the responsibility of the Director or Head of Service 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.

5.7 Directors, Assistant Directors and Commissioners and Heads of Service 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.

#### Full Year Effects

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

#### Control of Establishment Lists

~~5.9 Corporate Directors and Heads of Service are responsible for making arrangements to ensure control of the service HR Establishment list. In particular to ensure that proper controls are in place to ensure that the service HR structure is fully and accurately maintained in the Council's financial accounting system (SAP) and that a system of control is in place to ensure that no new posts are created without adequate resources being in place.~~

#### Impact on Other Services

- ~~5.10 Before a Director or Head of Service makes a decision that could affect the budget of another Director or Head of Service they must first consult with the other Director(s) or Head(s) of Service.~~

#### Annual Governance Statement

- 5.11 Directors, Assistant Directors, Commissioners and Heads of Service 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.

#### Partnership Working

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

#### General Requirements

- 5.13 Directors, Assistant Directors, Commissioners and Heads of Service 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.
- ~~5.14 Corporate Directors and Heads of Service must adhere to guidance issued by the Executive Director for Resources and Chief Finance Officer in respect to financial forward planning, budget setting, budget monitoring and closing of the accounts.~~

## **6 CLOSING OF ACCOUNTS & STATEMENT OF ACCOUNTS**

- 6.1 The Chief Finance Officer is responsible for making arrangements for closing the accounts and producing the annual Statement of Accounts, as well as all matters relating to their audit and public inspection. Corporate Directors are responsible for ensuring that they and their staff adhere to the timetable and requirements set out by the Chief Finance Officer.
- 6.2 The Statement of Accounts will be prepared in accordance with the CIPFA Code of Accounting Practice, which includes the deadline for their production and the requirement to include an Annual Governance Statement (AGS).
- 6.3 Corporate Directors and Heads of Service must provide on time any information and evidence the Chief Finance Officer requires to close the accounts and complete all grant and subsidy claims.
- 6.4 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.

- 6.5 The Annual Audit Letter includes the external auditor's report and opinion on the audit of the accounts, as well as comments and recommendations on the Council's financial standing, the legality of financial transactions and internal control. This will be reported each year to the Audit Committee, together with an appropriate action plan.

## **7 TREASURY MANAGEMENT FRAMEWORK**

- 7.1 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.

### Adherence to Prudential Code

This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that code.

- 7.2 Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement (TMPS), stating the policies and objectives of its treasury management activities.
- 7.3 The Chief Finance Officer will create and maintain suitable Treasury Management Practices (TMPs), setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

~~The content of the policy statement and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the authority materially deviating from the Code's key recommendations.~~

- 7.4 Cabinet Resources Committee will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the TMPs. These reports will incorporate the prudential borrowing limits and performance indicators.
- 7.5 The Chief Finance Officer has the delegated authority to undertake long term borrowing on behalf of the Authority and will issue a Delegated Powers Report immediately after this power is exercised to inform Members.

This organisation delegates responsibility for the implementation and the monitoring of its treasury management policies and practices to the Executive and the updating of the Treasury Management Practices, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and

TMPs and CIPFA's Standard of Professional Practices on Treasury Management.

## **8 PENSION FUND MANAGEMENT**

8.1 The Pensions Manager is responsible 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);
- determining that late applications to convert scheme AVCs into a membership credit will be accepted provided such a late claim is not made within one year of attaining 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 rejoined 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

## Part 2 – Financial Administration

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## 1 INTRODUCTION

- ~~1.1 These Financial Rules apply to all financial transactions of the Council with the exception of schools with delegated budgets, which have their own set of financial regulations.~~
- ~~1.2 They are designed to safeguard the interests of the Council and individual officers by setting out clear procedures to be followed under the various sections.~~
- ~~1.3 This should be used in conjunction with other points of the constitution, legal requirements and other codes of practice which may be issued under 1.5 of this section.~~
- ~~1.4 The Chief Finance Officer or Chief Internal Auditor, after discussion with the relevant Chief Officer, may report any breach of this Code to the Cabinet Meeting or Cabinet Resources Committee.~~
- ~~1.5 These Financial Rules may be supplemented at any time by other codes of practice or instructions issued by the Chief Finance Officer.~~

## 2 ACCOUNTING

- 2.1 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 the Audit Commission.

- 2.2 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.
- 2.3 All accounting should occur on SAP and any exceptions must be specifically authorised by the Chief Finance Officer.

### **3 INTERNAL AUDIT**

- 3.1 Under the Accounts and Audit Regulations 2006 the Council has a statutory obligation to have an adequate and effective system of internal audit. The Chief Internal Auditor has the delegated authority for providing and maintaining this service.
- 3.2 The Chief Internal Auditor is responsible for providing an internal audit function which meets the requirements of CIPFA's Code of Practice for Internal Audit in Local Government and 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 Financial 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.
- 3.3 Internal Audit is an assurance function that provides 'an independent and objective opinion to the council on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'. *CIPFA 2006*
- 3.4 Management (Directors, Assistant Directors, and Heads of Service)) 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
- 3.5 Internal Audit has unrestricted access to all information (including records, computer files, property and personnel) and activities undertaken by the Council, in order to review, appraise and report 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;
- the operation of the Council's Governance arrangements.

### Independence

- 3.6 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.

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.

- 3.7 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 Head of Internal Audit 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.

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

#### Responsibility & Authority

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

3.10 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.

3.11 Any suspected irregularity involving any asset, or the exercise of any function, of the Council must be reported by the appropriate Chief Officer to the Chief Internal Auditor to inform the overall assurance that can be delivered and to the Corporate Anti Fraud Team (CAFT) Manager for investigation. Primary responsibility for the prevention, detection and initial investigation of fraud lies with line management.

3.12 The Chief Internal Auditor and Chief Finance Officer, CAFT Manager or authorised representative, shall have authority to:-

- enter any Council land or premises;
- have access to all records, documents, correspondence and assets of the Council;
- receive such explanations as are necessary concerning any matter under examination, and
- require any employee of the Council to produce cash, stores or any other Council property under his or her control

3.13 The Council's 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.

3.14 The Chief Internal Auditor shall report to the Chairman of the Audit Committee all significant concerns that he may have over the adequacy and effectiveness of internal controls and risk management activities within the organisation.

#### Ethical Governance

3.15 The Chief Internal Auditor shall raise the profile and awareness of governance activities throughout the Council and set standards for modern, proactive and cost-effective governance in the Council.

## **4 CORPORATE ANTI-FRAUD TEAM**

- 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 Chief Monitoring Officer has the delegated authority for providing and maintaining this service.
- 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.

### Objective & Scope

- 4.3 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.
- 4.4 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 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 systems for accurate reporting of any such fraud (including "Whistleblowing" and a "Fraud Hotline")
  - create and promote policies, plans, procedures, law, regulations and guidance which have a significant impact on the organisation;
  - provide an effective, efficient and value for money investigation service;
  - provide the organisation, its employees and business partners with a comprehensive guide in relevant areas such as fraud, corruption, bribery and anti money laundering and other legislation relating to the proceeds of crime.

### Independence

- 4.6 CAFT officers are independent when they can 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.

### Responsibility & Authority

- 4.7 The primary responsibility for the awareness, prevention detection and deterrence of fraud, corruption, bribery or money laundering activity lies with 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.
- 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 either the Chief Monitoring Officer, the Assistant Director of Operational Assurance, , the Head of Audit and Anti Fraud or any member of the CAFT.
- 4.9 The Chief Monitoring Officer will nominate an officer to undertake the duties of the Council's Money Laundering Reporting Officer as detailed within the Council's Anti Money Laundering Policy Statement and procedure.
- 4.10 The Assistant Director of Operational Assurance is the designated Whistleblowing officer for the London Borough of Barnet and shall undertake the responsibilities of the role as described within the Council's Whistleblowing Policy.
- 4.11 The CAFT Counter Fraud Manager – Benefit Fraud is the officers authorised to carry out the duties designated by the Secretary of State under the provisions of the Social Security & Administration Act 2001 to act as the Authorised Officer in the obtaining of data prescribed within the Act which may otherwise be protected, in connection with the prevention and/or detection of a crime.
- 4.12 The Assistant Director of Operational Assurance is designated as the London Borough of Barnet's 'Senior Appropriate Officers' for the authorisation of production orders, restraint orders, customer information orders and account monitoring orders as described within the Proceeds of Crime Act 2000
- 4.13 The Assistant Director of Operational Assurance, Head of Audit and Anti Fraud and or the CAFT Counter Fraud Managers are the London Borough of Barnet responsible officers for the authorisation of arrest and/or prosecution of offenders including deciding on any appropriate sanction action available within the law. Those officers are responsible for ensuring that all CAFT investigations are conducted in accordance with the Criminal Procedures & Investigations Act 1996 (CPIA) the Police & Criminal Evidence Act 1984 (PACE) and the Human Rights Act 2000.
- 4.14 The Council's Senior Responsible Officer in relation to the Regulation of Investigatory Powers Act 2000 (RIPA) has been designated as the Chief Monitoring Officer. The Assistant Director of Operational Assurance and the CAFT Counter-Fraud Managers are the designated officers for the authorisation of directed surveillance and use of Covert Human Intelligence Source (CHIS) as defined within the Regulation of Investigatory Powers Act 2000 (RIPA).. All investigating officers

granted authorisation to carry out directed surveillance or use of a covert human intelligence source by a designated officer of the Council are authorised to appear before the Magistrates Court on behalf of the Council to apply for judicial approval in accordance with the requirements of sections 37 and 38 of the Protection of Freedoms Act 2012

4.15 The Section 151 Officer, or other authorised representative such as the Chief Monitoring Officer. The Assistant Director of Operational Assurance, The Head of Audit and Anti Fraud and all CAFT Investigation Officers 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, search, and remove any and all records, documents and correspondence, including electronically held correspondence, documents and records, and property and assets of the Council;
- 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 interviews in accordance with the Police & Criminal Evidence Act (on tape).

~~4.12 The Deputy Director of Corporate Governance, Chief Internal Auditor, the CAFT Manager, the Chief Finance Officer, 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 access to, search, and remove any and all records, documents and correspondence, including electronically held correspondence, documents and records, and property and assets of the Council;~~
- ~~• receive such explanations as are necessary concerning any matter under examination, and / or fraud 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 individuals in connection with investigations including interviews in accordance with the Police & Criminal Evidence Act (on tape).~~

## **5 RISK MANAGEMENT**

- ~~5.1 Sound governance requires effective and efficient management of risk, covering all forms of risk, not just financial.~~
- ~~5.2 The process of identifying risks should demonstrate a direct link to the Corporate Objectives.~~
- ~~5.3 Risks are assessed using the matrix scoring system which rates each risk as having a high, medium or low likelihood of occurring and a high, medium or low impact on the ability to deliver against the Corporate Objectives.~~
- ~~5.4 All risks should be monitored and re-assessed based on the actions and activities that either mitigate the risk or have had an impact on the risk objective that has either increased or decreased the likelihood or impact.~~
- ~~5.5 The process of re-assessing the risk is conducted by the “lead officer” who is identified in the risk log, and accepted by the Director or Head of Service.~~
- ~~5.6 The approach to risk management within Barnet is that Corporate Directors and Heads of Service are responsible for ensuring their service has a robust and efficient method of managing risk.~~
- ~~5.7 It is the responsibility of Corporate Directors and Heads of Service to ensure that risks are identified in their Key Priority Plans and Service Plans and are reviewed on a regular basis. Corporate Directors & Heads of Services are responsible for taking action to mitigate against the risk or to develop contingencies to be introduced should the risk materialise.~~
- ~~5.8 The Risk Management Strategy and operational policies and procedures should be reviewed and refreshed annually by the Head of Risk and Insurance to ensure a consistent approach to the identification, mitigation and monitoring of risk across the Authority.~~

## **6 BANKING ARRANGEMENTS**

- 6.1 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.
- 6.2 The Chief Finance Officer will maintain a register of all bank and card acquiring contracts.
- 6.3 Cheques drawn on the Council’s main bank accounts shall be authorised by the pre-printed title “Chief Finance Officer, London Borough of Barnet”.
- 6.4 Cheques above certain financial limits set by the Chief Financial Officer shall be manually countersigned by those designated officers authorised to do so by the Chief Finance Officer.

- 6.5 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.

## **7 SECURITY OF ASSETS**

### General

- 7.1 Corporate Directors and Heads of Service 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.
- 7.2 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.
- ~~7.3 All keys to safes and the like items shall be carried on the person of the officer responsible. Corporate Directors and Heads of Service shall keep a record of key holders. Any loss of keys must be reported to the Director or Head of Service.~~
- ~~7.4 Corporate Directors and Heads of Service are responsible for the proper security and privacy of all information held in computer systems under their control, for ensuring that these systems can only be accessed by authorised personnel and that adequate controls exist to ensure the separation of duties.~~
- ~~7.5 Corporate Directors and Heads of Service are responsible for undertaking a risk assessment of all assets considered crucial to the delivery of the service. The risk assessment should cover the loss of the asset caused by malfunction and the possibility of restricted access caused by an emergency crisis and the mitigating actions and contingency plans that will need to be developed to support business continuity.~~

### Land & Property

- ~~7.6 The Head of Property Services shall maintain an asset register of all properties owned by the Council (except houses and flats provided under the Housing Acts) with these assets valued on a five year cycle.~~
- ~~7.7 The asset register will show the service user of the property and link to a database of details of interest and rents payable and tenancies granted.~~
- ~~7.8 The Acting Head of Legal shall have secure custody of title deeds and maintain an indexed register of those titles (terrier). The Geographic Information Services Manager will maintain a digital map of the extents of the titles.~~

### Other Assets

- ~~7.9 Corporate Directors and Heads of Service must maintain inventories of all assets employed in their service, and make arrangements for these to be checked at least annually.~~

- ~~7.10 Any surpluses/deficits in excess of a figure set by the Chief Finance Officer shall be reported to him/her. The Chief Finance Officer shall agree the action to be taken in relation to these differences, including, if necessary reporting to the Cabinet Meeting or Cabinet Committee.~~
- ~~7.11 Council assets may only be used for Council business, and may only be removed from Council premises with the consent of the Director or Head of Service. The officer removing the asset then becomes responsible for the safekeeping of the asset.~~
- ~~7.12 All Council assets shall, wherever possible, be security marked.~~
- 7.13 Corporate Directors and Heads of Service 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 Financial Officer.
- 7.14 The Council has set a *de minimis* threshold for capital expenditure at £10,000. This figure provides guidance only; the Chief Finance Officer may exercise discretion on the *de minimis* threshold.

#### Stocks & Stores

- ~~7.15 Corporate Directors and Heads of Service are responsible for the safekeeping of stocks and stores held, ensuring no deterioration or damage occurs whilst held and not allowing levels held to exceed a reasonable level. All records, returns and accounts shall be held in a form approved by the Chief Finance Officer and returns will be submitted as and when required.~~
- ~~7.16 Stores shall only be issued against properly authorised requisition notes, which shall be receipted by the person collecting the goods.~~
- ~~7.17 Unused items returned to stores shall be recorded on a stores return note.~~
- ~~7.18 The condition of stocks shall be checked on a regular basis by the Officer responsible for them. Decisions regarding stock that has become obsolete should be made against clearly defined criteria and options for the most cost effective disposal of that stock must be identified.~~
- ~~7.19 Corporate Directors and Heads of Service must ensure that items classified as stock are checked at least once each financial year.~~
- ~~7.20 All surpluses or deficits identified during stock takes shall be entered onto an adjustment record and the appropriate Director or Head of Service, with the agreement of the Chief Finance Officer, may write off deficiencies or bring surpluses into account. Wherever possible all stock considered for writing off should first be offered for sale. A record of all write-offs and disposals must be maintained. Specialist items such as hazardous chemicals must be disposed of in accordance with relevant safety procedures.~~
- ~~7.21 Stock balances must be valued in accordance with the relevant accounting standards, i.e. where applicable lower of historical cost or net realisable value.~~

7.22 ~~The Chief Finance Officer or authorised representative may have access to all stock and stores and may make such checks as thought necessary.~~

## **8 IMPREST ACCOUNTS**

8.1 The Chief Financial Officer must authorise all imprest accounts.

8.2 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 should be proper VAT receipts wherever possible;
- 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.

## **9 INCOME**

9.1 Officers should encourage payment in advance or at point of service delivery wherever possible as per the Debt Management Strategy, and minimise the amount of credit given to customers.

9.2 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.

9.3 Officers responsible for controlled stationery must keep it secure.

9.4 Methods of payment must be agreed by the Chief Finance Officer.

9.5 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 Strategy.

9.6 Officers receiving monies shall keep an accurate and chronological account of all receipts and bankings.

9.7 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.

9.8 No deductions may be made from monies received.

- 9.9 Heads of Service 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.

#### Invoicing & Debt Recovery

- 9.10 Officers responsible for raising invoices must ensure that VAT has been properly accounted for. ~~They must also ensure debt is recorded in a format approved by the Chief Finance Officer, in accordance with the Debt Management Strategy.~~
- 9.11 ~~As set out in the Debt Management Strategy, officers responsible for the collection of amounts invoiced should only put forward amounts for write-off after all appropriate steps to recover the debts have been exhausted.~~
- 9.12 ~~A review of every debt should be undertaken at least quarterly, in accordance with the Debt Management Strategy.~~

## **10 INSURANCE**

- 10.1 The Chief Financial Officer is responsible for maintaining the Insurance Strategy arranging adequate insurance cover for the Council and keeping comprehensive records of all risks covered.
- 10.2 Corporate Directors and Heads of Service 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.
- 10.3 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.
- 10.4 The Chief Finance Officer will handle all insurance claims, in conjunction with the Acting Head of Legal and/or the insurance company if proceedings are issued.
- 10.5 Officers must consult the Chief Finance Officer and Acting Head of Legal in all cases where the Council is requested to give an indemnity.
- 10.6 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.

#### Schools

- 10.7 ~~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.~~

~~10.8 — 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 must not be funded from the school budget share. The school should seek the Authority's advice before finalising any insurance arrangement for community facilities.~~

~~10.9 — 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 not be charged to the school's budget share.~~

## **11. INVESTMENTS, BORROWING, CAPITAL FINANCING & TRUST ACCOUNTS.**

- ~~11.1~~ All investments, except bearer securities, controlled by the Council shall be registered in the Council's name or in the name of nominees approved at a cabinet meeting or by a cabinet committee. ~~In order to maximise the return on temporary surplus cash balances and minimise the cost of short term borrowing, the Council employs a policy of "Treasury Management". The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities.~~
- 11.2 All securities shall be held securely by the Council's bankers, the Chief Financial Officer or custodians approved at a cabinet meeting or by a cabinet committee.
- 11.3 The Chief Finance Officer shall ensure that all borrowing and, whenever applicable trust funds, are registered in the name of the Council.
- 11.4 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. The Chief Finance Officer will also provide regular monitoring reports to cabinet committee and report any breaches or amendments of the code to Council.
- 11.5 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plan of the local authorities are affordable, prudent, sustainable and in accordance with good professional practice – or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the authority can take timely remedial action.
- 11.6 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.
- 11.7 The Chief Finance Officer shall ensure that all legislative amendments and changes in treasury or capital limits are approved at a cabinet meeting or by a cabinet committee and where necessary full Council.
- ~~11.8 The Chief Finance Officer will be responsible for adopting the changes outlined in 10.6 and ensuring compliance with any amended practices or limits.~~

## **12 ORDERING OF SUPPLIES, WORKS & SERVICES**

Procurement of supplies, works and services must be in accordance with Contract Procedure Rules and Procurement Code of Practice. It is a disciplinary offence to fail to comply with Contract Procedure Rules and the Procurement Code of Practice when letting contracts. Council employees have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Chief Internal Auditor. 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.

12.1 With respect to third party organisations, suppliers should not be awarded business in excess of 25% of their turnover. Where the supplier is a consortium, the relevant figure is the combined turnover of the consortium's constituent members.

~~12.2 Where it is in the interests of the Council, this threshold may be waived by the service director in consultation with the relevant Cabinet Member and Chief Financial Officer.~~

Corporate Directors and Heads of Service Directors and Heads of Service 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 and the Procurement Code of Practice

12.3 They 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. ~~Any procurement activity must follow the relevant steps prior to raising a purchase order.~~

~~12.4 **Supplier Selection** : The authorised officer may contact the supplier(s) by phone and verbally request a quotation but the quotation should be provided in writing or by e-mail. There should be clarity about the requirements and what is expected to be achieved by this purchase. **Value for money** must be established and this is best achieved by obtaining more than one quotation as is indicated in the Contract Procedure Rules in the section of Selecting Contractors.~~

~~12.5 **Quote / Tender evaluation** : Contract Procedure Rules require that all tenders are considered on the basis of the most economically advantageous tender (MEAT) taking into consideration price including payment terms and payment method, quality, durability and other relevant issues. Following receipt, check that it is arithmetically correct and that the requirements have been fully met. The reasons for accepting the quotation must be recorded and agreed with the cost centre manager, providing an audit trail should any queries be raised in the future. If the vendor doesn't exist on SAP, then a new vendor request must be sent to the Corporate Procurement Team (CPT). In addition, Corporate Directors and Heads of Service should explore the possibility of early payment discounts with all suppliers of supplies, works and services. This must be done within the context of the overall Procurement Strategy.~~

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

- 12.7 All invoices must reference a valid purchase order number, otherwise the Central Accounts Payable Team reserves the right to refuse payment of an invoice.
- 12.8 Only invoices presented in an acceptable format will be passed for payment. This includes invoices that do not comply with VAT Regulations.
- 12.9 To enable the Council to comply with the Late Payment of Commercial Debts Act, no amended invoices will be accepted. Heads of Service 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.
- 12.10 When certifying an invoice for payment that was initially disputed, record the date on which the invoice was actually validated.
- 12.11 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.
- 12.12 Payments in advance** : Corporate Directors and Heads of Service, 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 Financial Officer.

### **13 SALARIES, PENSIONS & ALLOWANCES**

- ~~13.1 All appointments shall be made in accordance with the Council's contractual terms and conditions (i.e. pay, grading, allowances etc).~~
- 13.2 The ~~Head of HR Shared Services~~ will ensure that arrangements are made to calculate and pay all remuneration, pensions, compensation and other payments to current and former employees and for maintaining salary payroll for Schools that purchase the Traded Service.
- ~~13.3 School Governing Bodies shall be responsible for assessing teachers' remuneration and the Head of HR Shared Services shall maintain teachers' salary and pensions for Schools that purchase the Traded Service.~~
- ~~13.3 Corporate Directors and Heads of Service must provide to the Head of HR Shared Services:-~~

- ~~the names and specimen signatures of all officers authorised to sign HR records;~~
- ~~relevant details of appointments, leavers and any other change of circumstances that may affect payment;~~
- ~~details of all work related absences due to sickness, accidents on or off duty;~~
- ~~details of special leave without pay or other paid/unpaid leave or absence;~~
- ~~when required, overtime and certified time sheets for staff paid at hourly or weekly rates, at intervals and in the format determined by the Head of HR Shared Services.~~

~~13.4 On an annual basis, the Head of HR shall require that each pensioner residing overseas provides a life certificate.~~

~~13.5 Salaries and wages will be paid direct to the employee's bank account. Pensions and gratuities shall be at the discretion of the Head of HR Strategy. All payments shall be made direct to the person concerned unless that person authorises otherwise.~~

~~13.6 Payment will be paid on contractual dates. The Head of HR Shared Services has the discretion to change payment date.~~

~~13.7 All cost centre managers should use SAP to periodically verify correct payments to staff.~~

~~13.8 All claims for payment of car allowances shall be approved through SAP self service or through a paper format approved by the Head of HR Strategy. The names of certifying officers and specimens of their signatures shall be forwarded by Corporate Directors and Heads of Service to the Head of HR Shared Services. The certifying officer must be satisfied that all expenses claims are valid and that the allowances should be paid by the Council before authorising the payment.~~

~~13.9 The Chief Finance Officer shall make payments of allowances to Members of the Council, co-opted members and members of the public who attend other Council bodies who are entitled to make such claims on submission of the approved form.~~

~~13.10 The Director of Corporate Governance is responsible for notifying the Heads of HR of any changes to Members' Allowances.~~

~~13.11 Employees are responsible for providing HR Shared Services with accurate personal details including bank account details.~~

~~13.12 In accordance with procedures agreed by Audit, the Pension Manager can write off debts resulting from overpayment of pension to a maximum of £500 per debtor and a total of £5,000 per year.~~

## **14 AMENITY & UNOFFICIAL FUNDS**

- 14.1 Amenity or Unofficial Fund relates to all sums of money other than those which are required to be paid into the Council's General Account (or such other account so authorised by the Chief Finance Officer) or Trust Fund monies outside the authority of the Council.
- 14.2 All accounts shall be opened by the Chief Finance Officer and their names shall include the name of the Borough and the establishment concerned.
- 14.3 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.
- 14.4 The head of each establishment which sets up such a fund shall inform the relevant Head of Service of its existence ~~(and the Governing Body in the case of schools without delegated budgets).~~
- 14.5 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.
- 14.6 Expenditure from the fund shall be at the discretion of the establishment head in conjunction with other member(s) of staff as felt necessary.
- 14.7 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.
- 14.8 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 Financial Officer shall have the right to inspect the accounts.
- 14.9 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).

## **Scheme of Virement**

### Revenue Virement Arrangements

- a) ~~No revenue virement is allowed from or to any of the following budgets without approval of the Cabinet or Cabinet Resources Committee~~
- ~~• Financing charges~~
  - ~~• Rates and other taxes~~
  - ~~• Recharges~~
  - ~~• Insurances~~
  - ~~• Contingent budgets for amounts over £250,000 (as determined by the Deputy Chief Executive in consultation with the appropriate Corporate Director).~~
- b) ~~Cabinet Member agreement will be required for proposals which transfer funds for the creation of new staff posts~~
- c) ~~Cabinet or Cabinet Resources Committee approval will be required for proposals which:~~
- ~~— would cause the total budget head to be exceeded in the current year or increase the commitment in future years~~
  - ~~— are to be financed from savings arising from competitive tendering.~~
- d) ~~Revenue virement will be allowed between service directorates and employee and non-employee expenditure as follows:~~
- ~~i on the approval of the appropriate Corporate Director for sums up to £50,000~~
  - ~~ii on the approval of the appropriate Cabinet Member for sums in excess of £50,000 and up to £250,000~~
  - ~~iii on the approval of the Cabinet or Cabinet Resources Committee for sums in excess of £250,000 and up to £2,500,000~~
  - ~~iv on the approval of the full Council for the lower of 10% of the net service directorate budget or sums above £2,500,000~~
- e) ~~Revenue virements actioned by a Corporate Director shall be included on the next quarterly monitoring report to the appropriate Cabinet or Cabinet Resources Committee meeting and notified to the Chief Finance Officer~~

### **Notification to Deputy Chief Executive**

~~Please ensure that your Head of Finance is informed of all virement approvals granted.~~

## Capital Budget and Funding Virement Arrangements

- g) ~~Cabinet or Cabinet Resources Committee approval is required for all capital budget and funding virements and yearly profile changes (slippage) between approved capital programmes i.e. as per the budget book. The report must show the proposed:~~
- ~~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~~
- h) ~~Funding substitutions at year end in order to maximise funding are the responsibility of the Chief Finance Officer.~~