

F. Financial Procedure Rules

1 Introduction

- 1.1 These financial regulations have been prepared to advise Members and employees of Bolton Council of the required standards which must be complied with in the management of the Authority's financial affairs.
- 1.2 The regulations define those financial elements that are to be managed by the Chief Finance Officer, (known as the Borough Treasurer). The responsibility for other financial issues rests with Departmental Directors or those to whom responsibility is delegated under statute (e.g. Head Teachers).
- 1.3 The Chief Finance Officer is responsible under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988 for the proper administration of the financial affairs of the Council and is the Head of Financial Services within the Council. All accounting and financial systems operated by the Council shall be subject to minimum standards laid down by the Chief Finance Officer. Any departure from using corporate financial systems must be justified on cost or service grounds and agreed by the Chief Finance Officer.
- 1.4 In order to meet statutory responsibilities, the Chief Finance Officer is to be the Head of Financial services within the Authority. This provides accountability to the Chief Finance Officer by all finance staff within the Authority to maintain and promote the highest standards of financial management, integrity and administration in line with these Financial Regulations, Accounting Standards and Codes of Practice.
- 1.5 The Monitoring Officer is responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and / or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- 1.6 In relation to support services and trading activities where Departmental Directors are considering not using existing "in-house" services, then a full evaluation must be undertaken. Any decision to not use an "in-house" service must be on cost and service delivery grounds and the "in house" operation must have been given the opportunity to bid for the service. Any decision will be subject to approval by the relevant Executive Cabinet Member meeting.
- 1.7 The Audit Committee is responsible for approving the Council's Annual Statement of Accounts.

2 Financial Supervision

- 2.1 The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, and particularly for:
 - a) Providing financial advice and information to Members and Officers.
 - b) Setting standards for good financial management and monitoring compliance with those standards, including adherence to the CIPFA Financial Management Code of Practice.
 - c) Advising on the key financial controls necessary to secure sound financial management.
 - d) Ensuring that proper systems of internal control are operated.
 - e) Co-ordinating the preparation of the Revenue Budgets and the Capital Investment Plan.

- f) Determining the accounting policies and financial procedures and records for the Council.
- g) Preparing the annual financial statements in accordance with the relevant accounting standards and codes of practice.
- h) Treasury management activities.
- i) Preparing a risk management policy statement and promoting it throughout the Council.
- j) Maintaining an effective internal audit function, jointly with the Chief Executive.
- k) Managing the Council's taxation affairs.

2.2 The Chief Finance Officer must report to the Council's Monitoring Officer and to Council if:

- A decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful; or
- There has been, or is about to be, an unlawful action resulting in a financial loss to the Council.

2.3 Departmental Directors must ensure that financial systems and procedures used in their service areas are adequate to record and control all transactions and to achieve adequate levels of internal check and control.

2.4 Departmental Directors must ensure that all officers involved in financial matters are aware of, and competent in the use of, these Financial Procedure Rules. The extent of delegated authority to officers must be recorded.

2.5 Departmental Directors must ensure that any report to Executive Cabinet Member contains the financial implications of any proposals. These financial implications must be agreed with the Chief Finance Officer or finance representative.

2.6 Where, because of legislation or decision of the Council, part of the Council's functions is delivered by an Associated Organisation including any partnerships of which the Council is a member or participant, funded partly or wholly by the Council, the organisation must agree with the Council its own arrangements for corporate governance, by way of an initial proposal. All partnership arrangements will incorporate the Council's Financial Procedure Rules and will include the Council's right of access to financial information about the associated organisation.

2.7 Schools with delegated budgets are subject to, and must comply with, the Scheme for Financing Schools and relevant Procedure Rules for use in those Schools.

2.8 A reference in the Financial Procedure Rules:

- To the Cabinet includes Cabinet Committees
- To a Director, includes where appropriate the Chief Executive,
- To a Director includes his or her nominees (except where otherwise specifically forbidden)
- To the Chief Finance Officer includes his or her nominees; and

- To an officer means any employee of the Council, or other persons contracted to conduct functions where these Financial Procedure Rules apply.

3. Financial Management

3.1 Responsibilities

The Council is responsible for determining the Corporate / Council Plan which sets out the Council's strategic outcomes and actions and provides the overarching framework for the determination of the Council's Medium Term Financial Plan (MTFP) within available resources.

- 3.1.1 Following advice from the Chief Finance Officer, the Cabinet is responsible for recommending a MTFP as set out above to Budget Council, to enable the Council to set a balanced budget for the general fund for the forthcoming financial year. The 1992 Local Government Finance Act, Section 30 (6) states that that the billing Authority must set an amount of Council Tax before 11th March in the financial year preceding that for which it is set.
- 3.1.2 The Cabinet is responsible for implementing the Budget Council approved MTFP for the forthcoming financial year. On the advice of the Chief Finance Officer, Cabinet can recommend amendments to the MTFP to any meeting of Council, also recommending any related changes to the Council Plan, strategic objectives, or actions.
- 3.1.3 The Chief Finance Officer is responsible for providing financial advice to the Council on all those issues where the Authority is regarded as one legal entity.

3.2 Financial Advice – Departmental

The Chief Executive has an overall responsibility to ensure the competent financial advice to an appropriate and reliable standard is provided to the Cabinet, Executive Cabinet Members, Committees and Departments. Departmental Directors are responsible for ensuring the arrangements are in place to provide the financial advice and support needed to meet their requirements and undertake necessary risk management appraisals.

3.3 Budget Setting – Corporate

- 3.3.1 The Chief Executive and Chief Finance Officer shall be responsible for designing and implementing the annual Corporate Business Planning Process. The Chief Finance Officer is responsible for the preparation of a corporate budget reconciling aggregate planned expenditure with anticipated income, advice on the setting of Council Tax and advising on the prudent levels of reserves for the Council.
- 3.3.2 The budget starting point will be the existing multi-year plans rolled forward from the previous year, including a high-level review of Council funding and spend assumptions. Any resultant gap between funding and spend forecasts will inform target spending controls over the new MTFP period.
- 3.3.3 The Chief Finance Officer is responsible for establishing budget procedures, including determination of the following:
 - target spending controls for the Council budget over the MTFP, and their allocation to Departmental Directors, as appropriate,
 - the format for budget documentation,

- a corporate budget timetable, and
- to report on any amendments put forward as part of the Council's budget process.

- 3.3.4 The provisional budget strategy will include arrangements for wider public and key stakeholder engagement on budget options being considered.
- 3.3.5 Departmental Directors will produce draft budget proposals to meet target spending controls for Council budgets over the MTFP, in accordance with budget procedures and the annual budget timetable as set out by the Chief Finance Officer. These draft budget proposals will show how resources are to be allocated across activities, considering any service changes, performance targets, and the specific requirements of any relevant legislation, including integrated impact assessments, in formulating budget options for Cabinet consideration.
- 3.3.6 At least 14 days before the date set for the meeting of the Council which will determine the Council's Budget for the next financial year, the Cabinet will make its recommendations to the Council with regards to the Annual Revenue Budget, the Capital Plan, and the consequent rates for Council Tax, and the updated MTFP.
- 3.3.7 The Chief Finance Officer will advise the Cabinet and the Council on the overall budget, the levels of Council Tax, the use of reserves and the need for contingency budgets, and on the risks involved in the forecasts of spending levels and income. The annual budget report must refer to all matters required by legislation or appropriate professional guidance.

4 Budget Monitoring

- 4.1.1 The Cabinet is responsible for implementing the Council Plan within the resources allocated in the revenue budget, and MTFP.
- 4.1.2 The Chief Finance Officer will report to the Cabinet on the management of the revenue budget on a quarterly basis through the year.
- 4.1.3 The Chief Finance Officer will determine which budgets are "controllable" by Departmental Directors and will allocate the specific budgets that each Director has responsibility to manage. The budgets will normally align with the Directorate structure of the Council. The Chief Finance Officer will determine which budgets may be considered together for the purposes of delegated virement authority.
- 4.1.4 Departmental Directors and Departmental Assistant Directors are responsible for managing controllable budgets within their delegated authority and should exercise proper budgetary control to achieve Council Plan and service objectives. They are authorised to incur any expenditure included in the approved revenue budget, as amended by any virement including obtaining and accepting quotations and providing grants and loans.
- 4.1.5 Departmental Directors must report on budget management and take action to avoid overspending on budgets and report any difficulties to the Chief Finance Officer. The report should show the reasons for the overspending and potential management options for eliminating or reducing the overspending will be included in this report. The Cabinet is responsible for determining such further steps as are necessary to align activity consistent with the resources allocated by the MTFP.
- 4.1.6 A Departmental Director, (in consultation with the relevant Portfolio Holder), is authorised to

make changes to service provision as necessary; providing the proposed change is consistent with the approved Council Plan, service objectives and Council policy, to achieve spending within the approved annual budget or MTFP (as adjusted by any agreed virements).

- 4.1.7 The Chief Finance Officer is accountable for all central budgets, which will be managed in the same way as departmental budgets.
- 4.1.8 The Chief Finance Officer has delegated authority to review the requirement for existing Council Provisions and Earmarked Reserves and to approve the proposed drawdown of earmarked reserves in-year in consultation with the relevant Director, ensuring that the proposed drawdowns are appropriate for the stated purpose of the earmarked reserve. Earmarked Reserves drawdowns in-year will also form part of the overall report to Cabinet on a quarterly basis. The Chief Finance Officer will also report any new Reserves or Provisions requirements to Cabinet for approval.
- 4.1.9 Departmental Directors should delegate authority to commit budgets to the appropriate level of management, set out clearly the extent of authority and review the performance of managers in managing these budgets.

4.2 Closure of Accounts – Corporate

The Chief Finance Officer will be responsible for the consolidation and production of the Authority's statutory accounts.

4.3 Closure of Accounts – Departmental

Departmental Directors will be responsible for the closure of their departmental accounts which must be in accordance with the standards, timetables, and format set by the Chief Finance Officer. Accounts must also be prepared in accordance with the relevant statutory requirements.

4.4 Virements

- 4.4.1 Directors are authorised to transfer resources within a service budget without limit providing the corporate objectives for the service is not changed in a material way.
- 4.4.2 A virement which results in a change in the level of service must be addressed and approved by the Chief Finance Officer. All virements will be recorded in a way prescribed by the Chief Finance Officer who will arrange for virements to be incorporated into subsequent financial monitoring reported to Councillors.

4.5 Other

- 4.5.1 Where during any year a material change of funding / any change associated service arises this must be reported to Council along with a statement of any associated change in the risk profile.
- 4.5.2 Whenever the Cabinet becomes aware, following a report from the Chief Finance Officer, that a reduction in resources during the current or future years may impact on the Council's financial position, it may take such steps as it considers necessary to reduce activity immediately and

report to Council to address this.

- 4.5.3 The Chief Finance Officer is permitted to make variations to revenue funding as necessary to ensure that the Council funding position is optimised, subject to reporting such actions to Cabinet and Council.

5 Financial Systems and Procedures

- 5.1 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 to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer.
- 5.2 Departmental Directors must ensure that officers understand and are competent to undertake their financial responsibilities and receive relevant financial training. Any exceptions to financial procedures to meet the specific needs of a service must be agreed between the Director and the Chief Finance Officer.
- 5.3 Departmental Directors are responsible for the proper operation of financial processes in their own activity and must ensure that all financial, costing, and other statistical information is recorded fully and accurately. All financial documents must be retained in accordance with the Council's approved retention schedule.
- 5.4 As far as practicable, the Chief Finance Officer must plan for the separation of duties between the conducting of transactions and the examining and checking of transactions.

6 Assets

- 6.1.1 Departmental Directors are responsible for the care and custody of all current and fixed assets of the relevant service (including stocks, stores, inventory items and all other items used for the Council's purposes, including property). These items must only be used for the authorised purposes of the Council. Surplus or obsolete goods, materials and inventory items are to be disposed of by agreed transfer to another Service, or disposal taking into account recommendations approved by the appropriate Executive Cabinet Member. Leased items (excluding Land Assets) should only be disposed of in accordance with instructions of the lessor.
- 6.1.2 Departmental Directors must ensure that contingency plans exist for the security of assets and the continuity of service in the event of any disaster, significant event, or system failure.

6.2 Stores

- 6.2.1 Departmental Directors must keep records of all stock held. The Chief Finance Officer will determine which items will be subject to stock accounting, the methods of recording and valuation.
- 6.2.2 Departmental Directors must arrange periodical or continuous checks of stock. This should be by persons independent of the management of the stock. These arrangements must ensure that all items of stock are checked at least once per year. The Chief Finance Officer will be notified of any discrepancies revealed by periodic checks and is authorised to amend records accordingly.

6.2.3 Stock holdings should be kept at minimum levels consistent with normal working practices.

6.3 Fixed Assets Register

6.3.1 The Chief Finance Officer must ensure that a Register of Fixed Assets is maintained. Each Director must notify the Chief Finance Officer of the:

- Acquisition of any land, property or vehicle and any other assets having a value of more than £10,000.
- Disposal (or transfer to another Service) of any Asset (or part of any Asset) which is included on the Fixed Assets Register.
- Leased assets must also be included.

6.4 Land Assets

6.4.1 The Director responsible must maintain a detailed record of all Land Assets owned by the Council and is responsible for the security and custody of all title deeds and must maintain a suitable register of Land Assets.

6.4.2 The disposal of Land Assets must be dealt with in the Contract Procedure Rules.

6.5 Security of Assets

6.5.1 Departmental Directors are responsible for always maintaining proper security for all buildings, stocks, stores, furniture, equipment, cash, and any other assets for which they are responsible.

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

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

6.6 Security of Information

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

6.6.2 All employees are aware of and comply with the Council's Information Security and Records Management policies.

6.6.3 All sensitive information is protected from unauthorised disclosure.

6.6.4 The accuracy and completeness of information and software is safeguarded.

6.6.5 Software and other intellectual property are used only in accordance with licensing agreements.

- Data Protection legislation is complied with.
- The Freedom of Information Act is complied with.
- Proper controls to system and physical access are in place; and
- The Councils intellectual property rights are protected.

6.7 Security of Property Relating to Clients and Customers

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

7 The Collection Fund

The Collection Fund is to be managed by the Chief Finance Officer.

8 Tax Accounting

- 8.1.1 The Chief Finance Officer is responsible for advising the Council on all taxation issues that affect the Council.
- 8.1.2 Each Departmental Director must ensure taxation is treated correctly and consult with the Chief Finance Officer in the event of any uncertainty as to any taxation treatment.
- 8.1.3 Each Departmental Director must understand the VAT implications of all proposals (particularly Capital Expenditure on VAT exempt activities) prior to making policy proposals.
- 8.1.4 The Chief Finance Officer will lead and co-ordinate discussion or negotiations with HM Revenue and Customs about any taxation matter.
- 8.1.5 The Chief Finance Officer will complete all the Council's tax returns.

9 Grant and Loans Grants Receivable

- 9.1.1 Departmental Directors, in consultation with the appropriate Executive Cabinet Members, may apply for grants from any funding body, providing the proposed activity is consistent with the approved Council Plan, service objectives and Council policy where the Council is required to make no contribution, or where the Council contribution can be fully met from an existing budget for that purpose.

- 9.1.2 Departmental Directors must ensure a detailed business case is prepared, in consultation with the Chief Finance Officer, in respect of any grant offer sought. The Departmental Director must agree any material grant conditions with the Head of Legal. Any application / expression of interest needs to assess:
- the alignment of the grant scheme with the current approved policies of the Council,
 - the capacity impact on the Council for the deliverability of the project and expenditure,
 - the parameters of the grant conditions and timescales requirements.
- 9.1.3 Where a proposed revenue or capital budget bid does not align with an existing Council policy, or where there is not sufficient budget allocated appropriately to meet a required Council grant contribution, the Departmental Director must consult with the Chief Finance Officer. After consideration of virement options, it may be necessary to seek authority from Cabinet, or Council (as applicable) to authorise funding to facilitate the grant application.
- 9.1.4 Subject to the identification of sufficient resources within existing approved budget, or the approval of Cabinet, or Council as necessary Departmental Directors are authorised to accept any offer of grant and subsequent grant conditions.
- 9.1.5 The Chief Finance Officer in consultation with the Borough Solicitor and the appropriate Departmental Director is authorised to approve the acceptance of grants in all other circumstances.
- 9.1.6 Departmental Directors are authorised to accept a grant offer of any value from the Greater Manchester Mayoral Combined Authority and any Government department provided that:
- the grant is in fulfilment of a national or regional initiative or requirement, and
 - the Council is required to make no contribution, or the contribution can be fully met from an existing budget for that purpose.
- 9.1.7 The Departmental Director must advise the Chief Finance Officer of the relevant details and obligations of the grant as soon as possible on receiving notice of the grant offer, and on confirmation of the grant award. Where a grant has a capital element, or revenue grant with discretion on usage, the funding must be identified in the relevant budgets and follow the normal process for approval and control of that funding.
- 9.1.8 Where a grant offer includes unusual conditions, the Departmental Director, Chief Finance Officer, and Borough Solicitor must consider if these requirements represent a significant risk to the Council. If they believe that they do so, they must inform and seek authority for acceptance from the Cabinet.
- 9.1.9 Departmental Directors must ensure that any grant conditions or obligations are fulfilled, in respect of the allocations, timings, purposes of expenditure and outputs and outcomes. Directors must arrange for expenditure consistent with any specific type or purpose of grant, such as capital or revenue budget expenditure.
- 9.1.10 The value of all grants must be notified to the Chief Finance Officer, who will make arrangements as necessary to receive the grant and record the relevant expenditure. Any revenue or capital budget impacts will be incorporated into the quarterly financial monitoring update reports to Cabinet.
- 9.1.11 In respect of capital grants, any additional revenue expenditure requirement consequent from any capital grant award must be recognised by budget virements. Any new capital programme

/ scheme must have an appropriate business case and Cabinet approval.

- 9.1.12 Grant claims, financial returns and submissions must be completed by the relevant Departmental Director and the Chief Finance Officer for submission to the relevant government department, agency, or organisation. The Departmental Director must provide such additional information as may be required by the Chief Finance Officer and / or when there is a requirement for internal audit authorisation by the Assistant Director Assurance and Risk.

9.2 Grants to Other Organisations

Before issuing any grant, the Departmental Director must be satisfied that the proposed activity or project does not constitute a procurement (to which Contract Standing Orders would apply) and that provisions within the Scheme of Delegation regarding grants have been complied with.

10 Income

- 10.1.1 Fees and charges must be reviewed at least once a year.

- 10.1.2 The methods of collecting, recording, and banking of all income due to the Council are to be approved by the Chief Finance Officer and be notified of all income which involve the receipt of money by the Council.

- 10.1.3 Departmental Directors must ensure as far as possible that income is collected by electronic means. This means that positive action should be taken to promote the use of customer payment by direct debit at the point of order for one off items, and continuous debit arrangements for ongoing services provision. Departmental Directors must ensure full compliance with all practices necessary to fully protect the banking data of the Council's customers.

10.2 Collection and Banking of Income

- 10.2.1 Departmental Directors must make appropriate arrangements for the control and issue of all receipt forms, books, tickets, ticket machines or other acknowledgements for money.

- 10.2.2 All income received by the Council must be acknowledged by the issue of an official receipt or by another approved method indicating payment has been received. To ensure compliance with the Anti-Money Laundering Policy, Departmental Directors must not accept any cash payment more than 15,000 Euros (£12,000) in respect of one single transaction on one occasion. Any reasonable concerns about the source of monies to be paid to the Council should be raised in accordance with the Procedures. Anti-money laundering compliance is the responsibility of the Director of Corporate Resources who is entitled to issue instruction relating to this matter.

- 10.2.3 All money received by an officer on behalf of the Council must be paid to the Council's bank account. No deductions are to be made from such monies unless specifically authorised by the Chief Finance Officer. Personal cheques must not be cashed out of monies held on behalf of the Council. Refunds must be made through the payments system. Every transfer of official money from one officer to another must be evidenced in the records of the Services concerned by the signature of the receiving officer.

- 10.2.4 Arrangements for opening incoming mail must ensure that any money so received is immediately recorded.

10.3 Debtors

- 10.3.1 Wherever possible, payment should be obtained in advance, or at the time of provision of a service, goods, letting or works. Departmental Directors are responsible for issuing debtor accounts in a form approved by the Chief Finance Officer immediately a debt falls due. Each Departmental Director must maintain adequate records to ensure that all credit income due to the Council is promptly recovered.
- 10.3.2 Departmental Directors recover credit income due in a timely and efficient manner and take appropriate steps to monitor and review the effectiveness of recovery procedures in services and implement any further actions.
- 10.3.3 Where a Departmental Director agrees that a debtor may defer repayment, the Departmental Director must ensure that full records of the reason for agreeing repayment deferral are retained and must have arrangements in place to formally reconsider the appropriateness of deferral at agreed regular intervals (that must not be longer than 12 months).
- 10.3.4 Departmental Directors must regularly review debts due and ensure adequate year end provisions for bad and doubtful debts. The Executive Cabinet Member – Leader's Portfolio will make decisions on debt write offs on the recommendation of the Chief Finance Officer in consultation with Departmental Directors. Departmental Directors in consultation with the Chief Finance Officer are authorised to review and recommend for write off all individual bad debts under £15k in a timely manner, as a minimum every 6 months. A report on the details of all debts needed to be written off over £15k must be prepared and formally approved in Executive Cabinet Member. The 'writing off' of a debt does not absolve a Department of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by the Departmental Director.

11 Payment of invoices

- 11.1.1 All payments must be made through the Council's accounting system and should be made by electronic transfer except where there are substantial overriding reasons for alternative means of payment. Departmental Directors must ensure through a review, at least annually, that authorisations are appropriate to the needs of the service, maintaining an adequate degree of separation of duties and internal control.
- 11.1.2 The Chief Finance Officer will determine the method and frequency of payment from one of the Council's main bank accounts, except for
- Petty cash and other imprest accounts
 - Delegated bank accounts approved by the Chief Finance Officer
- 11.1.3 When an invoice is matched through the automated procurement and payment system, it will be paid in line with the Council's determined procedures. Any invoices rejected by the automated system must be subject to thorough checking by the Departmental Director to determine the reason for variance, and the cause recorded.

11.2 Certification & Processing (paper records)

- 11.2.1 Departmental Directors must approve a schedule of officers authorised to certify invoices, (names and specimen signatures). The schedule must be reviewed at least once per year.
- 11.2.2 All invoices that are not the subject of automated processing must be certified. By certifying an account for payment, the authorised officer indicates that checks have been conducted to ensure that invoice is valid.
- 11.2.3 The Departmental Director must where possible achieve an adequate level of internal check. The officer certifying the account for payment should not be the same officer who received or checked the items, goods, works or services. No officer may certify any invoice involving payment to themselves.
- 11.2.4 All forms of account submitted for payment to a supplier or contractor other than on the original invoice must be accompanied by a special certification stating that the original invoice has not been paid and will not be paid subsequently. The certificate must be signed by an officer authorised to certify accounts for payment.
- 11.2.5 The Chief Finance Officer may withhold payment of any invoice where there is evidence to suggest that it is not in order. The Chief Finance Officer must establish rules that control the use of pro-forma invoices, to ensure that these are not used to circumvent Council procedures,
- 11.2.6 The Council should not pay for any goods or service prior to receipt of the items, and not without an invoice. Where a supplier or contractor requires payment prior to the dispatch of goods or the provision of services, an official order signed by a duly authorised officer and clearly marked that payment is to be made before receipt of the goods or services must be completed. Whenever possible a supplier's invoice must be obtained, and payment made on this. In exceptional circumstances only, a pro forma invoice or supplier's order form detailing fully the goods/service to be obtained may be used. This must be approved by an officer authorised to certify invoices and retained as a record of the payment made, Where VAT features in the advance payment, the issuing officer must then obtain a VAT invoice or authenticated receipt for the transaction, and arrange for its processing to facilitate the recovery of VAT.
- 11.2.7 All discounts available from a supplier are to be taken as a deduction against the cost of goods purchased and must appear on the invoice. Where a supplier provides any free item, or discount is available in the form of goods these are the property of the Council, as are loyalty or bonus points or other rewards earned.

11.3 Purchasing cards

- 11.3.1 All arrangements regarding purchasing cards must be approved by the Chief Finance Officer. Departmental Directors will determine the monthly credit limit, any cash limits and permissible purchasing categories for individual payment and procurement cards.
- 11.3.2 Each cardholder must always ensure safe custody of the card.

11.3.3 Cards may be used only in accordance with the approved scheme and for legitimate expenses incurred by the cardholder during official Council business. They must not be used to:

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

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

12 Capital Expenditure

12.1 Capital Investment Plan Preparation and Management

12.1.1 For the purposes of capital investment plan preparation and management, “capital” must meet the following criteria:

- The definition for capital as set out in relevant CIPFA accounting guidance and accounting standards, and any other statutory Government guidance as set from time to time.
- Subject to above, a minimum threshold or ‘de minimis’ of £10k to be considered capital at an individual project level, as determined by the Chief Finance Officer.
- All capital investment must also be made in recognition of the CIPFA ‘Prudential Code for Capital Expenditure with regard to prudence, affordability and sustainability, and any associated statutory Government guidance.’ Council must approve an annual Capital Strategy and annual (Non-Treasury) Investment Strategy in line with the guidance.

12.2 Responsibilities

12.2.1 The Chief Finance Officer will advise the Cabinet and the Council on the overall capital investment plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings, and income) and indicating the prudential indicators and limits that support the capital investment.

12.2.2 Cabinet is responsible for recommending to the Council at the same time as the proposed revenue budget, a multi-year capital investment plan and the prudential indicators and limits that support the recommended capital investment. Council will approve a capital investment plan and determine allocations of capital resources to programme areas, or to specified projects.

12.2.3 Cabinet is responsible for implementing the capital plan approved by Council, in line with any stated Council policies, or strategies, and will determine the allocation of resources from the programme area to named projects. A programme or named project may only be progressed once the Cabinet has approved the business case for the programme or project.

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

12.2.5 The Council is authorised to transfer resources without restrictions. including between any year, within the approved capital plan.

- 12.2.6 The Chief Finance Officer will report to the Cabinet on the overall management of the capital investment plan on a quarterly basis. This will include any additional capital grant funding received during the year.

12.3 Initiating and Progressing Investment Decisions

- 12.3.1 The Chief Executive will establish arrangements, in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with Council priorities and including the preparation of business cases and / or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its capital investment plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes, the Departmental Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate funding source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.
- 12.3.2 An Executive Cabinet Member or Cabinet report will be prepared for each specific project seeking approval to undertake the scheme.
- 12.3.3 Departmental Directors have authority to progress projects once the approvals have been given. They must ensure compliance with Contract Standing Orders.
- 12.3.4 Departmental Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case. This assessment is to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.

12.4 Complex Projects

- 12.4.1 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by an Executive Cabinet Member or the Cabinet. The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment.

12.5 Leased Assets

- 12.5.1 Accounting regulations (IFRS16) makes an ongoing presumption that all leases will need to be included on the Council's Balance Sheet. All lease arrangements need to follow the same procedures, and have the same authority and approval, as for other items of capital expenditure. In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.

13 Procurement

- 13.1 Departmental Directors must ensure through a review, at least annually, that authorisations are appropriate to the needs of the service, maintaining an adequate degree of separation of duties and internal control. These procedure rules must be read alongside the Contract Standing Orders which establish the framework that controls the Council's arrangements for procurement.

13.2 Orders

- 13.2.1 Before any official order is issued for works, goods or services, the Departmental Director or other authorised officer must ensure that:
- The works, goods, or services are necessary for the discharge of the responsibilities of the Council.
 - Sufficient budget is available to fund the expenditure; and
 - The Contract Standing Orders have been complied with.
- 13.2.2 Departmental Directors are responsible for all orders issued. The order will be issued electronically using the procurement system. Verbal orders must be kept to a minimum and be confirmed either the same or next working day by purchase orders. The receipt of the goods works or services must be recorded electronically (or where applicable on paper) and all payments made in respect of an order.
- 13.2.3 Except where there is a formal contract, in which case work instructions and orders must conform with the provisions of the contract, official orders will be issued for all works, goods or services to be supplied to the Council, except for supplies of continuous services (such as gas), and statutory taxes, for petty cash purchases and other exceptions as the Chief Finance Officer may approve. Orders must clearly indicate the nature and quantity of the work / services / items / supplies required, any related contract or agreed prices, discounts receivable and dates or periods of delivery, and where applicable make specific requirements to obligations placed on the contractor, such as those relating to Data Protection.
- 13.2.4 The Departmental Director must record the receipt of the goods, works or services electronically (or where applicable on paper) and (where applicable) all payments made in respect of an order.

13.3 Variations

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

13.4 Recording of Contractual Payments

- 13.4.1 Any payments on account to contractors against a formal contract are to be made only on an approved certificate issued and checked by the authorised officer.
- 13.4.2 The certificate authorising final financial settlement of any contract will not be issued until the appropriate officer has produced a detailed statement of account and all necessary supporting documents, and these have been checked in accordance with arrangements approved by the Chief Finance Officer and the final payment agreed by the budget holding Director.

13.5 Claims

- 13.5.1 All claims (or prospective claims) from contractors for loss and expense will be considered by the authorised officer who will immediately advise the client Departmental Director, and they

will jointly consider methods for cost reduction to achieve the budgetary provision. The budget holding Departmental Director and the Chief Finance Officer must be consulted in respect of any claim (or prospective claim) from a contractor for loss and expense more than £10k.

- 13.5.2 The Departmental Director will report in detail to the relevant Executive Cabinet Member or the Cabinet if the financial consequences of the claim cannot be accommodated within the approved project budget.

13.6 Codes of Practice

- 13.6.1 All procurement must accord with the Contract Standing Orders, and all relevant procedure and guidelines.

14 Payroll

- 14.1.1 Departmental Directors must ensure through a review, at least annually, that authorisations are appropriate to the needs of the service, maintaining an adequate degree of separation of duties and internal control.
- 14.1.2 All payments of salaries, wages, pensions, compensations, gratuities, allowances, and other emoluments to current or former employees are to be made under the direction of the Chief Finance Officer in accordance with information supplied by the Departmental Director. All payroll transactions must be processed through the Council's payroll system.
- 14.1.3 Departmental Directors must ensure that appointments of all employees are in accordance with the appropriate Conditions of Service of the Council or any approved scheme of delegation, and within the approved budgets, grades, and rates of pay. Any variations of terms and conditions must be in accordance with arrangements approved by the Cabinet.
- 14.1.4 Departmental Directors are responsible for ensuring any termination of employment is in accordance with corporate policy. The financial consequences of any termination of employment will be met from Departmental Budgets unless part of a previously approved corporate scheme.

14.2 Travel, Subsistence, and Other Allowances

- 14.2.1 Payment of all claims must be in accordance with Schemes of Conditions of Service adopted in respect of the employee to which the payment relates and will be paid through the Council's payroll system. Receipts must be provided for all claims.
- 14.2.2 The certification (or electronic approval) of a claim by or on behalf of a Departmental Director means that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council. The certifying officer of mileage claims is confirming that the employee is the holder of a full, current, valid driving licence, an MOT certificate if applicable, road tax, and has complied with insurance requirements regarding the use of their car on Council business.

15 Banking

15.1 Policies and Strategies

- 15.1.1 The Council will adopt both the Code of Practice for Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy, and any

associated statutory Government guidance, as issued from time to time. The Council is responsible for adopting a treasury management policy statement, setting out the policies and objectives of its treasury management activities, and treasury management practices, setting out how those policies and objectives will be achieved and how treasury management will be managed and controlled.

15.1.2 The Executive Cabinet Member – Leader’s portfolio is responsible for the implementation and monitoring of the treasury management policies, practices, and performance. The Audit Committee has responsibility for scrutinising treasury management policies and practices.

15.1.3 The Chief Finance Officer is responsible for the execution and administration of treasury management decisions in accordance with the policy statement and agreed practices.

15.1.4 The Chief Finance Officer will report:

- before each financial year recommending a treasury management strategy and plan.
- quarterly basis in relation to treasury management activity during the year.
- the planned and actual performance in respect of the prudential indicators and limits.

15.2 Administration

15.2.1 All money under the management of the Council is to be aggregated for the purposes of treasury management and will be controlled by the Chief Finance Officer. Investments are to be in the name of the Council. All borrowings are to be in the name of the Council.

15.2.2 The Chief Finance Officer will arrange all loans.

16 Trust Funds

16.1 All trust funds are to be, wherever possible, in the name of the Council, except where charities legislation dictates otherwise. Officers acting as trustees by virtue of their official position must deposit all documents of title relating to the trust with the Borough Solicitor (unless the Trust Deed otherwise directs) who must maintain a register of all such documents deposited.

17 Banking Arrangements

17.1.1 All the Council's banking arrangements are to be approved by the Chief Finance Officer, who is authorised to operate such bank accounts considered appropriate. Bank accounts must not be opened without the approval of the Chief Finance Officer. Where a bank account is opened, the account name must describe the purpose of the account.

17.1.2 Where a School exercises its legal right to its own Bank Account, the Chief Finance Officer will issue guidelines within which the Bank Account is to be operated.

17.2 Cheques and Electronic Payments

Payments to suppliers and employees will be made by electronic means.

17.2.1 Departmental Directors can request a Clearing House Automated Payments, (CHAPS) payment to UK accounts that are guaranteed to arrive on the same day. The Treasury

Management team need 24 hours' notice to be able to process. This is only to be used when normal payment methods are not available.

- 17.2.2 Departmental Directors can request a Faster Payment which are electronic payments that are made online and arrive within a couple of hours. This can be requested to the Treasury Management giving 24 hours' notice.

17.3 Imprest Accounts

- 17.3.1 Departmental Directors will determine what amount is appropriate for an individual imprest account and keep a record of every imprest issued, including the name of the imprest holder, amount, and location. Payments from imprest accounts are to be limited to minor items of expenditure.
- 17.3.2 An imprest holder must at any time account for the total imprest if requested to do so by the Chief Finance Officer and keep adequate records in a form approved by the Chief Finance Officer and supported by valid (VAT) receipts. On ceasing to be responsible for an imprest account the officer must account promptly to the Departmental Director for the amount advanced.

18 Audit

18.1 Responsibility and Authority

- 18.1.1 The Chief Executive, (in consultation with the Chief Finance Officer and Monitoring Officer) must arrange a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.
- 18.1.2 The Assistant Director Assurance and Risk will report directly to the Chief Executive, Chief Finance Officer, Monitoring Officer, Chair of the Audit Committee or the External Auditor where appropriate.
- 18.1.3 The Assistant Director Assurance and Risk has authority to:
- Always enter Council premises or land or location from which Council services are provided.
 - Have access to all property, records, documents, and correspondence relating to all activities of the Council.
 - Require and receive explanations concerning any matter; and
 - Require any employee of the Council, without prior notice, to produce cash, stores, or any other property for which they are responsible.
- 18.1.4 The Chief Finance Officer has the same authority for any accounting or associated purpose.
- 18.1.5 The Assistant Director Assurance and Risk may delegate the rights of access to premises, information, explanation etc. to any employee or agent of the Council (albeit this will normally be staff within the Internal Audit or Counter Fraud team).

18.2 Planning and Reporting

18.2.1 The Assistant Director Assurance and Risk must plan and report (in accordance with the approved Audit Strategy and Charter, Global Internal Audit Standards and associated UK Standards, and having considered input from the Council Audit Committee) upon:

Council systems of governance, risk management and internal control that can include:

- The risks inherent in and associated with systems.
- The soundness, adequacy and application of financial and other management controls and systems.
- The extent of compliance with, and the financial effects of, established policies, plans and procedures.
- The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause.
- The suitability, accuracy, and reliability of financial and other management data within the organisation; and
- Value for money.

18.2.2 The Assistant Director Assurance and Risk will provide a written summary of the activities of the Internal Audit function to management and the Audit Committee and an Annual Report for consideration by management and the Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

18.2.4 The Assistant Director Assurance and Risk will review the system of internal audit on an annual basis (and arrange for an external assessment once every 5 years) and report the outcome to the Audit Committee.

18.3 Investigations and Suspected Fraud, Corruption or Bribery

18.3.1 The Chief Executive and Departmental Directors must ensure that all Members and employees are:

- Aware of the Council's Anti-Fraud, Anti-Corruption, Anti Money Laundering and Anti-Bribery policies
- Aware of the Whistleblowing Policy; and
- Operating in a way that ensures steps are taken to minimise the risks of fraud, corruption and bribery.

18.3.2 The Assistant Director Assurance and Risk is responsible for the development and maintenance of the Anti-Fraud, Anti Money Laundering, Anti-Corruption and Anti Bribery Policies and Whistleblowing Policy and for overseeing the Council's efforts in fraud prevention, detection and investigation.

18.3.3 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Departmental Director. The Departmental Director concerned must immediately notify the Assistant Director Assurance and Risk who may act by way of investigation and report.

18.3.4 Where, following investigation, the Assistant Director Assurance and Risk considers that there are reasonable grounds for suspecting that a loss has occurred because of misappropriation, irregular expenditure or fraud, consultations will be held with the Departmental Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

19 Insurance

19.1.1 The Chief Finance Officer, in consultation with Departmental Directors, is responsible for assessing insurable risks and for arranging all insurance cover, including the management and control of the insurance fund. The Insurance Team will control all claims, maintain records of them, and has authority to receive or make claims on behalf of the Council and negotiate and agree all settlements.

19.1.2 Departmental Directors must promptly notify all new risks or Assets to be insured and of any alterations affecting existing insurances. All insurances held must be reviewed on an annual basis.

19.1.3 In the event of any insurance claim or occurrence Departmental Directors must:

- Not admit liability where this may prejudice the outcome of any settlement.
- Promptly notify the Insurance Team, in writing, of any loss, liability, damage or any event likely to lead to a claim; and
- Inform the Police in the case of loss or malicious damage to Council property.

19.1.4 Departmental Directors must consult the Chief Finance Officer as to the terms of any indemnity the Council is required to give.

19.1.5 The Departmental Director in consultation with the Insurance Team will determine the extent of insurance cover which must be provided for in any external contract for the supply of goods, works or services. The Departmental Director, in agreement with the Chief Finance Officer may reduce the cover requirements in respect of specific contracts.

20 Risk Management & Business Continuity

20.1.1 The Director of Corporate Resources shall be responsible for overseeing the Risk Management process, maintaining the corporate risk register and providing Risk Management advice effecting such insurance cover as shall be necessary. The responsibility for reviewing and notifying the existence of risk will rest with the Departmental Directors managing the asset or undertaking the activity.

20.1.2 Departmental Directors are responsible for Business Continuity planning in their areas. The Corporate Business Continuity plan shall be maintained and updated by the Director of Corporate Resources.

21 Voluntary Unofficial Funds

- 21.1.1 These regulations relate to funds administered by officers of the Council, the accounts of which are not included in the Authority's accounts. Any proposed unofficial funds require the prior approval of the Departmental Director concerned, who must maintain a record of all such funds and ensure that officers are appointed to administer each fund.
- 21.1.2 A separate bank account must be maintained for each fund (in the name of the fund) and fund monies must be kept separate from Council monies. Alternatively, with the agreement of the Chief Finance Officer, the fund may be administered through the Council's bank account and general ledger but must be separately identifiable.

22 Review

- 22.1 The Chief Executive and Chief Finance Officer shall review the financial regulations at maximum intervals of five years and shall report to the Council accordingly.