

# Financial Procedure Rules

## **PURPOSE**

The Council is required by law to conduct its business efficiently and to ensure that it has sound financial management policies in place, to which it strictly adheres. Part of this process is the establishment of Financial Procedure Rules, which set out the financial policies of the Council. Financial Procedure Rules apply to every Member and Officer of the Council and anyone acting on its behalf.

The Financial Procedure Rules provide the framework for managing the Council's financial affairs and for resources that the Council and its officers manage on behalf of others. The Rules identify the financial responsibilities of Council, the Leader/Executive, the Audit Committee, other Members, the Head of Paid Service, the Chief Finance Officer, the Monitoring Officer, Directors and Heads of Service, and those other officers reporting directly to a Head of Service.

The Chief Finance Officer is the Officer required by Section 151 of the Local Government Act to be responsible for the proper administration of the Council's financial affairs. They are the financial advisor to the Council and exercise control over all financial matters, accounting records and control systems.

The Financial Procedure Rules set out the minimum requirements to be followed and must be read in conjunction with the information and guidelines set out in the Council's Financial Practice Notes which are published on the Council's intranet under the Finance section.

The Financial Procedure Rules are to be read in conjunction with the section on Responsibility for Functions and the Officer Scheme of Delegation at Part 3 of the Constitution.

They comprise the following sections:

1. Responsibilities
2. Internal Control
3. Risk Management and Insurance
4. Preventing Financial Irregularities
5. Internal Audit
6. External Audit
7. Annual Statement of Accounts
8. Accounting Policies
9. The Revenue Budget
10. Administration of Amendments to the Revenue Budget (Virements)
11. In-Year Revenue Budget Monitoring and Management
12. Treatment of Year End Revenue Budget Carry-Forwards
13. Revenue Budget Reserves

14. Capital Programme and Capital Funding
15. Contract Monitoring
16. Security of Assets
17. Disposal of Assets
18. Inventories, Stocks and Stores
19. Petty Cash and Imprest Accounts
20. Charitable Trust Funds
21. Financial Information Systems
22. Partnership and External Funding Arrangements
23. Treasury Management
24. Payments to Officers and Members
25. Ordering and Paying for Work, Goods and Services
26. Income Collection and Debt Management
27. Banking Arrangements
28. Taxation

Annex 1 – WRITE OFF PROCEDURES FOR BAD DEBTS

Annex 2 – GUIDANCE ON THE DESTRUCTION OF DOCUMENTS

Annex 3 – SCHEME FOR AMENDMENTS OF THE REVENUE BUDGET

Annex 4 – PROCEDURE FOR REPORTING CONTRACT  
OVER/UNDERSPENDS

### **Application**

Financial Procedure Rules apply to all of the Council's financial activities.

Financial management covers all financial accountabilities in relation to the running of the Council, including the Policy and Budget Framework and these Procedure Rules.

The Financial Procedure Rules apply to every Member and Officer of the Council, and to trustees, directors and officers of council-related trusts, and of any council-related party, trust or company, and to anyone acting on its behalf.

Directors and Heads of Service, and those other officers reporting directly to a Head of Service must inform the Chief Finance Officer of any matter within their area of responsibility which is likely to have significant financial consequences. All financial implications in any report prepared for Members must be referred to the Chief Finance Officer for approval and must be presented in the manner agreed with the Chief Finance Officer.

Directors and Heads of Service, and those other officers reporting directly to a Head of Service must consult with Chief Finance Officer with respect to any matter within their area of responsibility which is likely to materially affect the finances of the Council before any commitment is incurred and before any report is made to Members.

Officers must read these procedure Rules in conjunction with the other documents which form part of the Council's Constitution.

An Officer to whom a responsibility is delegated under these Rules may authorise another Officer to act on their behalf but accountability remains with the authorising Officer.

Officers are required to be aware of the relevant Financial Practice Notes and other guidance issued by the Chief Finance Officer for amplification of these Procedure Rules.

### **Consequences of Non-Compliance**

All Members and Officers must exhibit the highest standards of probity when they deal with the Council's finances. It is a disciplinary offence for an Officer to breach these Rules, and a Member who breaches them may be the subject of a complaint that they are in breach of the Members' Code of Conduct.

All Members and officers have a duty to act if they consider the Rules are being broken. In such cases, Members must inform the Monitoring Officer. Officers must inform their line manager (unless that person is suspected of being involved) and the Chief Finance Officer and the Monitoring Officer. The Chief Finance Officer will inform Internal Audit. In all cases the Council's Whistleblowing and Anti-Fraud Policies will be followed.

If any Officer is in any doubt about the appropriate action required, they must consult their Director or Head of Service in the first instance. Advice can also be sought from Internal Audit before proceeding.

Reference must also be made to the Council's Anti-Fraud, Anti-Corruption, Anti-Money Laundering and Whistleblowing Policies.

### **Waiver**

On rare occasions, Officers are faced with an emergency and may need to act swiftly. For the purpose of these Procedure Rules, an emergency constitutes an event which has arisen and must be dealt with before the next meeting of the Executive and which could not have been foreseen, and not an event which has become an emergency through lack of sufficient planning or forethought. It is recognised that, in these circumstances, officers need to use their best judgement, balancing the needs of the service, severity of the emergency and the financial consequences of their actions. Detailed notes of actions taken must be kept and wherever possible officers must seek clearance from their Director or the Head of Paid Service.

Officers must seek retrospective approval for their actions. They must contact their Director who will be responsible for co-ordinating such information and reporting the matter to the Chief Finance Officer.

## **1. RESPONSIBILITIES**

### **Overview**

- 1.1 The principles of sound financial management, proper exercise of responsibility and accountability, as set out in these Rules, must be applied in all circumstances.
- 1.2 All Members and Officers have a general responsibility to provide for the security of assets under their control, and for ensuring the use of these assets is legal, properly authorised, provides value for money and achieves best value.

### **Council, Leader/Executive and other Committees**

- 1.3 The roles and responsibilities of the Council, Leader/Executive and other Committees, in respect of the Budget Framework, are set out in the Articles to this Constitution:
- (i) The Council is responsible for approving the Policy Framework and Annual Budget;
  - (ii) The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy Framework;
  - (iii) The Council is responsible for setting the level at which the Leader/Executive may reallocate (vire) budget funds from one service to another;
  - (iv) The Council is responsible to approving supplementary budgets; and
  - (v) The Leader/Executive is responsible for taking in-year decisions on resources and priorities, in order to deliver the Policy Framework within the financial limits set by the Council.
- 1.4 The Audit Committee is established by Council. It has right of access, through the Chief Finance Officer, to all the information it considers necessary to fulfil its functions, and can consult with internal and external auditors. It is responsible for making sure the Council has appropriate financial management systems and processes in place, and for checking compliance with them

### **Corporate Governance**

- 1.5 The Audit Committee is responsible for approving the Council's Code of Corporate Governance and reviewing the Council's governance arrangements.
- 1.6 The Monitoring Officer is responsible for preparing the Code of Corporate Governance, in line with CIPFA/SOLACE guidance, and promoting it throughout the Council.
- 1.7 Directors and Heads of Service, and those other officers reporting directly to a Head of Service shall ensure compliance with the Code.
- 1.8 The following apply to the person or postholder vested with the responsibilities of these roles and do not necessarily correspond with the name of an individual post in the management structure.

#### **The Head of Paid Service**

- 1.9 The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. They must report to and provide information to the Council, Leader/Executive, Overview and Scrutiny, Audit and other committees. They are responsible for establishing a framework for management direction and standards, and for monitoring the performance of the organisation.

#### **The Chief Finance Officer**

- 1.10 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
  - (i) Section 151 of the Local Government Act 1972;
  - (ii) The Local Government Finance Act 1988;
  - (iii) The Local Government and Housing Act 1989;
  - (iv) The Local Government Act 2003;
  - (v) The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and amendment regulations; and
  - (vi) The Accounts and Audit Regulations 2015 and subsequent updates.
- 1.11 The Chief Finance Officer is responsible for:
  - (i) The proper administration of the Council's financial affairs;
  - (ii) Setting and monitoring compliance with financial management standards;
  - (iii) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
  - (iv) Providing financial information;
  - (v) Preparing the Budget and capital programme;
  - (vi) Treasury management; and

- (vii) Advising Council on prudent levels of Reserves for the Council, in accordance with Section 25 of the Local Government Act 2003.
- 1.12 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to Council, Leader/Executive and the Council's External Auditor, if the Council or one of its officers:
- (i) Has made, or is about to make, a decision which involves incurring unlawful expenditure;
  - (ii) Has taken, or is about to take, an unlawful action which has resulted in, or would result in a loss or deficiency to the Council; and
  - (iii) Is about to make an unlawful entry in the Council's accounts.
- 1.13 Section 114 of the 1988 Act also requires:
- (i) The Chief Finance Officer to nominate a properly qualified Officer to deputise should they be unable to perform the duties under Section 114 personally;
  - (ii) The Council 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; and
  - (iii) Should a situation arise whereby the Chief Finance Officer is not a member of the Corporate Governance Group, then an appropriate protocol will be submitted, for approval by Council, to facilitate access to this group, to allow him/her to fulfil their statutory duties.
- 1.14 In these Financial Procedure Rules any reference to Chief Finance Officer includes any appropriate senior Officer acting on behalf of, and with the authority of the Chief Finance Officer.
- 1.15 The Chief Finance Officer is responsible for maintaining a continuous review of Financial Procedure Rules and for submitting any additions or changes, necessary to Council, for approval. The Chief Finance Officer is also responsible for reporting, where they think appropriate, breaches of the Rules to the Council and/or to the Leader/Executive.
- 1.16 The Chief Finance Officer is responsible for issuing Financial Practice Notes, advice and guidelines to underpin Financial Procedure Rules which Members, Officers and others acting on the Council's behalf are required to follow.

### **The Monitoring Officer**

- 1.17 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and providing support to the Audit Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law, or maladministration, to the Council and/or Leader/Executive.

### **The Monitoring Officer and Chief Finance Officer**

- 1.18 The Monitoring Officer and the Chief Finance Officer, acting together or individually (but in consultation with each other), are responsible for advising the Council, or Leader/Executive, about whether a decision is likely to be contrary to, or not wholly in accordance with, the Budget. Actions that may be contrary to the Budget include:
- (i) Initiating a new policy;
  - (ii) Committing expenditure, in future years, above the budget level;
  - (iii) Incurring transfers above the virement limits;
  - (iv) Causing the total expenditure financed from council tax, grants and corporately held Reserves to increase beyond the agreed Policy and Budget Framework;
  - (v) Transfers from Reserves that are not part of the approved Budget strategy; and
  - (vi) Increasing the level of borrowing beyond that approved in the Treasury Strategy and the Council's prudential indicators.

### **Directors and Heads of Service, and those other officers reporting directly to a Head of Service**

- 1.19 Directors, Heads of Service, and those other officers reporting directly to a Head of Service are responsible for:
- (i) Ensuring that Executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer, prior to Leader/Executive approval.
  - (ii) Ensuring compliance with Contract Standing Orders and signing contracts, on behalf of the Council, in accordance with them; and
  - (iii) Controlling and monitoring income and expenditure within the approved Budget, and must ensure that anticipated variations, between budget and actual, are highlighted to the Chief Finance Officer, or their representative, at the earliest opportunity.
- 1.20 It is the responsibility of the Directors and Heads of Service, and those other officers reporting directly to a Head of Service, to consult with the Chief Finance Officer and seek approval on any matter liable to affect the Council's finances, before any commitments are made.
- 1.21 Directors, Heads of Service and those other officers reporting directly to a Head of Service are responsible for ensuring that all staff are aware of the existence of, and, in consultation with the Chief Finance Officer, receive training in the use and content of the Financial Procedure Rules, Financial Practice Notes and other internal regulatory documents and that they comply.

## **2. INTERNAL CONTROL**

### **Overview**

- 2.1 The Council is a complex organisation and therefore requires internal controls to manage and monitor progress towards strategic objectives. It has to meet statutory obligations; internal controls help identify, meet and monitor compliance with these obligations.
- 2.2 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 economic, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 2.3 The Chief Finance Officer has a professional responsibility to ensure that the Council's financial systems are sound and must approve any new developments or planned changes.
- 2.4 The accounting procedures adopted by the Council must reflect recommended professional practices. Any material departure must be acceptable to the Chief Finance Officer and the Council's External Auditors.

### **Key Control Requirements**

- (i) Members and Officers must understand and abide by their roles and responsibilities to ensure clear accountability;
  - (ii) Accurate, complete and timely data exists to enable the compilation of performance management information and the setting of targets, budgets and plans
  - (iii) Proper warning must be provided of deviations from targets, plans and budgets that require management attention; and
  - (iv) Operational systems and procedures must be secure from all forms of risk and disruptions.
- 2.5 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 must ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 2.6 It is the responsibility of Directors and Heads of Service, and those other officers reporting directly to a Head of Service 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.

- 2.7 The system of internal controls is established in order to provide assurance that:
- (i) Proper authorisation procedures are in place and followed
  - (ii) Operations are efficient and effective;
  - (iii) Financial information and reporting is reliable;
  - (iv) Relevant regulations are complied with; and
  - (v) Probity is assured and risk of loss, either accidental or fraudulent minimised
- 2.8 Managerial control systems must exist to define policies, set objectives and plans, monitor financial and other performance indicators and to take appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- 2.9 Financial and operational control systems and procedures must include physical safeguards for assets, segregation of duties, authorisation and approval procedures. The general ledger and associated financial systems that are managed by the Finance team constitute the Council's prime accounting records; all other Council systems that hold financial data will be deemed to be subsidiary to the general ledger.
- 2.10 An effective internal audit function is required by the Accounts and Audit (England) regulations (2015) and must operate in accordance with the Public Sector Internal Audit Standards and with any other statutory obligations and regulations. Internal Audit will undertake effective reviews of systems and procedures on a regular basis.

### **3. RISK MANAGEMENT AND INSURANCE**

#### **Overview**

- 3.1 All organisations, whether they are in the private or public sectors, face risks to people, property and continued operations. Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk Management is the planned and systematic approach to the identification, evaluation and control of risk.

- 3.2 Insurance has been the traditional means of protecting against loss but this cannot be seen as the complete answer. By reducing, or even preventing, the incidence of losses (whether they result from crime or accident) the Council will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.
- 3.3 Part 2 of the Accounts and Audit Regulations 2015 requires the Council to be responsible for ensuring that its financial management is adequate and that it has a sound system of internal control, which facilitates the effective exercise of its functions, including arrangements for the management of risk.
- 3.4 It is the overall responsibility of the Council to approve the Risk Management Strategy and to promote a culture of risk management awareness throughout the Council. The Leader/Executive has overall responsibility for ensuring that the Council addresses risks within its operational activity. The Leader/Executive is responsible for reviewing the effectiveness of risk management and for ensuring that proper insurance exists, where appropriate, to mitigate any risks identified. The Corporate Governance Group reviews the Risk Management Strategy on a three-yearly basis, or more frequently if required.
- 3.5 The Chief Finance Officer is responsible for ensuring proper insurance cover and advising Members and officers accordingly. No other officers have authority to enter into insurance arrangements unless in consultation with the Chief Finance Officer.
- 3.6 Directors, Heads of Service, and those other officers reporting directly to a Head of Service shall promptly notify the Chief Finance Officer and Head of Paid Service, in writing, of all insurable risks, and ensure compliance with the Council's Risk Management Strategy.

### **Key Control Requirements**

- 3.7 The key controls for risk management are:
- (i) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are promoted throughout the organisation;
  - (ii) Acceptable levels of risk are determined and insured against where appropriate;
  - (iii) Directors and Heads of Service, and those other officers reporting directly to a Head of Service are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
  - (iv) Provision is made for losses that might result from the risks that remain;

- (v) Procedures are in place to investigate claims within required timescales; and
- (vi) A full risk management review must be carried out at least every 5 years and a monitoring process must be in place to regularly review the effectiveness of risk management.

3.8 The key controls for insurance are:

- (i) Chief Finance Officer has delegated authority to determine and effect all necessary insurance cover;
- (ii) Directors and Heads of Service, and those other officers reporting directly to a Head of Service must notify the Council's insurers through the Chief Finance Officer of any new assets that require to be insured, or any other changes which might affect the current insurance arrangements; and
- (iii) Directors and Heads of Service, and those other officers reporting directly to a Head of Service must notify the Council's insurers through the Chief Finance Officer of any incidences that might give rise to an insurance claim against the Council, and ensure that they do not admit any liability without the prior agreement of the Council's insurers;

## **4. PREVENTING FINANCIAL IRREGULARITIES**

### **Overview**

- 4.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.
- 4.2 The Council's expectation of propriety and accountability is that Members and officers at all levels will lead by example in ensuring adherence to legal and financial requirements, Rules, procedures and practices.
- 4.3 The Council also expects that organisations it comes into contact with, and persons/companies working on its behalf, will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 4.4 Detailed guidance on reporting fraud and irregularities is available within the Council's Anti-Fraud, Anti-Money Laundering and Anti-Corruption Policies.

### **Key Control Requirements**

- 4.5 The key controls regarding the prevention of financial irregularities are that:
  - (i) The culture and tone of the Council is one of honesty and opposition to fraud and corruption;

- (ii) All Members and Officers of the Council shall act with integrity and lead by example;
  - (iii) All individuals and organisations associated in any way with the Council will act with integrity;
  - (iv) Directors and Heads of Service, and those other officers reporting directly to a Head of Service are required to deal swiftly and firmly with those who defraud the Council or are corrupt and Internal Audit must be informed at the commencement of any investigation; and
  - (v) Both internal and external audit regularly review the corporate governance of the Council and will draw matters to the attention of the Chief Finance Officer or the Monitoring Officer as appropriate.
- 4.6 The Head of Revenues, Benefits & Fraud, in consultation with the Chief Finance Officer, is responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption policy. Also for an Anti-Money Laundering policy and procedures.
- 4.7 All Members and officers shall conduct themselves to the highest standards. Bribery, corruption, fraud or deception, by Members and officers, will not be tolerated by the Council.
- 4.8 It is a criminal offence for any person to use their position with the Council to accept or ask for any gift, reward or other advantage for work done in an official capacity. Members and officers must also act with absolute honesty when dealing with the assets of the Council and any other assets for which the Council is responsible.
- 4.9 All Members and officers must ensure that any irregularity, or suspected irregularity, involving Council funds, property or other assets for which the Council is responsible, is reported immediately to the Chief Finance Officer. The Chief Finance Officer will decide how such matters should be investigated.

## **5. INTERNAL AUDIT**

### **Overview**

- 5.1 The Chief Finance Officer has statutory for the overall financial administration of the Council's affairs including maintaining an adequate and effective internal audit function.

### **Key Control Requirements**

- 5.2 Internal Audit is an independent and objective appraisal function for reviewing the Council's system of internal control. It examines, evaluates and reports on

the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. It maintains independence in its planning and operation.

- 5.3 Internal Audit has direct access to the Head of Paid Service, the Leader/Executive and the Council's Audit Committee and has authority to:
- (i) Enter at any time all Council premises or land;
  - (ii) Have unrestricted access to all records, documents and correspondence, including computerised hardware and software relating to any financial and other transactions;
  - (iii) Remove and/or secure any record, document or correspondence of the Council;
  - (iv) Ask questions and receive explanations concerning any matter under examination by Internal Audit; and
  - (v) Obtain from Council officers cash, stores or any other property owned, hired, leased or borrowed by the Council.
- 5.4 The decision to report financial irregularities to the police will be made by the Chef Finance Officer in consultation with the Head of Paid Service.
- 5.5 Internal Audit may report, to any Committee of the Council, matters which are considered to adversely affect the efficient or proper use of the Council's resources.
- 5.6 The Council may, from time to time, be subject to audit, inspection or investigation by other external bodies, such as, HM Revenue and Customs and Government offices, or personnel working on their behalf, who have statutory rights of access. The above principles apply.

## **6. EXTERNAL AUDIT**

### **Overview**

- 6.1 Public Sector Audit Arrangements Limited (PSAA) is a company limited by guarantee and is a subsidiary of the Improvement and Development Agency (IDeA) which is wholly owned by the LGA.
- 6.2 The Secretary of State for Housing Communities and Local Government has specified PSAA as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA appoints external auditors to local government bodies that opt into its national scheme. This authority has opted in.

- 6.3 The Council's annual statement of accounts is scrutinised by the External Auditor, appointed by PSAA, who must be satisfied that it presents fairly the financial position of the Council and its income and expenditure for the year in question and complies with legal requirements.
- 6.4 The Chief Finance Officer is responsible for working with the External Auditor and for advising the Council, Leader/Executive, Audit Committee, Directors and Heads of Service, and those other officers reporting directly to a Head of Service on their responsibilities in relation to external audit. The External Auditor has the same rights of access as Internal Audit to all documents, which are necessary for audit purposes.

### **Key Control Requirements**

- 6.5 The duties of the External Auditor are governed by the Local Audit and Accountability Act 2014 under which the External Auditor needs to satisfy themselves that:
- (i) that the accounts comply with the requirements of the enactments that apply to them;
  - (ii) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view; and
  - (iii) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6.6 External auditors are appointed normally for a minimum period of five years.

## **7. ANNUAL STATEMENT OF ACCOUNTS**

### **Overview**

- 7.1 The Chief Finance Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the '*Code of Practice on Local Authority Accounting*' based on International Financial Reporting Standards (CIPFA/LASAAC) and other regulations, codes and guidance in force, from time to time.
- 7.2 The Chief Finance Officer has the authority to make such amendments to the treatment of the Council's transactions, as are in the overall interest of the Council, including optimising of the capital financing position and the management of approved Reserves, within the framework approved by the Council.
- 7.3 The Audit Committee is responsible for approving the annual Statement of Accounts.

## **8. ACCOUNTING POLICIES**

### **Overview**

8.1 The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts, in the format required by the '*CIPFA Code of Practice on Local Authority Accounting: A Statement of Recommended Practice, for the financial year ending 31 March*'. The Accounts are prepared with reference to approved accounting policies.

### **Key Control Requirements**

- 8.2 The key controls for accounting policies are that:
- (i) Suitable accounting policies are selected, approved and applied consistently;
  - (ii) Judgements are made and estimates prepared which are reasonable and prudent;
  - (iii) Statutory and other professional requirements are observed to maintain proper accounting records; and
  - (iv) All reasonable steps have been taken for the prevention and detection of fraud and other irregularities.
- 8.3 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are approved and applied consistently and in accordance with relevant guidelines and regulations.
- 8.4 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council. Such procedures shall include procedures and timetables for the preparation of the Budget and the Council's financial statements.
- 8.5 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to review by External Audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of Council resources.
- 8.6 The key controls for accounting records and returns are:
- (i) All Members and Officers operate within the Council's established financial framework;

- (ii) All the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis in the Council's general ledger to a level of detail determined by the Chief Finance Officer;
- (iii) Procedures must be in place to enable accounting records to be reconstituted in the event of failure;
- (iv) Reconciliation procedures must be carried out to ensure transactions are recorded correctly; and
- (v) The Chief Finance Officer may from time-to-time issue requirements for accounting records or procedures which must be adhered to by all Officers to ensure that the Council meets the statutory requirements of audit.

## **9. THE REVENUE BUDGET**

### **Overview**

- 9.1 The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared, on an annual basis, for consideration by the Leader/Executive, before submission to Council. The process for budget preparation and approval is set out in the Policy and Budget Framework Rules in this Constitution.
- 9.2 The Chief Finance Officer also has a responsibility, under Section 25 of the Local Government Act 2003, to comment on:
- (i) The robustness of the annual estimates submitted to Council for approval; and
  - (ii) The adequacy of financial Reserves.
- 9.3 It is the responsibility of Directors, Heads of Service, and those other officers reporting directly to a Head of Service, to ensure that the budget estimates, reflecting agreed service plans, are submitted to the Chief Finance Officer, and that these estimates are prepared in line with guidance issued by the Leader/Executive.
- 9.4 The Chief Finance Officer is responsible for issuing guidance on the general content of the Budget, as soon as possible following approval by Council.

### **Key Control Requirements**

- 9.5 Budget Management ensures that resources allocated by the Council are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the Council to review and adjust its budget targets during the financial year. It also

provides the mechanism to call to account managers responsible for defined elements of the budget.

- 9.6 By identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an Approved Budget approved annually by Council based on a recommendation from the Leader/Executive, in accordance with the Policy & Budget Framework Procedure rules.
- 9.7 The Approved Budget is the aggregated resources required by the Council to fulfil its policy commitments for that year. The Approved Budget can therefore be defined as:
- (i) The budget requirement established for Council Tax purposes (including contingencies); and
  - (ii) Reserves.
- 9.8 Following approval of the Budget by Council the Chief Finance Officer has delegated authority to implement technical adjustments to ensure that any late notifications from Government or other minor adjustments are actioned ready for the start of the new financial year.
- 9.9 During the year the Leader/Executive may approve changes within the approved budget, to accord with changes in the way that the Council is operating and to react to changes within its operating environment.
- 9.10 The effects of these changes will be recorded as the Management Budget against which budgetary control processes will then operate.
- 9.11 To ensure that the Council does not overspend, each Budget Holder is required to manage their own income and expenditure within the cash limit set within the Management Budget.
- 9.12 The structure of the budget and therefore the statement of the accounts will determine the level of detail on which financial control and management will be exercised. The structure will shape how the Rules around virement will operate, the operation of cash limits and will set the level at which funds may be re-allocated within budgets.
- 9.13 The key controls for the budget structure are:
- (i) Compliance with all legal requirements;
  - (ii) Compliance with the '*CIPFA Code of Practice on Local Authority Accounting in Great Britain*'; and
  - (iii) To allow the budget to be divided into meaningful parts, for each of which accountability can be clearly allocated.

- 9.14 The key controls for managing and controlling the revenue budget are:
- (i) The Council shall approve a revenue budget and Council Tax in accordance with the relevant legislation;
  - (ii) That Leader, Members of the Executive and the Overview and Scrutiny Committee are provided with all financial information that they need to determine policy and review performance respectively;
  - (iii) Each £ of budgeted income and expenditure is allocated to a named budget holder;
  - (iv) Budget holders must be responsible for income and expenditure against the budget that is allocated to them;
  - (v) Budget holders must accept accountability for their budgets and the level of service to be delivered;
  - (vi) Budget holders must follow an approved certification process for all expenditure;
  - (vii) Income and expenditure must be properly accounted for and recorded;
  - (viii) Performance levels/levels of service must be monitored in conjunction with the budget and necessary action taken to align service outputs and budget;
  - (ix) Any contingency budgets are the responsibility of the Chief Finance Officer who must be responsible for approving expenditure against any such contingency;
  - (x) Where in the opinion of the Chief Finance Officer actual or proposed expenditure is likely to result in a budget overspend, the Head of Service concerned must take appropriate management action and/or seek a virement to offset this overspend;
  - (xi) In accordance with the Employment Procedure Rules, the salary budgets for the permanent staffing establishment, are ring-fenced and not available for virement without the agreement of the Leader/Executive; and
  - (xii) Budget holders must receive and review budget monitoring reports monthly in accordance with a procedure prescribed by the Chief Finance Officer.

## **10. ADMINISTRATION OF AMENDMENTS TO THE REVENUE BUDGET (VIREMENTS)**

### **Overview**

- 10.1 A virement is the switching of resources between approved estimates (budgets) or heads of expenditure. The scheme is intended to enable the Leader/Executive, Directors, Heads of Service, and those other officers

reporting directly to a Head of Service, to manage budgets with a degree of flexibility within the overall policy framework determined by Council, and therefore to optimise the use of resources.

### **Key Control Requirements**

- 10.2 Where an approved budget is a lump sum budget or contingency, intended for allocation during the year, its allocation will not be treated as a virement provided that:
- (i) The amount is used in accordance with the purpose for which it has been established; and
  - (ii) That Leader/Executive has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations, in excess of the financial limits, must be reported to Leader/Executive.
- 10.3 In accordance with the scheme of delegation, which enables the Head of Paid Service to determine and amend staffing structures, movements between salary budgets will not be considered a virement, providing the total cost of staffing remains within the overall sum approved by Council.
- 10.4 It is the responsibility of Directors and Heads of Service, and those other officers reporting directly to a Head of Service to ensure that a proper scheme of delegation has been established, within their sections, and that it is operating effectively. The scheme of delegation must identify officers authorised to act on the Heads of Services' behalf, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 10.5 The Head of Finance (or their nominated representative) has the delegated authority to write off bad debt, stores deficiencies and surplus goods, in accordance with the Scheme of Delegation.
- 10.6 The Head of Paid Service can vire the payroll budget to various budget headings, to facilitate delivery of existing policies.
- 10.7 Directors and Heads of Service can (subject to the conditions below) vire funds, within a budget heading and across budget headings, for which they are responsible.
- 10.8 The Head of Paid Service, in consultation with the Corporate Governance Group, can (subject to the conditions below) authorise budget virements between two services.
- 10.9 All virements must be reported, retrospectively, to the Executive, as part of the Council's budget monitoring procedures.

- 10.10 Full Council approval must be sought for all virements which are outside the Policy and Budget Framework and Financial Procedure Rules.
- 10.11 For the purposes of this Procedure Rule, a budget heading is a line in the estimates, or, as a minimum, at an equivalent level to the standard service subdivision, as defined by CIPFA in its *Service Expenditure Code of Practice*. For capital schemes, the budget headings are considered to be the scheme budgets.
- 10.12 The following conditions apply to all virements:
- (i) Virements will only be permitted where the expenditure is in accordance with the Policy and Budget Framework agreed by Council. Virements are not permitted to fund new initiatives or policies;
  - (ii) There can be no virements from Reserves, building maintenance budgets or central recharges;
  - (iii) No virement, relating to a specific financial year, should be made after 31 March in that year;
  - (iv) The limit, specified for the year, is cumulative for the financial year in which the virement takes place;
  - (v) Virements must be processed in the manner prescribed by the Chief Finance Officer; and
  - (vi) A virement shall not be made if it causes a budget to overspend on its annual allocation.
- 10.13 The Council's scheme for the management of amendments to the Approved Budget (or virement) is administered by the Chief Finance Officer within guidelines set by Council. Any variation from this scheme requires the approval of Council.
- 10.14 The scheme is intended to enable the Leader/Executive, Directors and Heads of Service, and those other officers reporting directly to a Head of Service, to manage budgets with a degree of flexibility within the overall Policy Framework determined by the Council, and therefore optimise the use of resources.
- 10.15 Directors and Heads of Service, and those other officers reporting directly to a Head of Service, are expected to exercise their discretion in managing their budgets responsibly and prudently. They must not support recurring expenditure from one-off sources, savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.
- 10.16 Amendments must only be made in accordance with the following guidelines:
- (i) The limits and authorisation requirements as set out in the Annex below; and

- (ii) Where such a change leaves the originating budget with sufficient funds to meet its commitments.

## **11. IN-YEAR REVENUE BUDGET MONITORING AND MANAGEMENT**

### **Overview**

- 11.1 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. They must control expenditure against budget allocations and report to the Leader/Executive on a regular (at least quarterly) basis.

### **Key Control Requirements**

- 11.2 It is the responsibility of Directors and Heads of Service, and those other officers reporting directly to a Head of Service, to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Finance Officer. They must report on variances within their own areas. They must also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer of any problems, or potential problems, at the earliest opportunity.

## **12. TREATMENT OF YEAR END REVENUE BUDGET CARRY-FORWARDS**

### **Overview**

- 12.1 At the end of each financial year, where a policy implementation or a specific project has not been completed because of factors beyond the control of the Budget Holder, this may lead to an underspend against the allocated budget. Where they feel it to be necessary the Budget Holder may make a request to the Chief Finance Officer for the unused budget to be carried forward to the following financial year.
- 12.2 The Chief Finance Officer will determine a set of criteria against which any request will be evaluated.
- 12.3 Once the Chief Finance Officer has confirmed the validity of the request, they will seek the approval of the Leader/Executive to carry that proportion of the Management Budget forward to the next financial year.

### **Key Control Requirements**

- 12.4 Requests for carryovers will only be approved, where there is clear evidence that the situation has arisen by events out of the Budget Holder's control.

- 12.5 Requests will have to prove that the budget being carried forward is still required and the uncompleted works cannot be funded from the Approved Budget for the year into which the carryover is being made.
- 12.6 The Chief Finance Officer is responsible for agreeing the procedures for the treatment of year-end balances, including carrying forward under and overspending on budget headings, and transfers to Reserves.

### **13. REVENUE BUDGET RESERVES**

#### **Overview**

- 13.1 The Council's scheme of Reserves is administered by the Chief Finance Officer within guidelines set by the Council. Any variation from this scheme requires the approval of the Council.

#### **Key Control Requirements**

- 13.2 Under the scheme the Council may determine to set aside (earmark) specific amounts from the Reserves to meet a designated requirement. Earmarking sums ensures that funds are set aside to respond to unquantified risks. Reserves are backed by a risk assessment which explains why they are held.
- 13.3 The Chief Finance Officer will propose a schedule of Reserves each year as part of the budget setting report. In determining that proposal the Chief Finance Officer will consult with the Portfolio Holders with responsibility.
- 13.4 Expenditure funded from any earmarked Reserves can only be made in accordance with the Scheme of Delegation set up for the specific administration of that Reserve.
- 13.5 The scheme of delegation (on Reserves) will include the following:
- (i) the reason for/purpose of the Reserve;
  - (ii) how and when the Reserve can be used; and
  - (iii) the procedure for the Reserve's management and control.
- 13.6 The Chief Finance Officer must ensure that all expenditure funded directly from earmarked Reserves are incorporated into the Management Budget and reported on as part of the Budgetary Control process.
- 13.7 General non-earmarked Reserves are maintained as a matter of prudence to support unforeseen need. The Chief Finance Officer will determine the adequacy of the level of these Reserves, each year as part of the budget setting process.

- 13.8 The scheme of Reserves will be maintained in accordance with the '*CIPFA Code of Practice on Local Authority Accounting*' and agreed accounting policies.
- 13.9 The Chief Finance Officer shall agree all movements between Reserves and provisions and shall report on such as part of reporting the outturn financial performance of the Council annually to the Leader/Executive. Budgetary adjustments may be required as part of this exercise.
- 13.10 For each Reserve established, the purpose, usage and basis of transactions should be clearly identified. Usage of Reserves is to be undertaken in accordance with the Policy and Budget Framework approved by full Council.
- 13.11 When a Reserve is to be established, the Chief Finance Officer must be satisfied:
- (i) Of the reason for the Reserve, and its purpose; and
  - (ii) That setting up the Reserve complies with the latest version of the '*Code of Practice on Local Authority Accounting in the United Kingdom*'.
- 13.12 Contributions, to and from Reserves, must be included in the Council's accounts, which are approved by the Audit Committee and the Chief Finance Officer.
- 13.13 Control of Reserves shall involve:
- (i) An annual review of the relevance and adequacy of Reserves, as part of the annual budget report;
  - (ii) Quarterly budget monitoring of the Council's overall revenue position to assess the potential extent of the use of general Reserves in any year; and
  - (iii) Withdrawal from Reserves can be approved by the Leader/Executive, provided that Council has approved the adequacy of Reserves based on the recommendation of the Chief Finance Officer. This will be considered at its annual budget meeting. Any withdrawal from Reserves will be subject to this overall minimum level not being breached.

### **Provisions**

- 13.14 In addition to Reserves, the Council may set aside funds in Provisions for known or estimable risks.

## **14. CAPITAL PROGRAMME AND CAPITAL FUNDING**

### **Overview**

- 14.1 Capital expenditure involves acquiring, leasing (so as to acquire most or all of the value) or enhancing fixed assets with a long-term value to the Council, such as land, buildings, ICT and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 14.2 Capital expenditure forms part of the Council's investment strategy and must be carefully prioritised in order to maximise the benefit of scarce resources.
- 14.3 The Chief Finance Officer is responsible for ensuring that a rolling 5-year Capital Programme is prepared, on an annual basis, for consideration by the Leader/Executive, before submission to Council.
- 14.4 The Chief Finance Officer is responsible for recommend funding for all Capital schemes for approval by the Leader/Executive and Council.

### **Key Control Requirements**

- 14.5 The key controls for capital programmes are:
- (i) The Capital Investment Strategy which sets the framework within which all capital schemes are approved and monitored;
  - (ii) The Asset Management Plan (AMP) which identifies the key assets, their use, value and condition. The AMP will be used as part of the process to determine the priorities when setting the capital programme;
  - (iii) Specific approval is provided by the Council for the programme of capital expenditure and variances of more than a specified percentage (as determined by the Chief Finance Officer) from the original estimate;
  - (iv) Capital Programme funding forecasts, including associated revenue expenditure, must be prepared for approval by the Council; and
  - (v) The Treasury Management Strategy which assesses how the capital programme will be funded in an affordable way.

## **15. CONTRACT MONITORING**

### **Overview**

- 15.1 It is essential that the limited resources available are tightly controlled so that the Council may achieve its objectives.

### **Key Control Requirements**

- 15.2 No tender shall be accepted unless it complies with and is within the tolerance limits set out in the Council's Contract Procedure Rules.
- 15.3 Where expenditure on a capital scheme is spread out over more than one year, a tender may only be accepted if resources have been earmarked in all years concerned.
- 15.4 Directors and Heads of Service, and those other officers reporting directly to a Head of Service must identify and report the projected over-spend or under-spend on any scheme as soon as they are identified. Where the cost of a scheme increases in stages it must be reported at each stage with reference made to all previous increases.
- 15.5 A register must be kept recording amounts due under contracts that provide for payments to be made in instalments .
- 15.6 Any variation in a contract must be in writing and must be authorised by an approved signatory and show any estimated variation in costs which would have a significant impact upon the total cost of the contract.
- 15.7 All payments under such contracts must be made on a certificate signed by the appropriate Head of Service. The certificate must be dated and contain the total contract sum together with the estimated value of works to date and any retentions/liquidated damages withheld.
- 15.8 Where contracts are supervised and managed by persons other than Officers of the Council, the agreement with that person shall stipulate that they must provide to the Council, for inspection by its Officers, all relevant vouchers and documents.
- 15.9 Claims from contractors in respect of matters not clearly within the terms of any existing contracts must be referred to the Monitoring Officer before any settlement is reached.

## **16. SECURITY OF ASSETS**

### **Overview**

- 16.1 The Council holds assets in the form of property, vehicles, ICT, intangible assets, equipment, furniture and other items worth many millions of pounds. It is important that assets, whether they be acquired direct or via a lease are safeguarded and used efficiently in the delivery of services, and that there are arrangements for the security of both assets and service operations.

- 16.2 Directors, Heads of Service, and those other officers reporting directly to a Head of Service, must ensure that records and assets are properly maintained and securely held. They must also ensure that contingency plans for the security of assets and continuity of service, in the event of a disaster or system failure, are in place.
- 16.3 Any disposal of an asset, no longer required by the Council, shall be done in a manner approved by the Chief Finance Officer and in accordance with the relevant law, regulations and government guidance, issued from time to time.

### **Key Control Requirements**

- 16.4 The key controls for the security of assets such as land, buildings, ICT, fixed plant and machinery are:
- (i) Assets must only be used for the business of the Council and must be properly accounted for;
  - (ii) Assets must be secured and available for use when required; and
  - (iii) Assets no longer required must be disposed of so that the Council maximises any benefits arising from the disposal.
- 16.5 An up to date inventory of all readily portable items and those with a purchase value of £1,000 or more and an estimated life in excess of 12 months must be maintained by each Head of Service for their Service Unit, in accordance with guidelines issued by the Chief Finance Officer. The inventory will record the following:
- (i) Description of item;
  - (ii) Value of each item;
  - (iii) Date of purchase;
  - (iv) Security tag number;
  - (v) Make and model;
  - (vi) Serial number; and
  - (vii) Location of the item.
- 16.6 An annual physical inventory check must be undertaken and any discrepancies identified and reported to the Chief Finance Officer. In respect of stores, procedures must be in place to ensure continuous stock takes and the level of stock should be maintained at reasonable levels.
- 16.7 All assets over £1,000 must, as far as practicable, be effectively marked as Council property.
- 16.8 The Chief Finance Officer will issue guidance on the disposal of surplus or obsolete items.

- 16.9 Authorisation from the Chief Finance Officer must be obtained for adjustment to the inventory and of stock records in the event of a loss being incurred.
- 16.10 All items loaned to Members and Officers (e.g. IT equipment) must be separately recorded and an appropriate procedure established to ensure their return.
- 16.11 Maximum limits of cash as specified by the Council's insurers to be held at any one time must not be exceeded without the permission of the Chief Finance Officer. Advice on insurance limits may be obtained from the Council's insurers through the Chief Finance Officer.
- 16.12 Keys to safes and similar receptacles used for the safekeeping of cash must be kept on the person of the responsible Officer at all times. The loss of any such keys must be immediately reported to the Chief Finance Officer.
- 16.13 Secure arrangements must be made for the preparation and holding of pre-printed cheques, stock certificates, bonds and other financial documents.
- 16.14 Whenever unauthorised entry, burglary or criminal damage occurs the matter must be reported immediately to the police and the Chief Finance Officer.

## **17. DISPOSAL OF ASSETS**

### **Overview**

- 17.1 It would be unsatisfactory and inefficient for the cost of operating assets to outweigh their benefits. Obsolete, non-repairable or unnecessary assets should be disposed in the cost-effective way for the Council.

### **Key Control Requirements**

- 17.2 Assets must be disposed of at the most appropriate time, only when it is in the best interests of the Council, and at the best price reasonably obtainable. For items of significant value, disposal must be by competitive tender or public auction.
- 17.3 Where no quotation/tenders have been received or the auctioneer indicates that due to the lack of marketability they are unable to sell the item, and the Chief Finance Officer agrees, the item must be advertised internally for disposal to Officers by the invitation of written offers, the highest offer to be accepted.

- 17.4 Where items have to be written off and disposed of the write off must be approved in accordance with the following limits:
- |                                     |  |
|-------------------------------------|--|
| (i) Items valued up to £1,000       | Head of Service <sup>L</sup> <sub>SEP</sub>                                |
| (ii) Items valued £1,000 to £10,000 | Service Director   |
| (iii) Items valued over £10,000     | Chief Finance Officer in consultation with the Portfolioholder for Finance |

## 18. INVENTORIES, STOCKS AND STORES

### Overview

- 18.1 Directors, Heads of Service, and those other officers reporting directly to a Head of Service, must be responsible for the proper custody of stocks and stores held and shall see that all stocks and stores under their supervision are subject to an effective system of stock recording and control and stocktaking.

### Key Control Requirements

- 18.2 Stocks in excess of reasonable requirements shall not be kept other than in exceptional circumstances.
- 18.3 Obsolete stock with a value of less than £1,000 should be disposed of after consultation with the Chief Finance Officer. Disposals of stock valued over £1,000 require approval by the responsible Director in consultation with the Chief Finance Officer
- 18.4 All practicable steps must be taken to ensure that a delivery note submitted by the supplier or by the person delivering is obtained at the time of delivery. All goods delivered must be checked to verify that the correct quantity has been received.
- 18.5 All goods must be checked as regards quality and with the specification as soon as practicable after delivery.
- 18.6 No article or goods shall be issued from any store unless the person receiving the goods produces a stores requisition note, properly certified.
- 18.7 The responsible Head of Service must make arrangements for a system of rolling stock takes to be carried out so that the stock of all articles is confirmed at least once in each financial year. Stock checks must be undertaken annually by an Officer not responsible for the stores and a certificate of stock must be issued to the Chief Finance Officer as at 31st March in all financial years.

- 18.8 The Chief Finance Officer and Internal Audit shall be entitled to check stores, if necessary requiring closure of the stores after consultation and agreement with the Head of Service, and be supplied with such information as required in relation to stores for the accounting, costing and financial records of the Council.

## **19. PETTY CASH AND IMPREST ACCOUNTS**

### **Overview**

- 19.1 Wherever possible the use of petty cash must be avoided.
- 19.2 Where it is unavoidable the Chief Finance Officer shall make such cash advances as deemed appropriate for the payment of authorised expenses.

### **Key Control Requirements**

- 19.3 A request must be made in writing via the Chief Finance Officer in order to open/close a petty cash account/imprest account.
- 19.4 Imprest accounts must not be permitted to be overdrawn.
- 19.5 Adequate security arrangements with regard to any cash balances held must be exercised at all times in accordance with requirements of the Council's Insurers. Stamps (including any franking machine) and similar stocks must be properly controlled.
- 19.6 Each petty cash/imprest holder must annually at 31 March, and at other times when requested, provide a certificate to the Chief Finance Officer of the amount held and a reconciliation covering all expenditure incurred.
- 19.7 On leaving the Council's employment or otherwise ceasing to be responsible for a petty cash or imprest float, each Officer must account to the Chief Finance Officer for the amount advanced. It is the responsibility of the relevant Officer's Head of Service to ensure that this happens.
- 19.8 Payments must be limited to minor items of expenditure not exceeding £100 unless approval is given by the Chief Finance Officer for exceptional payments in excess of this figure.
- 19.9 Receipts for all disbursements must be obtained, and the petty cash/imprest holder shall obtain a signature for all reimbursements. A VAT invoice must be obtained for all purchases and care taken to isolate the VAT element in any payment made from the imprest account.

- 19.10 The imprest holder must be responsible for the control and operation of the imprest account in accordance with any instructions issued by the Chief Finance Officer. All non-computerised records relating to imprest accounts must be maintained in ink.
- 19.11 Expenditure which should form part of the payroll e.g. car allowances, subsistence payments to casual staff or any reimbursement of personal expenditure to any member of staff shall not be processed through imprest accounts.
- 19.12 No income other than the original advance and reimbursement must be credited to an imprest account.

## **20. CHARITABLE TRUST FUNDS**

### **Overview**

- 20.1 A charitable trust fund is any fund where the income and expenditure does not form part of the Council's accounts, but where the Council is responsible for record-keeping on behalf of the charitable trust.

### **Key Control Requirements**

- 20.2 A list of all charitable trust funds must be maintained by the Monitoring Officer.
- 20.3 The Chief Finance Officer will issue and update accounting instructions for their operation.
- 20.4 All charitable trust funds must be subject to proper governance properly accounted for in accordance with the regulations laid down by the Charity Commission.

## **21. FINANCIAL INFORMATION SYSTEMS**

### **Overview**

- 21.1 Service Units have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. The information held must be accurate and the systems and procedures should be sound and well administered. They must contain controls to ensure that transactions are properly processed and errors detected promptly.
- 21.2 Where possible all systems and procedures should be integrated to ensure consistency of the data held. If the systems are not integrated then a process

of financial reconciliation between the two sets of data must take place on a regular basis.

- 21.3 Sound systems and procedures are essential to an effective framework of accountability and control. The Council is responsible for many computer systems and items, which support electronic exchange of information. It is important that relevant Acts of Parliament are complied with, (such as the *Data Protection Act 2018*), and that all financial systems contain the necessary internal control mechanisms to protect the Council's assets.
- 21.4 The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Directors, Heads of Service, and those other officers reporting directly to a Head of Service, to existing financial systems, or the establishment of new systems, must be approved, in advance, by the Chief Finance Officer. Directors, Heads of Service, and those other officers reporting directly to a Head of Service, remain responsible for the proper operation of financial processes in their individual departments.

#### **Key Control Requirements**

- 21.5 Any changes to agreed procedures by Directors and Heads of Service to meet their own specific service needs, must be agreed in advance with the Chief Finance Officer.
- 21.6 Directors and Heads of Service must ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.
- 21.7 Directors, Heads of Service, and those other officers reporting directly to a Head of Service, must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Directors and Heads of Service must also ensure that their staff are aware of their responsibilities, under Data Protection and Freedom of Information legislation.
- 21.8 The development and implementation of all major IT systems must conform to the Council's overall IT Strategy.
- 21.9 Officers must ensure that they comply with the Computer Security Guidelines and the Data Protection Act as well as any relevant Codes of Practice.
- 21.10 Officers must ensure that they maintain confidentiality of all passwords issued to them and only access systems for which they have been given specific authority.

- 21.11 All purchases of computer hardware/software, except consumables, must be requested via the Head of Service responsible for ICT.
- 21.12 The Chief Finance Officer must be consulted in advance on all systems developments or changes which might impact on any financial procedure. This includes consulting the Chief Finance Officer on changes to departmental systems that impact the financial information held in them or how it is processed.

## **22. PARTNERSHIP AND EXTERNAL FUNDING ARRANGEMENTS**

### **Overview**

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

### **Key Control Requirements**

- 22.2 The Leader/Executive is the focus for forming partnerships with other public, private, voluntary and community sector organisations to address local needs.
- 22.3 The Council can delegate functions, including those relating to partnerships, to Members and Officers. Those that exist are set out in the Scheme of Delegation in the Council's Constitution. Where functions are delegated, the Leader remains accountable for them to Council.
- 22.4 Representation of the Council on partnerships and external bodies will be decided in accordance with the Scheme of Delegation.
- 22.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct, with regard to financial administration in partnerships, that apply throughout the Council. The Monitoring Officer must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.
- 22.6 The Chief Finance Officer must ensure that the accounting arrangements, to be adopted in relation to partnerships and joint ventures, are satisfactory. This includes ensuring that the arrangements represent value for money in that they offer opportunities to use public funds to the greatest advantage and minimise duplication of expenditure.

- 22.7 The Head of Paid Service, in consultation with the relevant Directors and Heads of Service must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 22.8 Directors, Heads of Service, and those other officers reporting directly to a Head of Service, are responsible for ensuring that the Chief Finance Officer and Monitoring Officer are consulted on the progress of negotiations, and that the appropriate approvals are obtained before any negotiations are concluded, and decisions are made, in relation to work with external bodies.
- 22.9 Director approval must be sought for all external funding applications which are of a value of less than £20,000 and the Chief Finance Officer notified.
- 22.10 If the external funding is of a value greater than £20,000, then the Head of Paid Service in consultation with Corporate Governance Group must approve the application, provided the following criteria apply:
- (i) The application refers to an area which is within the current policy and budgetary framework;
  - (ii) There are no ongoing financial implications arising out of the application;
  - (iii) A suitable exit strategy is in place; and
  - (iv) There has been consultation with the relevant Executive Member.
- 22.11 The Leader/Executive is responsible for approving applications if the above conditions are not met.
- 22.12 The Chief Finance Officer has overall responsibility for external funding and is responsible for ensuring that all funding, notified by external bodies, is received and properly recorded in the Council's accounts.
- 22.13 The relevant Director, Head of Service and people reporting to Heads of Service, also have overall responsibility for ensuring that appropriate records and supporting documentation, in relation to any output measures, are kept to enable them to submit funding claim forms and meet funder audit and reporting requirements at the relevant times.
- 22.14 The Leader/Executive is responsible for approving the contractual arrangements for any work undertaken for third parties or external bodies, unless this is delegated to officers in accordance with the Scheme of Delegation.
- 22.15 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of any trading accounts within the Council.

## 23. TREASURY MANAGEMENT

### Overview

23.1 The Council adheres to the '*CIPFA Code of Practice on Treasury Management*'. The Code, together with the Council's own policies, aims to provide assurances that money is properly managed in a way which balances risk with return, with the overriding consideration being the security of the capital sum.

### Key Control Requirements

23.2 The Council will create and maintain the following documents and principles, as the cornerstone for effective treasury management:

- (i) An annual Treasury Management Strategy Statement that sets out the policies, objectives and approach to risk management for treasury management activities;
- (ii) Treasury Management Practice statements (TMPs) setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
- (iii) The content of the Strategy Statement and TMPs will follow the recommended practice the Code, subject only to amendments where necessary to reflect the particular circumstances of this Council. Such amendments should not result in the Council materially deviating from the key principles in the Code; and
- (iv) All funds held by the Council will be controlled by the Chief Finance Officer.

23.3 The Audit Committee, Leader/Executive and Council will receive reports on the treasury management policies, practices and activities, including as a minimum an annual Strategy in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in the TMPs.

23.4 The Chief Finance Officer has delegated responsibility for the implementation and monitoring of treasury management policies and practices, and for the execution and administration of treasury management decisions. They will act in accordance with the Council's policy statement and TMPs and with CIPFA's Standard of Professional Practice on Treasury Management.

23.5 The Audit Committee is the body with responsibility for ensuring effective scrutiny of the treasury management Strategy, performance and procedures.

## **24. PAYMENTS TO OFFICERS AND MEMBERS**

### **Overview**

- 24.1 Staff costs are the largest item of expenditure for the majority of Council services. It is therefore important that there are effective controls in place to ensure that payments are made only where due for work undertaken and that payments are consistent with the Council's conditions of employment and individual contract of employment terms.
- 24.2 The Head of Paid Service is ultimately responsible for the overall management of staff, and for ensuring compliance with the Council's employment policies. They are also ultimately responsible for ensuring that there is proper use of job evaluation, or equivalent agreed systems, for determining the remuneration of posts.
- 24.3 The Head of Paid Service is ultimately responsible for making all payments of salaries, wages and allowances to all staff, and for making payments of allowances to Members.
- 24.4 The Chief Finance Officer is responsible for advising Directors and Heads of Service, in the light of guidance issued by appropriate bodies and relevant legislation, on related taxation requirements.

### **Key Control Requirements**

- 24.5 Directors, Heads of Service and officers reporting directly to a Head of Service, are responsible for managing the cost of appropriately staffing the Council's services:
- (i) Advising the Leader/Executive on the budget necessary, in any given year, to cover estimated staffing levels;
  - (ii) Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision, as necessary, within that constraint, in order to meet changing operational needs; and
  - (iii) The proper use of appointment procedures.
- 24.6 The key controls for payments to officers and Members are:
- (i) Proper authorisation procedures (in line with the Scheme of Delegation) and adherence to corporate timetables for starters, leavers, variations and enhancements must be complied with;
  - (ii) Frequent reconciliation of payroll expenditure must be undertaken against approved budgets;
  - (iii) All requests for payment should only be made on documentation prescribed by the Chief Finance Officer;
  - (iv) All remuneration paid to directly employed officers must be paid through the Council's payroll system;

- (v) All remuneration paid to other employed officers must be made through the Council's payments system;
- (vi) All absences from duty due to sickness or other reasons must be properly recorded in an approved format;
- (vii) Information necessary to maintain records of service for pension funds must be properly recorded in an approved format;
- (viii) Where required, all timesheets or other pay documents must be submitted by the Officer and authorised by an approved member of staff confirming the entries to be accurate;
- (ix) An up-to-date list of Officers authorised to certify salary documents (the 'Authorised Signatory List') must be provided to the Chief Finance Officer and Head of Service Responsible for payroll, and any additions/deletions reported on a timely basis;
- (x) A Members' Allowances Scheme must be approved by the Council and all payments to Members must be made in accordance with that approved scheme;
- (xi) All appropriate payroll documents must be retained and stored for the defined period in accordance with the Council's guidance in document retention; and
- (xii) Where write off is considered necessary in the case of irrecoverable overpaid salary approval is delegated to the Head of Paid Service in consultation with the Head of Service responsible for Human Resources and the Chief Finance Officer.

24.7 Officers may incur certain expenses in the course of their Council duties. In normal circumstances, the need to incur such expenses must be approved in advance and must be incurred in the most cost-effective way.

24.8 All officers submitting claims for expenses must ensure that the claim is in respect of legitimate and authorised expenditure, which has been incurred on Council business and supported by an official receipt, wherever possible.

24.9 Certification must be taken to mean that the authorising Officer is satisfied that journeys were approved, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

24.10 All claims for expenses are to be paid through the Council's Payroll System. To ensure the best value, pre-booking of travel is to be encouraged wherever possible.

24.11 Claims are to be made on an approved form clearly detailing the expenditure incurred, supported by receipts where applicable, dated, coded, confirmed by the claimant and approved by the appropriate authorising Officer.

## **25. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

### **Overview**

- 25.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services achieve value for money in their purchasing arrangements. These Procedures should be read in conjunction with the Council's Contract Procedure Rules.
- 25.2 Every Officer and Member of the Council has a responsibility to declare any links or personal interest which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council. In addition they must comply with relevant Codes of Conduct and procedures.

### **Key Control Requirements**

- 25.3 The key controls for ordering and paying for work, goods and services are:
- (i) All purchases of work, goods and services must comply with the Council's Contract Procedure Rules; and
  - (ii) An up-to-date list of Officers authorised to certify both orders and payment documents is held by the Chief Finance Officer.

#### Ordering of Works, Goods and Services

- (i) All orders for works, goods and services must be recorded accurately and promptly;
- (ii) All goods and services must be ordered in accordance with the procedure prescribed by the Chief Finance Officer;
- (iii) All orders must be in a form approved by the Chief Finance Officer;
- (iv) Orders must be issued for all work, goods or services, except for supplies of utilities, periodic payments such as rent, petty cash purchases or other exceptions approved by the Chief Finance Officer;
- (v) Orders must not be used for any personal or private purchases, nor must personal or private use be made of Council contracts;
- (vi) Any purchase of IT software, hardware or consumables requires the approval of the Head of Service responsible for ICT;
- (vii) Each order must conform to the Council's standard terms and conditions of business. The Council's standard terms and conditions must not be varied without the prior approval of the Monitoring Officer and the Chief Finance Officer;

- (viii) Orders must not be issued unless the full cost is covered by an approved budgetary allocation;
- (ix) Orders committing expenditure must be recorded in the Council's accounts; and
- (x) Goods and services must be checked on receipt to ensure they are in accordance with the order, in terms of price, quantity and quality.

#### Payments for Works, Goods and Services

- (i) All services or goods must be receipted as they are received;
- (ii) No invoices will be passed for payment unless matched to a goods received note;
- (iii) All invoices must be properly addressed and invoices may only be paid which settle a liability of the Council;
- (iv) All payments must be made to the correct person/persons, for the correct amount and must be properly recorded regardless of the payment method;
- (v) No payment shall be made to any organisation in advance of works, goods or services being rendered to the Council except in instances of contractual obligations, subscriptions, membership, fees and training courses. Prior consent of the responsible Head of Service and the Chief Finance Officer must be obtained in all other instances;
- (vi) If the supply is subject to VAT no payment will be made without a proper VAT invoice. In exceptional cases, approved by the Chief Finance Officer, a pro-forma invoice will be accepted;
- (vii) The correct documentation must be received before invoices are processed to pay suppliers who fall under the Construction Industry Scheme;
- (viii) No payment will be made to an individual who should properly be paid through the Council's payroll and subject to PAYE deductions;
- (ix) All appropriate payment documents must be retained and stored for at least the defined period in accordance with the Council's document retention guidance;
- (x) Directors and Heads of Service, and those other officers reporting directly to a Head of Service must ensure that invoices are dealt with promptly, properly certified, ensuring that any discounts available can be obtained and that the performance indicator for payment timescales is met;
- (xi) All expenditure including VAT must be recorded accurately and promptly against the correct budget;
- (xii) The Chief Finance Officer must be consulted before establishing any e-business/e-commerce and electronic purchasing processes in order to maintain security and integrity;

- (xiii) The preferred method of payment will be determined by the Chief Finance Officer. This is currently BACS, credit card or electronic transfer drawn on the Council's bank account;
- (xiv) Cheques will only be drawn in exceptional circumstances approved by the Chief Finance Officer;
- (xv) Petty cash and other payments from imprest/advance accounts must only be used in circumstances agreed by the Chief Finance Officer;
- (xvi) Payment by direct debit or standing order requires the prior approval of the Chief Finance Officer; and
- (xvii) Budget holders must maintain records to enable them to notify the Chief Finance Officer of any committed expenditure where the goods or services have been received but not paid for.

## **26. INCOME COLLECTION AND DEBT MANAGEMENT**

### **Overview**

26.1 Effective utilisation of income collection and debt management systems ensures that all income due to the Council is identified, collected, recorded and banked properly. Whenever possible payment will be obtained in advance of supplying goods or services. This optimises the Council's cash flow and reduces the time, cost and risks of administering debts.

### **Key Control Requirements**

26.2 The key controls for the collection of income are as follows:

#### Fees and Charges

- (i) Legal liability for payment of money to the Council must be clearly established before the Council commits itself to providing any goods or services;
- (ii) All fees and charges levied by the Council must be in accordance with all governing legislation;
- (iii) Fees and charges must be at a level that recovers both direct and overhead costs, unless there is a statutory restriction, Leader/Executive decision or other valid reason to deviate;
- (iv) Scales of fees and charges for goods/services must be reviewed annually and approved in line with the Scheme of Delegation; and
- (v) Debt Management Protocols exist and must be reviewed regularly.

#### Debt Management

- (i) All income due to the Council must be identified and recorded fully and promptly in the Council's primary billing systems:
  - Council Tax and Non-Domestic Business Rates

- Sundry Debtors in the General Ledger
  - Developer Contributions in the Section 106/CIL database
- (ii) Invoices must be sent to the debtor promptly;
  - (iii) Receipts must be provided in the format agreed by the Chief Finance Officer;
  - (iv) Invoices must be in a format agreed by the Chief Finance Officer;
  - (v) Effective action must be taken to pursue non-payment of debt within defined timescales;
  - (vi) Subsidiary billing systems must be capable of providing the same proof of the period for which the debt is due and the payment status of the debt as the Primary ledger; and
  - (vii) The subsidiary billing systems must provide information in a format subscribed by the Chief Finance Officer for periodic review and reconciliation.

#### Receipts

- (i) All money received by an Officer on behalf of the Council must be paid without delay into the Council's bank account;
- (ii) Council Officers must issue an official receipt where an invoice has not been raised. Receipts must be provided only on request to other payers;
- (iii) Manual receipts (where provided) must be signed by the Officer receiving the money on behalf of the Council;
- (iv) Every transfer of Council monies from one Officer to another must be evidenced by the signatures of the Officers;
- (v) All receipt forms, books, tickets etc. must be in a form approved by the Chief Finance Officer;
- (vi) Personal cheques or electronic transactions must not be cashed out of money held on behalf of the Council;
- (vii) Income documents must be retained for the defined period in accordance with Council guidance on document retention; and
- (viii) All money received must be processed through the Council's income management system.

#### Banking of Receipts

- (i) All income received by the Council must be banked promptly;
- (ii) Until the cash is banked it must be retained securely in a cash box or locked drawer or cabinet. The amounts held must never exceed the limits agreed with the Chief Finance Officer;
- (iii) All monies received must be reconciled to local systems and should not be banked until a full reconciliation has been performed sufficient to detail that the money due has been collected and to provide a full audit trail for each banking or deposit made;

- (iv) All money received must be banked intact. In all cases it must be fully accounted for and not netted off; and
- (v) All bankings must be prepared in accordance with procedures prescribed by the Chief Finance Officer and using paperwork approved by them.

#### Writing Off Debt

- (i) Approval for write-off of irrecoverable debt must be obtained (see Annex 1); and
- (ii) Accounting adjustments must be made promptly following write off.

## **27. BANKING ARRANGEMENTS**

### **Overview**

27.1 The Council operates a number of bank accounts for the collection and payment of monies. Receipts and payments are made through these accounts by both manual (cash, cheques) and electronic (BACS, CHAPS) means. Most payments/receipts should come through the Council's centrally held main accounts; only in exceptional circumstances will separate accounts with cheque books/paying in facilities be authorised by the Chief Finance Officer.

### **Key Control Requirements**

- 27.2 All arrangements with the Council's bankers concerning the Council's bank accounts will be made through the Chief Finance Officer. Only the Chief Finance Officer is authorised to open bank accounts relating to the Council's business or referencing the name of the Council.
- (i) All cheques, payment forms and credit cards, must be ordered only on the authority of the Chief Finance Officer and proper arrangements for their safe custody will be made;
  - (ii) Credit card holders must comply at all times with the terms and conditions of use that are issued by the Chief Finance Officer and signed by the cardholder on receipt of the card;
  - (iii) All methods of electronic payments must be controlled by the Chief Finance Officer;
  - (iv) Access to banking software and the ability to perform payments and transfers must be controlled by the Chief Finance Officer on any account bearing the name of the Council;
  - (v) Cheques on the Council's banking accounts must bear the facsimile signature of the Chief Finance Officer and must be signed by either the Chief Finance Officer or their representative; and
  - (vi) Every cheque for £20,000, or more, or amendments to cheques, must bear the personal signature of the Chief Finance Officer or their authorised representative.

27.3 All bank accounts must bear an official title and in no circumstances shall an account be opened in the name of an individual. All stocks of cheques must be held securely and stock records maintained to identify both issued and spoilt cheques.

27.4 Bank accounts must be reconciled with general ledger cashbooks at least once in each month and any discrepancies identified and appropriate action undertaken immediately.

## **28. TAXATION**

### **Overview**

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

28.2 When considering undertaking a new line of business it is the responsibility of the Head of Service to notify the Chief Finance Officer in good time so as to be able to commission expert external advice around the proper management of tax affairs.

### **Key Control Requirements**

28.3 The key controls on taxation are operated by the Chief Finance Officer and cover the following:

- (i) Directors, Heads of Service and those other officers reporting directly to a Head of Service must be provided with the relevant information and be kept up to date on tax issues by the Chief Finance Officer;
- (ii) They must be instructed on required procedures for record keeping;
- (iii) All fees and charges must be reviewed by the Chief Finance Officer prior to their publication to ensure that prices bear the appropriate VAT rate and that this is clear to those purchasing or receiving those services;
- (iv) All taxable transactions must be identified, properly carried out and accounted for within stipulated timescales;
- (v) All records must be maintained in accordance with instructions;
- (vi) All returns must be made to the appropriate authorities within the stipulated timescales; and
- (vii) An Officer must be nominated by the Chief Finance Officer to take responsibility for taxation issues and liaison with agencies such as HM Revenue & Customs.

## **ANNEX 1 – WRITE OFF PROCEDURES FOR BAD DEBTS**

- 1.1 It is essential that the Council bills and collects all income that is due to it and that only when all appropriate and cost-effective recovery action has been fruitless should writing off be considered.
- 1.2 Where write off is considered appropriate for debts the following procedure and limits must be followed:
- (i) In all cases the reason must be documented;
  - (ii) It must also be made clear what recovery action has been followed and why it is not now considered cost effective to pursue further recovery action;
  - (iii) The authorisation limits and approval required for writing off of debt are as set out below:
  - (iv) Debts written off will be charged to the originating Service Unit. Only in exceptional cases will the Chief Finance Officer authorise the write off directly against the Council's general bad debt provisions; and
  - (v) A report will be made annually to the Leader/Executive on bad debt provisions.
- 1.3 Approval of debt write off will be in accordance with the following limits:
- |  |  |
|--|--|
| (i) For debts up to £500               | Head of Revenues,<br>Benefits & Fraud                                      |
| (ii) For debts between £500 and £5,000 | Chief Finance Officer  |
| (iii) For debts over £5,000            | Chief Finance Officer in<br>consultation with the<br>Leader of the Council |

## ANNEX 2 - GUIDANCE ON THE DESTRUCTION OF DOCUMENTS

Record	Minimum Period of Retention
<p><b>RATES AND COUNCIL TAX</b></p> <p>Valuation Lists                      Valuation Officers Directions                      Primary Council Tax and Rate Records                      Supporting Documents to above</p> <p>Bailiffs Completed Receipt Books</p>	<p>Indefinitely                      Indefinitely                      6 years                      12 months from completion of audit of year's accounts                      6 years</p>
<p><b>HOUSING RENTAL RECORDS</b></p> <p>Housing Property File/Ledger                      Housing Primary Collection Records                      Other Subsidiary Records</p>	<p>3 years                      3 years                      12 months from completion of audit of year's accounts.</p>
<p><b>GENERAL INCOME</b></p> <p>Periodical Income Register                      Primary Debtors Records                      Supporting Documentation to above</p> <p>Income Returns from Departments                      Completed Receipt Books                      Cash Register Rolls                      Housing Act Advances                      Car Loan Advances                      Private Street Works                      Public Health Acts, etc.</p>	<p>3 years                      6 years                      12 months from completion of audit of year's accounts                      6 years                      3 years                      Current plus year of audit                      Basic Information to be retained 12 months after final repayment made</p>
<p><b>BENEFITS RECORDS</b></p> <p>All Benefits Records (including Council Tax Benefit, Rent Allowances and Rent Rebates)</p>	<p>6 years</p>
<p><b>EXPENDITURE RECORDS</b></p> <p>Register of Tenders                      Contract Documents (under seal)                      Contract Documents (not under seal)                      Unsuccessful Quotations/Tenders</p> <p>Contracts Register                      Contract Final Account Documents                      Requisitions                      Copies of Official Orders</p>	<p>Indefinitely                      12 years                      6 years                      12 months from completion of audit of year's accounts                      Indefinitely                      12 years                      3 years                      3 years</p>

Record	Minimum Period of Retention
<b>EXPENDITURE RECORDS CONT'D</b>	
Delivery Notes	12 months from completion of audit of year's accounts
Periodical Payments Register (dead cases)	3 years 6 years
Paid Accounts	6 years
Paid Cheques	)
Stores Prime Records	12 months from completion of audit of year's accounts
Haulage Prime Records	)accounts
Postage Returns	)
Inter-Departmental Transfer Accounts	6 years
Final Expenditure Tabulations	6 years
Final Costing and Financial Tabulations	6 years
Rechargeable Work Job Orders	12 months from completion of audit of year's accounts
Petty Cash Vouchers	accounts
Members' Allowances Register	Indefinitely
<b>PAYROLL RECORDS</b>	
Time and Bonus Sheets	24 months from Completion of audit of year's accounts
Car Allowance Claims	
Other Staff Returns	
Payrolls (in final form)	3 years
P.11 and P.35 Returns	3 years
National Insurance Schedules	6 years
<b>OTHER ACCOUNTING RECORDS</b>	
<b>General</b>	
Bank Pass Book Sheets	6 years
Receivership Records	6 years
Cashiers Collection and Deposit Books	12 years
Cashiers Petty Cash Account	6 years
Post Dated Cheques Register	6 years
RD Cheques Register	6 years
Cheques Control Register	6 years
Unpaid Wages Book	6 years
Controlled Stationery Registers	Indefinitely
<b>Investments</b>	
Register of Investments	Indefinitely
Bought and Sales Notes	6 years
<b>Loans</b>	
Register of Bonds/Mortgages	Indefinitely
Copy Bond Certificates	6 years after redemption
Temporary Loans Register	12 months after completion of audit of year's accounts
<b>Insurances</b>	
Register of Insurances	Indefinitely
Insurance Policies	24 months after cessation of policy

**ANNEX 3 - SCHEME FOR AMENDMENTS OF THE REVENUE BUDGET**

- 1.1 During the course of any financial year, there will be changes in both legislation and the environment within which the Council operates. These changes will impact upon the policy framework set by the Council and have varying impacts upon the Council budget requirement (i.e. Approved Budget), depending on the nature of the change.
- 1.2 The purpose of this scheme is to set out the different situations as to how changes might impact upon the Council and budget requirement and how they will be resolved.
- 1.3 Monetary value has been used within the scheme as the principal measure of impact and magnitude of the change.
- 1.4 All possible action should be taken by Budget Holders to absorb the changes within their budget allocations. Heads of Service have discretion to move budgets around within individual services under their control (subject to no movement (or virement) of monies in and out of the salary budgets). All changes must be recorded on a form specified by the Chief Finance Officer and actioned within the budgets by the Head of Service responsible for Finance.
- 1.5 Where it is not possible to absorb the changes, Budget Holders should seek, in writing, a request for additional budget to be allocated to them, on a form specified by the Chief Finance Officer.
- 1.6 Approval of additional budget allocation will require specific approval(s). These will vary according to both the financial value and nature/impact of the change. The following situations have been included as examples of the approvals required in certain situations. If it is not clear which situation applying in a specific case then the Budget Holder must seek guidance from the Head of Service responsible for Finance.

Situation 1 Short term impact, arising from a demonstrable change in the demand for a service

This reflects a situation where the change creates a temporary increase in the demand of a particular service.

Approval Required From	Chief Finance Officer in Consultation with the Relevant Service Portfolio Holder	Chief Finance Officer
<b>Over £50,000</b>	✓	
<b>Under £50,000</b>		✓

Situation 2 Technical accounting adjustments arising from changes in legislation or regulations  
Delegated to the Chief Finance Officer in consultation with the relevant Portfolio Holder.

Situation 3 Long-term service related impacts that have no impact upon the Council overall budget requirement  
Delegated to the Chief Executive and Chief Finance Officer in consultation with the Executive.

Situation 4 Changes to the Councils Policy Framework, that have a direct impact upon the Council budget requirement  
The following table needs to be considered in the context of Policy Framework and Budget Procedure Rules 5(b):

Procedure Rule 7 – Financial Procedure Rules

Approval Required From	Full Council	Full Executive	In Consultation with the Relevant Service Portfolio Holder	Chief Finance Officer	Head of Service
Over £250,000	✓				
Over £100,000 and up to £250,000		✓			
Over £50,000 and up to £100,000			✓	✓	✓
Under £50,000				✓	✓

## ANNEX 4 - PROCEDURE FOR REPORTING CONTRACT OVER/UNDERSPENDS

For the purposes of these procedures the following limits shall apply:

Approved Project Budget	Tolerance Limit
Above £500,000	£25,000 or more
£50,001 - £500,000	The greater of £10,000 or 5%
Less than £50,000	£5,000 or more

Formal reporting of overspends, based on the limits above shall be a minimum of:

- (a) Projected overspends within the tolerance limits - shall be reported to the Chief Finance Officer together with proposals for substituting expenditure on other schemes within the same service. If this is not possible the Chief Finance Officer will recommend how the scheme is to be funded and such overspend will be clawed back from the same service's programme in the following year;
- (b) Schemes costing £50,000 or less where the projected overspend exceeds the tolerance limit – the overspend shall be reported to the Chief Finance Officer and the relevant Portfolio Holder. The relevant Head of Service shall agree with the Portfolio Holder funding from within other projects controlled by them. If this is not possible the same rules as (a) shall apply;
- (c) Schemes costing over £50,000 where the projected overspend exceeds the tolerance limits – the overspend shall be reported to the Chief Finance Officer who shall recommend the action to be taken to the Executive.

Where there are savings on schemes these shall be reported to the Chief Finance Officer, who may, for amounts less than £20,000, agree to additional schemes in the same service area.