

1. Introduction

1.1 Background

1.1.1 Section 151 of the Local Government Act 1972 requires that *“Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”* augmented by the Local Government Finance Act 1988, the Accounts and Audit Regulations 2015, and other relevant legislation and regulations. The Council uses the Chartered Institute of Public Finance (CIPFA) for guidance.

1.1.2 The person with overall responsibility for Council’s financial affairs under the act is the Chief Financial Officer (CFO) as the section 151 officer.

1.1.3 The 1988 Local Government Act makes a requirement to have a designated qualified deputy s151 officer to act on their behalf in their absence or if requested by the Chief Financial Officer to do so.

1.1.4 The Financial Regulations apply these requirements and controls the way the Council manages its finances and safeguards its assets. They form part of the Council’s constitution and are to be read in conjunction with other sections of the constitution in particular:

Section 3 - Responsibility for Functions (Cabinet)

Section 4 - Responsibility for Functions (non- Cabinet) Scheme of Delegation

Section 9 - The Budget and Policy Framework Procedure Rules

Section 12 - The Contract Procedure Rules

1.1.5 The Financial Regulations apply to every member and officer of the Council and anyone acting on its behalf.

1.1.6 Delegated authority is given to the Chief Financial Officer in consultation with the relevant Cabinet Member to update the Financial Regulations as appropriate to meet future legislative and operational requirements.

1.2 Purpose

1.2.1 The purpose of the Financial Regulations are:

- Promote best value and improve service delivery;
- Set out procedures for employees and members to meet the Council’s expected standards;
- Demonstrate that controls are in place.

1.3 Controls

1.3.1 All members and officers must comply with these Financial Regulations at all times as applicable.

1.3.2 Service Managers shall ensure that employees within their teams are aware of and comply with these Financial Regulations.

1.3.3 All members and officers must at all times when engaged on Council activities act in the interest of the Council.

- 1.3.4 All activities must comply with legislation, and other Council policies or procedure documents.
- 1.3.5 All activities must seek to achieve value for money.
- 1.3.6 Service Managers must ensure that there are controls in place for every system under their management.
- 1.3.7 Adequate records must be kept for all transactions in all systems.
- 1.3.8 Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provide value for money and achieves best value.
- 1.3.9 The Corporate Leadership Team, Auditors and other officers designated by them should have unrestricted access to all assets and records held on behalf of the Council.
- 1.3.10 Members, officers and others acting on behalf of the Council are required to have proper regard to the advice and guidance issued by the Chief Financial Officer on the Financial Regulations.
- 1.3.11 All reports to members require approval by the Chief Financial Officer, or a nominee designated by the Chief Financial Officer, setting out the financial implications of the recommendation(s) proposed.
- 1.3.12 The Council's expectation of propriety and accountability is that members and employees at all levels shall lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.
- 1.3.13 Members and employees at all levels shall act in accordance with the Council's anti-fraud and anti-corruption policies.
- 1.3.14 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, shall act towards the Council with integrity and without thought or actions involving fraud or corruption.
- 1.3.15 The Council's scheme of delegation is the formal record of delegation of financial decision making.

2. Financial Administration and Financial Management

- 2.1 The Cabinet is responsible for regulating and controlling the finances of the Council as laid down in the Terms of Reference of Committees.
- 2.2 The Chief Financial Officer shall determine Financial Procedures and Accounting Instructions to assist Service Managers in carrying out their responsibilities.

Financial procedures and Accounting Instructions may make provision for:

- a) the form and content of any document dealing with financial matters, including accounting systems, accounts and supporting;
- b) the disclosure of information to the Chief Financial Officer;

- c) accountancy and financial procedures to be used in relation to particular financial activities; and
- d) a requirement to consult the Chief Financial Officer on specified issues (being issues relating to the financial affairs of the Council);
- e) the form and content of inventories and stock control systems.

2.3 The Chief Financial Officer will submit the Statement of Accounts to the Audit Committee for adoption by the Council in accordance with the Account and Audit Regulations.

2.4 The Chief Financial Officer, as the Council's financial adviser, shall give information and advice as appropriate, with respect to the Council's finances, the financial implications of future policies, plans and programs, financial performance and the financial aspects of their activities. Service Managers shall consult the Chief Financial Officer in respect of any such matter before making any commitment or submitting any report to the Cabinet, any Committee or Sub-Committee.

2.5 The Chief Financial Officer shall participate in all financial negotiations with Government departments, local or public authorities, and partnership agreements, except to the extent that the Chief Financial Officer indicates otherwise.

2.6 The Chief Financial Officer may require to be involved in any matter which appears to them to involve questions relating to the proper administration of the Council's financial affairs and therefore Service Managers should ensure that all appropriate matters are brought to the Chief Financial Officer.

2.7 The Chief Financial Officer is authorised to have responsibility in consultation with the Monitoring Officer, for the maintenance of a sound system of internal control which facilitates the effective exercise of the Council's functions and the achievement of its aims and objectives: ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk as required by the Accounts and Audit Regulations.

2.8 Each financial year the Chief Financial Officer is responsible for the:-

2.8.1 Conduct of a review of the effectiveness of the system of internal control, the findings of the review to be considered by the Audit Committee.

2.8.2 Preparation of an annual governance statement with approval of the statement by the Audit Committee in advance of the relevant authority approving the statement of accounts

3. Financial Planning

3.1 The Council will adopt a Financial Strategy which will be aimed at maintaining a sound financial structure for the Council in the medium term.

3.2 The Chief Financial Officer will establish a strategic financial framework to incorporate the main issues facing the Council and to match policies with resources. Such financial planning will involve consideration of medium term commitments, proposals contained within the Finance Strategy and forecasts for three years, together with the annual budget.

3.3 Annual Budgets will be prepared in accordance with the Council's Budget and Policy Framework Rules.

4. Accounting Records and Control Systems

4.1 The Chief Financial Officer shall determine the Council's accounting control systems, accounting records, including the form of accounts and supporting accounting records and ensure compliance with The Accounts and Audit Regulations and any subsequent relevant legislation/CIPFA/ Accounting Code of Practices updates,

4.2 The accounting records determined by the Chief Financial Officer in accordance with paragraph 4.1 shall be sufficient to show the Council's transactions and to enable them to ensure that any statement of accounts, income and expenditure account, statement of balances or record of receipts and payments and additional information to be provided by way of notes to the accounts, as the case may be, which are prepared under and comply with the Accounts and Audit Regulations.

4.3 The accounting records determined by the Chief Financial Officer in accordance with paragraph 4.1 shall in particular contain:

- a) entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
- b) a record of the assets and liabilities of the Council; and
- c) a record of income and expenditure of the Council in relation to claims made, or to be made, by them for contribution, grant or subsidy from any Minister of the Crown, or any other external source.

4.4 The accounting control systems determined by the Chief Financial Officer in accordance with paragraph 4.1 shall include-

- a) measures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately as reasonably possible, measures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records;
- b) identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- c) measures to ensure that risk is appropriately managed.

4.5 The duties providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.

4.6 Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

5. Banking arrangements

- 5.1 All arrangements with the Council's bank concerning the Council's bank accounts shall be made by, or under arrangements approved by, the Chief Financial Officer. The Chief Financial Officer shall be authorised to open and operate such banking accounts, as they may consider necessary.
- 5.2 Apart from payments from corporate procurement cards the normal method of payment due from the Council shall be by BACS. Direct debit and periodical payment arrangements shall require the prior agreement and authorisation of the Chief Financial Officer.
- 5.3 All payment stationery shall be procured/designed only on the authority of the Chief Financial Officer who shall be satisfied that proper information governance arrangements are in place for their security.

6. Budget Responsibilities

- 6.1 The budget will be prepared in accordance with the Budget and Policy Framework Procedure Rules and the Council's approved Financial Strategy.
- 6.2 The Council, having received the recommendations of the Cabinet, shall determine the annual revenue budget, capital programme and resultant Council Tax Levy. This determination shall be made having considered strategic financial advice from the Chief Financial Officer and any Government advice which may have been issued with regard to budget and Council tax levels.
- 6.3 The budget will be prepared by the Chief Financial Officer, jointly with Service Managers in accordance with a timetable agreed by the Corporate Leadership Team. The form of budget shall be determined by the Cabinet following recommendation by the Corporate Leadership Team.
- 6.4 The Chief Financial Officer will report on the robustness of estimates and the adequacy of reserves as part of the budget setting process in accordance with legislative requirements.
- 6.5 The Chief Financial Officer will provide each Service Manager with periodical statements or receipts and payments under each approved budget heading.
- 6.6 The Cabinet will be responsible for overall revenue budget and capital programme performance and monitoring.
- 6.7 Each Service Manager responsible for managing each service shall be accountable for the associated allocated resources. If a Service Manager wishes to incur any expenditure that falls within approved Council Policy for which either there is no or insufficient provision within the approved budget estimates, then each Service Manager may incur that expenditure by virement (i.e. transferring from one approved budget Cost Centre to another) subject to the following conditions :-
- a) the maximum extra expenditure shall not exceed £20,000 on any one Cost Centre in a financial year;
 - b) the extra expenditure to be incurred will not be recurring;

- c) transfers shall not be made from Pay or income budgets without the prior agreement of the Chief Financial Officer as these are subject to other Council policies and external influences. Virements are not allowed from budgets for recharges including depreciation of assets;
- d) the Service Manager incurring the expenditure shall notify his action to the Chief Financial Officer for amendment of the base budget.

6.8 The Cabinet will be responsible for the approval of Supplementary Estimates and Virements in excess of £20,000 of a revenue and capital nature. The aggregate amount of supplementary estimates and Virements shall not exceed £200,000 in any one financial year. Beyond that limit, approval of any Supplementary Estimate or Virement shall require the approval of full Council.

All new Capital and Revenue Proposals (that are not minor additions to existing approved schemes) above these Virement and Supplementary Estimate limits require the approval of full Council.

6.9 Nothing in these Financial Regulations rules shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which the Civil Contingencies Act 2004 applies, provided that such expenditure shall be reported as soon as possible to the appropriate Cabinet Member and the Cabinet.

6.10 The inclusion of items in approved revenue estimates shall constitute authority to incur such expenditure except where the Council has placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.

6.11 Expenditure on items in an approved Capital Programme may only be incurred when all the necessary grant and funding approvals have been received and if proposed to be met from capital receipts when these are available or approved by the authorities responsible. The Council may also place a reservation on a particular scheme which can then only be progressed when that reservation has been removed.

6.12 The Revenue Budget and Capital Programme may be periodically updated to include schemes within approved Council priorities and policy that are fully funded from external sources with the agreement of the Chief Financial Officer. These updates will be included in the Budget Monitoring reports to Cabinet and reported to Council as part of the annual budget process.

7. Contract Procedures

7.1 The general procedure in respect of contracts is covered by the Contract Procedure Rules

7.2 Where Contracts more than £50,000 provide for payment to be made by instalments, the Chief Financial Officer shall arrange for the keeping of a contract register or other suitable method of recording approved by the Chief Financial Officer, to show the state of account on each Contract between the Council and the Contractor, together with any other payments and the related professional fees. The Solicitor to the Council shall notify the appropriate details of every such Contract to the Chief Financial Officer and the name of appropriate Supervising Officer as soon as the Contract is entered into and the appropriate Supervising Officer shall notify the Chief Financial Officer of the date of commencement of the Contract period if not stated in the Contract without delay and prior to any payments being made relating to the contract.

- 7.3 Payments to Contractors for Capital work on account of the Contract shall be made only after a certificate has been issued by the appropriate Supervising Officer or other officer in accordance with regulation (14.2). In the case of Contracts supervised and managed on behalf of the Council by private consultants such certificate shall be signed by the consultant concerned. Payments for other contracts, to which this Regulation applies, shall be by means of invoice and/or pro forma certificates as determined by the Chief Financial Officer.
- 7.4 Subject to the provisions of the Contract in each case every extra item or variation shall be authorised in writing at the time of occurrence by the appropriate Supervising Officer or his nominee as per (7.3) above, or, if appropriate, by the consultant concerned and a copy, evaluated where possible, shall be forwarded to the Chief Financial Officer.
- 7.4.1 Every extra item or variation should be authorised in writing within a maximum of two working days of any verbal agreement being given by the Council's supervising Officer/Nominee. The authorisation should be given in writing to the Chief Financial Officer prior to any works commencing.
- 7.5 If during the course of the Contract it appears to the appropriate Supervising Officer (or where appropriate the consultant concerned) that the final cost is likely to exceed the Approved Contract Sum that person shall, as soon as possible, report this to Cabinet for approval of the allocation of financing, and for the purpose of this regulation, Approved Contract Sum shall include any contingency held outside the contract. The release of the contingency shall be in consultation with the S151 Officer.
- 7.6 The final payment certificate on completion of any contract shall not be issued nor shall the final balance of the retention monies be released unless the appropriate Supervising Officer or consultant has produced to the Chief Financial Officer a detailed statement of account and all relevant documents as required and the Chief Financial Officer has agreed the amount due with a contract audit review.
- 7.7 The Chief Financial Officer shall, to the extent as considered necessary, examine final accounts for the contracts for Capital works and shall be entitled to make all such enquiries and receive such information and explanations as required in order to satisfy themselves as to the accuracy of the accounts.
- 7.8 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred by the appropriate Supervising Officer to the Solicitor to the Council for consideration of the Council's legal liability and where necessary to the Chief Financial Officer for financial consideration before settlement is reached.
- 7.9 Where appropriate, on practical completion of the Contract for building, constructional and engineering work, the appropriate Supervising Officer or consultant shall issue a certificate of practical completion and forward a copy to the Chief Financial Officer.
- 7.10 Where completion of a Contract is delayed by more than one month beyond the Contract period as extended where appropriate, it shall be the duty of the Supervising Officer or Consultant concerned in consultation with the Solicitor to the Council to take action under the appropriate clause in the contract in respect of any claim for liquidated damages and to report this action to the Cabinet.
- 7.11 In any case where the total final cost of any work carried out under contract for building, constructional or engineering work exceeds the original approved Contract Sum, as amended by Cabinet from time to time, a report of such costs shall, after agreement of the final account, be submitted to the Cabinet by the Service Manager concerned for approval of the funding unless this can be met from a Virement in accordance with paragraph 6.7.

7.12 In the case of Contract work undertaken by the Council's Operational Services regulations relating to contracts will apply where appropriate.

8. External Arrangements

8.1 The Council provides a distinctive leadership role for the community and can bring together the contributions of the various stakeholders. It can also act to promote or improve the Council's economic, social and environmental well-being to act wherever possible as ambassadors for projects.

8.2 Full Council is responsible for approving delegations, including frameworks for partnerships and will to act in good faith at all times and in the best interests of the partnership aims and objectives. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs; encourage joint working and the sharing of resources, skills and information between public, private and community sectors.

8.3 Full Council can delegate functions - including those relating to partnerships - to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Cabinet remains accountable for them to the full Council.

8.4 Officers represent the Council on partnerships and external bodies, in accordance with the scheme of delegation.

8.5 Council representatives on partnerships will promote and maintain the same high standards of financial administration that normally apply within the Council to include the holding confidentially of any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature as far as is allowed by Freedom of Information Act.

8.6 The Chief Financial Officer must ensure that the accounting arrangements adopted by partnerships and joint ventures are satisfactory and that arrangements do not impact adversely upon the services provided by the Council. Consideration must be given to the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, and all significant risks must be fully appraised before agreements are entered into, to be open about any conflicts of interest.

8.7 Service Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

8.8 The Chief Financial Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts; that the responsibilities of the accountable body are clearly understood and that the key conditions of funding and any statutory requirements are complied with.

8.9 Any match-funding requirements must be considered by the Chief Financial Officer prior to entering into the agreements and that future revenue budgets must reflect these requirements.

9. Income Charging Policy and Income Collection

9.1 Local authorities have a wide discretion to levy charges for services. Where charges can be set at the discretion of the Service Managers they should comply with the income and charging principles, including:

- a) The Council should aim to charge for all services where it is appropriate to do so, unless there are conflicting policies or legal reasons not to do so;
- b) The Council should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons;
- c) Decisions to subsidise services, or to not make a charge for a service should be clearly linked to corporate priorities, and the potential income that is not earned must be a consideration in the decision;
- d) Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood and publicised;
- e) Comparisons and benchmarking with relevant sectors in terms of charges made, cost of service delivery, levels of subsidy and market variations should be used to inform fees and charging proposals;
- f) Charges must be linked to both service and strategic objectives and must be clearly understood;
- g) The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood;
- h) Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services;
- i) The Council should through its commissioning arrangements, ensure that the charging policies of partner organisations/ shared services engaged in delivering Council services does not conflict with Council policies;
- j) Where appropriate annual inflationary or market-based uplifts will be applied through the budget setting process.

9.2 Income collection

9.2.1 The Chief Financial Officer shall agree arrangements for the collection of all income and approve procedures and systems. In order to achieve this, the following controls must be followed:

- a) All income due to the Council and Value Added Tax is identified, charged correctly and billed promptly;
- b) All income received by an employee on behalf of the Council is paid without delay to the Chief Financial Officer or to a nominated officer or into the Council's specified bank account and is properly recorded;
- c) All income received shall be receipted immediately;
- d) All receipts given for income should be on an official receipt form;

- e) All income is collected from the correct person, at the right time using the correct procedures and appropriate stationery and effective recovery action to pursue outstanding sums is taken within defined timescales;

All monies shall be held securely prior to being paid over; monies should be locked away and held as approved by the Chief Financial Officer and the Council's insurers;

Every transfer of official money between officers shall be evidenced by the signature of the receiving officer;

- f) A formal approval process for write-offs of uncollectable debts should be followed using the criteria detailed in paragraph 9.3;
- g) Personal cheques shall not be cashed out of money held on behalf of the Council;
- h) Officers shall record all cash received immediately; its use for either personal or unofficial purposes is strictly forbidden;
- i) All paying in records shall be retained securely in line with the Council's policies on the retention of documents.

9.3 Bad Debts

9.3.1 Once raised, no bona fide debt should be cancelled, except by full payment, or by it being formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

9.3.2 Established recovery procedures, are initiated where necessary, including legal action, for debts that are not paid promptly.

9.3.3 Officers have a responsibility to assist the Chief Financial Officer in collecting debts that they have originated, by providing appropriate information requested by the debtor, maintaining records or evidence of acceptance of the debt and in pursuing the matter on the Council's behalf, to assist in resolving the matter.

- Appropriate accounting adjustments are made following write off action within defined timescales.

9.3.4 Debts to be written off shall be submitted to the Chief Financial Officer in writing in accordance with the Scheme of Delegation in Section 4 of the Constitution, paragraph 1.13.

9.3.5 The Chief Financial Officer has delegated authority to write off debts up to £10,000 for any individual account, subject to consultation with the Cabinet Lead Member for Resources for amounts between £5,000 and £10,000. Cabinet is authorised to write off debts in excess of this figure.

9.3.6 The Chief Financial Officer has delegated authority to write off all debts where instructed by the Insolvency Practitioner or Official Receiver in respect of Business Rates, Council Tax and Debtors To include decisions to proceed with the initiation of bankruptcy proceedings in accordance with the Revenues Debt Recovery Policy as amended from time to time.

9.3.7 The details of any anticipated income monies that are lost should be reported to the Chief Financial Officer by the responsible Service Manager without delay.

9.4 Money Laundering

9.4.1 The Chief Financial Officer is responsible, in consultation with the Solicitor to the Council, for ensuring that all employees likely to receive payments from the public, businesses or professions are aware of the authority's responsibilities under the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 and any other relevant acts and regulations, such as the Terrorism Act 2000 and Anti-terrorism, Crime and Security Act 2001.

9.4.2 The Chief Financial Officer shall receive reports from staff about suspicious payments of any value for any purpose and payments in cash in excess of **£10,000 or 15,000 euros** including in aggregate.

9.4.3 The Chief Financial Officer shall report any instance of suspected money laundering to the National Crime Agency.

10. Insurances and Risk Management

10.1 All organisations, whether they are in the private or public sector, 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.

10.2 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 shall benefit from reduced costs of providing insurance cover and shall also avoid the disruption and wasted time caused by losses and insurance claims.

10.3 Through regular performance monitoring the Audit Committee should be kept informed of items listed on the corporate risk registers. Any overdue corporate risk actions will be reported to Overview and Scrutiny Committee with the relevant performance information. It is the overall responsibility of the Cabinet to promote a culture of risk management awareness through the Council. Monitoring of and reporting on the effectiveness of the strategy is an essential part of the process.

10.4 The key controls for risk management and insurance are:

- a) Robust systems are in place to identify, assess, prevent or contain significant operational risks on an integrated basis and these systems are promoted throughout the organisation;
- b) Acceptable levels of retained risk are identified and evaluated and arrangements are in place for their funding, either by internal provision or external insurance as appropriate;
- c) Managers know that they are responsible for managing relevant risks and are provided with appropriate and timely information on claims experience and risk management initiatives relating to their areas of responsibility;
- d) Procedures are in place to investigate and process claims within required timescales;

- e) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.

10.5 The Chief Financial Officer shall effect all insurance cover and negotiate all claims in consultation with together relevant officers where appropriate.

10.6 Service Managers shall give prompt notification to the Chief Financial Officer of all new risks, properties, vehicles and other assets that are required to be insured or any alterations affecting existing insurances.

10.7 Service Managers shall promptly notify the Chief Financial Officer in writing of any actual or potential loss, liability or damage or any event likely to lead to an insurance claim by or against the Council.

10.8 Officers shall consult the Solicitor to the Council and the Chief Financial Officer in respect of the terms of any indemnity which the Council is requested to give; and the terms of insurances required to be held and evidence held by third parties prior to the use of Council assets.

11. Internal and External Audit

11.1 The Council's responsibilities under Regulation 5 of The Accounts and Audit Regulations are delegated to the Chief Financial Officer as S151 Officer.

11.2 The Chief Financial Officer shall ensure that Internal Audit demonstrates compliance with the UK Public Sector Internal Audit Standards as specified by the Institute of Internal Auditors including the Internal Audit Charter which enables Internal Audit to operate adequately and effectively are approved by the Audit Committee.

11.3 The Chief Financial Officer shall, at least once in each year, conduct a review of the effectiveness of its system of internal control. This review shall be considered and approved by the Audit Committee.

The findings of the review shall be considered, as part of the consideration of the system of internal control referred to in paragraph 2.8.1.

11.4 The Chief Financial Officer, through the Internal Audit Section, will issue guidance on principles to be observed in the allocation of accounting duties in order to meet good audit practice.

11.5 A Service Manager, or any other member of staff or member of the Council, shall immediately inform the Chief Financial Officer of any loss or financial irregularity or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including any affecting asset (including data) cash, stores or other property of the Council. The Chief Financial Officer shall then determine the action to be taken.

11.6 Fraud – Preventing Financial Irregularities

11.6.1 The Council shall ensure that it has an effective anti-fraud and anti-corruption policy in place and that all Members and employees act in accordance with the Members' and employees' Codes of Conduct.

- 11.6.2 All officers are required under their contractual obligation to report financial irregularities at the earliest opportunity to their manager or Chief Financial Officer. The Chief Financial Officer will report financial irregularities to the Chief Executive, Cabinet and the Audit Committee.
- 11.6.3 The Council shall ensure that whistle blowing procedures are in place and operate effectively and that legislation including the Public Interest Disclosure Act 1998 is adhered to.
- 11.6.4 The Chief Financial Officer, in conjunction with Internal Audit/Corporate Fraud, will determine the scope of any internal enquiries or investigations, subject to consultation with the relevant member of the Corporate Leadership Team.
- 11.6.5 The Chief Financial Officer, in consultation with the relevant member of the Corporate Management Team, will decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.
- 11.6.6 The Chief Financial Officer will inform the Chief Executive and Monitoring officer if a suspected irregularity occurs involving staff that are their responsibility.
- 11.6.7 All employees and members must report financial irregularities to the Chief Financial Officer who will notify internal audit and ensure that:
- Only trained officers will carry out investigations and shall be:
- a) given access at all reasonable times to premises, personnel, documents and assets that fraud investigators consider necessary for the purposes of their work.;
 - b) provided with any information and explanations that they seek in the course of their work;
 - c) an annual report covering irregularities / Fraud work carried out is submitted to the Audit Committee.
- 11.6.8 The Chief Financial Officer will advise the relevant Corporate Leadership Team member if the outcome of an audit/fraud investigation indicates improper behaviour by a member of staff; or the monitoring officer if the outcome of an audit investigation indicates improper behaviour by an elected member. The Corporate Leadership Team member or monitoring officer will then instigate the relevant disciplinary/standards procedure.

12. Inventories, Stocks, Stores and Non-property Assets (ie not land and buildings)

12.1 General

12.1.1 The Chief Financial Officer shall:

- a) Advise on the form, layout and content of inventory records to be maintained by the Council;
- b) Advise on the arrangements for the care and custody of stocks and stores.

12.2 Inventories - Service Managers shall:

- a) Maintain inventories in a form approved by the Chief Financial Officer to adequately record and describe all furniture, fittings and equipment, plant and machinery under their control;
- b) Carry out an annual check of all items on the inventory in order to verify location, review condition, ensure insurance cover is adequately provided and to take action in relation to surpluses or deficiencies. All surpluses and deficiencies in excess of £1000 shall be notified in writing to the Chief Financial Officer as soon as practicable by the responsible Service Manager;
- c) Ensure attractive and portable items, such as computers, cameras and mobile technology devices are identified with security markings as belonging to the Council and appropriately controlled and secured;
- d) Make sure that property is only used in the course of the Council's business unless the director concerned has given permission otherwise;
- e) Ensure obsolete inventory items are disposed of in liaison with the Chief Financial Officer/Audit Manager, to achieve best value for the Council and keep such records as in consultation with the Chief Financial Officer considered necessary. Surplus inventory items of estimated value in excess of £1000 shall be disposed of by competitive tender or public auction in accordance with the Contract Procedure Rules unless the Service Manager with the agreement of the Chief Financial Officer decides otherwise in any particular case. Payments by the successful bidder shall be received and if appropriate cleared before delivery is taken, unless otherwise agreed by the Chief Financial Officer.

12.3 Stocks and Stores

- 12.3.1 Service Managers shall be responsible for the care, custody and level of the stocks and stores in their Service Teams and keep such records as in consultation with the Chief Financial Officer considered necessary.
- 12.3.2 Stocks shall be maintained at reasonable levels and are subject to a regular independent physical check by persons other than the storekeeper at least every year. All discrepancies should be investigated and pursued to a satisfactory conclusion. Records of stocks checked and discrepancies found are to be kept.
- 12.3.3 The Chief Financial Officer shall be entitled to receive from each Service Manager such information as they require in relation to stores for the accounting, costing and financial records including a certified statement of surpluses and deficiencies arising throughout the year.
- 12.3.4 Surplus materials, stores or equipment of estimated value in excess of £1000 shall be disposed of by competitive tender or public auction in accordance with the Contract Procedure Rules unless the Service Manager with the agreement of the Chief Financial Officer decides otherwise in any particular case. Payments by the successful bidder shall be received and if appropriate cleared before delivery is taken, unless otherwise agreed by the Chief Financial Officer.
- 12.3.5 The Service Manager in consultation with the Chief Financial Officer, authorise or write off disposal of redundant stocks and equipment by the most efficient method to include but not exclusive to e-bay, auction, scrapping.
- 12.3.6 Service Managers shall record the reasons for the chosen method of disposing of redundant stocks and equipment if not by competitive quotation or auction.

13. Investments, Borrowing, Treasury Management and Loans to Third Parties

- 13.1 The Council adopts the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Sector.
- 13.2 The Cabinet shall be responsible for implementation and monitoring Treasury Management policies and practices, and the Chief Financial Officer responsible for the execution and administration of Treasury Management decisions, acting in accordance with the approved Policy Statement, Treasury Management Policies and, if a CIPFA member, its Standard of Professional Practice on Treasury Management.
- 13.3 The Chief Financial Officer shall report to Council on Treasury Management Policy and to the Treasury Management Cabinet Panel and Overview and Scrutiny Committee on practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, an annual report after its close and a mid-year report.
- 13.4 Borrowings shall be in accordance with the Prudential Code and guidance from CIPFA. The Prudential indicators shall be monitored and reported to the Treasury Management Cabinet Panel, Overview and Scrutiny Committee and Council by the Chief Financial Officer at least three times a year within the reports detailed in paragraph 13.3.
- 13.5 All investments and all borrowing shall be made in the name of the Council.
- 13.6 Officers shall not enter into financial leasing arrangements except with the consent of the Chief Financial Officer. Before entering into any lease agreement directors shall submit details to the Chief Financial Officer to enable a financial appraisal to be undertaken, including alternative financing options and implications for accounting treatment.
- 13.7 Loans to third parties will only be made in accordance with the Council's approved policies, and having followed the Council's decision making process. Such loans are closely allied to but outside the scope of the Treasury Management Service Strategy.

14. Payment of Accounts

- 14.1 Individual officers shall ensure that payments are authorised by appropriate officers who can certify that goods and services have been received and that price, quantity and quality are in accordance with the initial order.
- 14.2 Corporate Leadership Team Members shall provide the Chief Financial Officer with a list of authorised officers showing their signing levels. This list should be reviewed at intervals to ensure it is up to date and accurate and any changes being reported promptly.
- 14.3 The normal method of payment of money due from the Council shall be by BACS or other instrument drawn on the Council's banking account as approved by the Chief Financial Officer. Payments will be made at intervals as determined by the Chief Financial Officer.
- 14.4 Where an electronic file contains multiple payments, an officer may authorise the whole file with one signature if their authorised limit is at least the value of the highest individual amount within that file.
- 14.5 References to certification and authorisation are deemed to include those made online within a system where the identity of the user is verified using the system's identification protocols.

- 14.6 Once certified, all accounts (not invoices) paid through the centralised payment system must be passed to the payments section that shall ensure that the required payment is made to the correct person by the agreed method of payment and that all expenditure including VAT is accurately recorded against the correct budget.
- 14.7 Payment should be made in accordance with the Council's 'prompt payment' code.
- Invoices to be date stamped with the date of receipt as part of the post opening procedures;
 - Employees should date and sign an invoice in any instances where an invoice has not been so stamped;
 - Certified accounts shall be passed without delay to the Chief Financial Officer (in normal circumstances within 7 days from receipt of such account in the spending division);
 - Where discount is available for prompt payment, the Service Managers should ensure that payments are dealt with in sufficient time to ensure receipt of discount.
- 14.8 Invoices do not need specific authorisation for payment in the electronic system where the invoice matches the authorised order and goods receipt, and all three are correctly entered into the system.
- 14.9 To ensure that where it is necessary to pass a copy invoice for payment a thorough check must be carried out to ensure the original invoice has not previously been paid.
- 14.10 Pro-forma payment vouchers are internally generated documents used to raise a payment to a third party where there is no invoice by which to make payment. Pro-forma payment vouchers shall not be raised in place of supplier invoices.
- 14.11 The Chief Financial Officer shall ensure that all appropriate payment documentation is retained for the required period of time in accordance with the Council records management policy.

15. Petty Cash/Float Accounts

- 15.1 It is not the policy of the Council to operate a Petty Cash system; instead the Chief Financial Officer shall provide cash floats as considered appropriate following formal request from the relevant Service Manager.

16. Procurement of Works, Goods, Materials and Services

- 16.1 Goods, work or services should not be purchased unless the cost is covered by an approved budget.

No payment will be made without an authorised order, unless otherwise agreed by the Chief Financial Officer or the Solicitor to the Council.

- 16.1.1 All orders given on behalf of the Council shall be raised through the Councils recognised ordering system and approved electronically in accordance with signatory limits. All orders are to be authorised by officers nominated by the appropriate Manager who shall be responsible for official orders issued from their Services. Orders

given verbally due to exceptional circumstances, should in every case, be confirmed as appropriate as soon as possible.

16.1.2 The key controls for ordering and paying for work, goods and services are:

- a) All works, goods and services are ordered only by appropriate persons and recorded;
- b) All works, goods and services shall be ordered in accordance with the Contract Procedure Rules. The raising of two or more orders for a transaction and obtaining multiple approvals at a lower level is **not** permitted;

Orders shall be issued for all work, goods or services to be supplied to the Council except for suppliers of utility services, for periodic payments such as rent and rates, and such other exceptions that the Chief Financial Officer may approve.

Each Official Order shall contain details of the works, goods and services to be received from the named supplier, including quantity, description and estimate of cost.

- c) Works, goods and services received are checked to ensure they are in accordance with the order;
- d) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- e) All appropriate payment documents are retained and stored for the defined period in accordance with the Council records management policy';
- f) All expenditure is accurately recorded against the right budget and any exceptions corrected;
- g) That processes are in place to maintain the security and integrity of data for transacting business electronically.

16.2 Procurement cards

16.2.1 The Chief Financial Officer shall be responsible for authorising the issue of corporate procurement cards and determining spending limits, as an alternative means of acquiring and paying for goods & services in circumstances where the generation of purchase orders is deemed inappropriate and inefficient. Procurement Cards may be used for specific authorised Council business where necessary; generally this will be for high volume, low value transactions.

16.2.2 Cardholders are required to comply with the policy issued by the Chief Financial Officer regulating the use of corporate credit cards.

16.2.3 The Chief Financial Officer may withdraw cards at any time the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

16.2.4 Details and receipts for all expenditure charged to the corporate credit card accounts shall be provided to the Chief Financial Officer using the nominated procurement system as soon as possible after expenditure is incurred.

16.2.5 Purchases must be made in accordance with the Contract Procedure Rules. Procurement Cards should **not** be used to make multiple smaller purchases of similar

goods from single suppliers that should be procured in accordance with the Contract Procedure Rules to achieve best value.

17. Property Assets

17.1 The Director of Economic Prosperity & Place shall prepare and review the Council's Asset Management Plan and make recommendations to Council thereon in respect of acquisition and disposal policy.

17.2 The capital portfolio fund for property assets shall be managed in accordance with Council's approved policy and all proposals for acquisitions/disposals will be considered following the Council's decision making process.

17.3 Disposals

17.3.1 Land, property and any other assets which are surplus to operational need are either to be reallocated to meet alternative needs or disposed of in line with statutory requirements and/or Council policies.

17.3.2 Service Managers shall notify the Chief Financial Officer of:

- a) Any property (or part) that is:
 - Vacant;
 - Held against a future operational need;
 - Not used for the principal purpose for which it is held;
 - Likely to be surplus to requirements (with estimated timescale);
- b) Any statutory/process issues relevant to its disposal (e.g. prescribed consultation processes, reference to the secretary of state, etc.);
- c) Any other issues which need to be considered prior to disposal.

18. Salaries and Wages

18.1 The Human Resources Manager shall be notified as soon as possible (in the form prescribed) of all appointments, terminations of employment, sickness absences and any other changes which may affect the pay of employees.

18.2 Appointments of all employees shall be made in accordance with the Council's approved establishments, grades and rates of pay

18.3 Changes in remuneration should be made in accordance with Council Policy.

18.4 The Chief Financial Officer shall ensure appropriate arrangements are in place for the accurate and timely statutory payments of contributions/deductions from employee and member salaries.

18.5 All appropriate payroll documents shall be retained for the required period of time in accordance with the Council records management policy.

18.6 All payments to employees and members will be paid by bank transfer through arrangements made by the Chief Financial Officer.

19. Security

- 19.1 Officers shall be responsible for the security of all assets under their control and shall consult with the Chief Financial Officer where security is thought to be defective or where it is considered special security arrangements are needed.
- 19.2 Assets include land, property, money, stocks, stores, furniture, equipment and electronic data.
- 19.3 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without their express permission.
- 19.4 Keys to safes and similar receptacles are to be in the personal custody of the person responsible at all times except where the Chief Financial Officer is satisfied adequate alternative security exists; the loss of any such keys must be reported to the Chief Financial Officer and the Solicitor to the Council.
- 19.5 The opening of post shall be in a secure location in accordance with arrangements approved by the Chief Financial Officer. The receipt of post at Council offices shall be under arrangements approved by the Chief Financial Officer.
- 19.6 Service Managers shall ensure compliance with the provisions of the Council's Information and Communications Technology Policies and Guidelines within their Services.

20. Travelling, Subsistence and Other Allowances

- 20.1 All claims for payment of allowances, subsistence, travelling and expenses must be submitted within one month of the period they relate by the specified date using the nominated system or an appropriate form. Supporting evidence including VAT receipts where appropriate should be retained in line with the Council's records management policy. Any exceptions shall require individual certification by both the Corporate Leadership Member and the Service Manager.
- 20.2 The certification of claims by or on behalf of a Service Manager shall be taken to mean that the certifying officer is satisfied that the journeys and the expenses incurred were necessary and authorised as being in line with the Council's policies on travel and subsistence claims.
- 20.3 Payments to Members in respect of Basic, Special Responsibility allowances and Chair and Vice Chair payments will be made monthly, in accordance with the Council's Members' Allowance Scheme.
- 20.4 Payments to Members, who are entitled to claim travelling or other allowances, will be made upon receipt of the prescribed form duly completed. All claims for a financial year are to be submitted within one month of 31st March.

21. Value for Money

- 21.1 Budget holders shall ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services in accordance with the Council's Wyre Forest Forward Programme/Efficiency Action Plan.

22. Working Balances, Reserves and Provisions

- 22.1 Council has adopted the general principles of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.
- 22.2 The Chief Financial Officer shall advise the Council about the level of working balances, reserves and provisions and administer in accordance with the Council's Financial Strategy.
- 22.3 The Working Balance shall be set based on the advice of the Chief Financial Officer with due regard to financial risk, taking into account net operating expenditure levels, and be used to cushion the impact of uneven cash flows, and as a contingency to mitigate the risk of unexpected events or emergencies.
- 22.4 General Reserves arising from either savings on budgeted expenditure or over achievement of targeted income are to be reviewed annually by the Council as part of the budget process and are to be used to assist with the balancing of the budget over the medium term financial plan.
- 22.5 Earmarked Reserves are set up by the Council to assist with known or predicted liabilities. The level of each Reserve is assessed by the Service Managers and approved by the Corporate Leadership Team with due regard to advice from Chief Financial Officer based upon strategic, operational and financial risks facing the Council. Significant new reserves created as part of the Final Accounts process shall be reported to Cabinet and the Audit Committee. Current overall levels of Earmarked Reserves shall be reported to Council annually as part of the Budget process and any new Reserves recommended as part of the Budget proposal approval process.
- 22.6 The Chief Financial Officer will establish provisions for defined liabilities in accordance with Accounting Guidelines.

23 Working for Third Parties, Shared Services and Alternative Service Delivery Models

23.1 Working for Third Parties and Shared Services

- 23.1.1 Current legislation enables the Council to provide a range of services to certain other bodies. Such work may enable the Services to maintain economies of scale and existing expertise. Arrangements must be in place to ensure that any risk associated with this work is minimised.
- 23.1.2 All proposals for the Council to undertake work for a third party shall be properly costed in accordance with guidance provided by the Chief Financial Officer. Financial advice should be obtained from the Chief Financial Officer on the cost of providing the service.
- 23.1.3 All decisions for the Council to undertake work for a third party shall be made in accordance with the Council's formal decision making processes before any negotiations to work for third parties are concluded.
- 23.1.4 Officers must obtain legal advice on the implications of providing the proposed service to the third party. All contracts for providing work for a third party shall be drawn up using guidance provided by the Council's legal services team.

23.1.5 Officers shall ensure that:

- a) All contracts are properly documented and a register of all contracts to supply goods and services to third parties is maintained by each Service;
- b) Appropriate identity checks on the third party are carried out in accordance with the Council's anti money laundering policy and guidance;
- c) Appropriate insurance arrangements are in place for the third party work;
- d) The Council is not put at any risk of bad debts as a result of any third party work;
- e) Wherever possible, payment is received in advance of the delivery of the service under a third party contract.

23.2 Alternative Service Delivery Models

23.2.1 Current legislation allows the Council to deliver its services and achieve its corporate priorities through a range of alternative service delivery models.

23.2.2 All decisions for the Council to set up alternative service delivery models shall be made in accordance with the Council's formal decision making process. In each case, a business case shall be prepared by the relevant officer in close liaison with the Chief Financial Officer and Solicitor to the Council to set out in full due diligence issues including financial and legal implications, risk and governance

...End...

May 2017