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FINANCIAL PROCEDURE RULES

The Financial Procedure Rules consist of and should be interpreted as the Council's Financial Regulations.

1. STATUS OF FINANCIAL PROCEDURE RULES

- 1.1 The Council's financial procedure rules provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the authority and anyone acting on its behalf. These rules must be read in conjunction with the whole of the Constitution and any other Council Standards.
- 1.2 The rules identify the financial responsibilities of the Full Council, the Cabinet, Members and Officers. Chief Officers are defined for the purpose of these rules as the Chief Executive, Directors and the Chief Financial Officer (CFO). All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.3 The CFO is responsible for maintaining a continuous review of the financial procedure rules and may, where he or she considers it necessary, issue revisions during the year. Where the CFO considers the revisions to be significant and material additions or changes, these will be reported to the Full Council for noting and/or approval. The CFO is also responsible for reporting, where appropriate, any breach of the financial procedure rules to the Full Council and/or to the Cabinet.
- 1.4 To underpin the financial procedure rules, the CFO is responsible for issuing any relevant advice and guidance that Members, Officers and others acting on behalf of the authority are required to follow. Such advice and guidance will be reviewed, and amended as necessary, by the CFO.
- 1.5 Chief Officers are responsible for ensuring that all staff in their departments are aware of the existence and content of the authority's financial procedure rules and other internal regulatory documents and that they comply with them. ~~They must also ensure that an adequate number of copies are available for reference within their departments.~~ An electronic copy can be found on the Council's website.

A: FINANCIAL MANAGEMENT

Responsibilities of the CFO

- A.1 To ensure the proper administration of the financial affairs of the authority.
- A.2 To monitor compliance with the financial procedure rules.
- A.3 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.
- A.4 To advise on the key strategic controls necessary to secure sound financial management.
- A.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of Chief Officers

- A.6 To promote the financial procedure rules in their departments and to monitor adherence to the standards and practices, liaising as necessary with the CFO.
- A.7 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

Financial Accountabilities in relation to the Scheme of Revenue Virement (including HRA)

Explanatory Note

The overall budget is agreed by the Cabinet and approved by the Full Council. Chief Officers and budget managers are therefore authorised to incur net expenditure in accordance with the estimates that make up the budget for the current financial year. The rules below cover virement. That is, switching resources between approved estimates or heads of expenditure and income.

What is a Virement?

A virement is the:

‘planned transfer of a budget for use in a different purpose to that originally intended’.

A virement does not create additional overall budget liability. It changes the purpose for which the budget will be used compared to that originally intended.

Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from virements against one-off sources of savings or additional income, or

creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.

Chief Officers must plan to fund such commitments from within their own budgets having regard to the overall forecast out-turn for the service ~~and~~, the Portfolio and the Directorate. Any budget provided by the Full Council to meet specific pressures must be used for the identified purpose or identified to the CFO to enable the resource to be utilised as he/she sees fit. ~~returned to the General Fund balance.~~

Given the need for overall financial management of the Housing Revenue Account (HRA), ~~the~~ the Head of Service for all HRA virements is the Head of Service for Housing Services and the Chief Officer is the Director of People in consultation with the CFO.

A virement should in no circumstances be used to mask an over or under-spend. The reporting of over and under-spends is important so that Members have a full understanding of where spending pressures and savings opportunities may arise.

For the purposes of the scheme set out below, a virement occurs when a budget is transferred from one subjective heading to another (for example, from supplies and services to transport expenditure) or from one Service Activity to another. Transfers within a subjective heading within the same Service Activity are not defined as virements. Service activities that will apply for the following financial year are those which are set out in the budget approved by the Full Council for the coming financial year.

~~Centralisation or decentralisation of budget responsibility is not to be treated as virement, but any proposal to do so should be in consultation with the CFO.~~

A.8 All virements should be cleared in the first instance by the relevant accounting support for the Service Activity concerned. All virements must be recorded on the Delegated Virement form and communicated to Financial Planning.

A.9 Controls on the use of additional controllable income are required to ensure that significant additional income is not spent without any control process in place. These ~~controls~~ rules would ~~do~~ not apply to:

- (a) Grant income (except external funding bids).
- (b) Trading income.
- (c) Additional expenditure incurred to deliberately generate more income.
- (d) Pooled budgets arrangements e.g. with CCG funds

A.10 Where a service delivers additional controllable income in excess of budget, the expectation is that the first call on such income should be on delivering a balanced Directorate budget or a surplus overall budget position.

~~A.10~~ A.11 Where the additional grant is the result of an external funding bid, approval is required to accept the funding as shown in the table below.

A.11A.12 Decisions will be made in line with the criteria set out in the table below:

Value	Virement of expenditure budgets	Virement of income budgets and acceptance of external funding bids
Any amount	Employee Budgets within a Service Activity can be approved by HEADS of SERVICE and CHIEF OFFICERS. (*)	Expenditure Budgets can be increased in line with additional grant income (except external funding bids), to deliver an increase in a support service or trading activity.
Up to £200,000	Approved by CHIEF OFFICERS in consultation with the CFO	Approved by CHIEF OFFICERS in consultation with the CFO
£200,000 to £500,000	Approved by CHIEF OFFICERS in consultation with CFO and Cabinet Member	Approved by CHIEF OFFICERS in consultation with CFO and Cabinet Member
Over £500,000 to £2 million	Approved by CABINET	Approved by CABINET
Over £2 million	Approved by COUNCIL	Approved by COUNCIL

(* However, no virements are allowed from employee expenditure budgets to non employee expenditure budgets without approval from the CFO).

A.12A.13 The HRA contingency and revenue balance is defined as a “non-employee” budget. However, any virements from the HRA revenue balance that would reduce the level of balances below the minimum level set by the CFO in the HRA budget and business plan report can only be approved by the Full Council.

Financial Accountabilities in Relation to the Treatment of Year-end Balances

Responsibilities of the CFO

A.13A.14 To administer the scheme of carry-forward within the guidelines approved by the Full Council.

A.14A.15 To report all under-spends on service estimates carried forward to the Full Council for approval.

Responsibilities of Chief Officers

A.15A.16 Any over-spends will be reported by the CFO to the Cabinet and to the Full Council.

A.16A.17 Under-spends on specific estimates may be carried forward within guidelines issued by the CFO, subject to the approval of the Full Council.

A.17A.18 Schools' balances shall be available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for consideration by the Cabinet Member concerned, following evaluation by the relevant Chief Officer and the CFO. Schools will normally be expected to agree a plan to recover the deficit within a defined period.

A.18A.19 In exceptional circumstances, schools may seek to incur expenditure to be financed by anticipating the following year's budget share. Such arrangements require the prior approval of the Cabinet. Proposals shall be accompanied by a detailed plan setting out how the arrangement is to be accommodated as the first call on the reduced budget share.

Financial Accountabilities in Relation to Accounting Policies

Responsibilities of the CFO

A.19A.20 To select suitable accounting policies, and to ensure that they are applied consistently. The accounting policies are set out in the Financial Statements, which are prepared at 31 March each year, and covers such items as:

- (a) Separate accounts for capital and revenue transactions
- (b) The basis on which debtors and creditors at year-end are included in the accounts
- (c) Details on substantial provisions and reserves
- (d) Fixed assets
- (e) Depreciation
- (f) Capital charges
- (g) Work in progress
- (h) Stocks and stores
- (i) Deferred charges
- (j) Accounting for value added tax
- (k) Government grants
- (l) Leasing
- (m) Pensions

Responsibilities of Chief Officers

A.20A.21 To adhere to the accounting policies and guidelines approved by the CFO.

Financial Accountabilities in relation to Accounting Records and Returns

Responsibilities of the CFO

A.21A.22 To determine the accounting procedures and records for the authority. Where these are maintained outside the finance department, the CFO should consult the Chief Officer concerned.

A.22A.23 To arrange for the compilation of all accounts and accounting records under his or her direction.

A.23A.24 To comply with the following principles when allocating accounting duties:

- (a) Separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
- (b) Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

A.24A.25 To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit Regulations 2011.

A.25A.26 To ensure that all claims for funds including grants are made by the due date.

A.26A.27 To prepare and publish the draft accounts of the authority for each financial year, in accordance with the statutory timetable, which is currently 30 June. With the requirement for the Governance Committee to approve the audited Financial Statements by the date set out in the Accounts and Audit Regulations which is currently the 30 September.

A.27A.28 To administer the authority's arrangements for under-spends to be carried forward to the following financial year.

A.28A.29 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of Chief Officers

A.29A.30 To consult and obtain the approval of the CFO before making any changes to accounting records and procedures.

A.30A.31 To comply with the principles outlined in paragraph A.23, when allocating accounting duties.

A.31A.32 To maintain adequate records to provide a management-audit trail leading from the source of income/expenditure through to the accounting statements.

A.32A.33 To supply information required to enable the Financial Statements to be completed in accordance with guidelines and timetable issued by the CFO.

Financial Accountabilities in relation to the Annual Financial Statements

Responsibilities of the CFO

A.33A.34 To select suitable accounting policies and to apply them consistently.

A.34A.35 To make judgments and estimates that are reasonable and prudent.

~~A.35~~A.36 To comply with the Code of Practice on Local Authority Accounting in the United Kingdom (Code of Practice).

~~A.36~~A.37 To sign and date the Financial Statements, stating that they present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

~~A.37~~A.38 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Chief Officers

A.39 To comply with accounting guidance provided by the CFO and to supply the CFO with information when required.

B.0

C:B: FINANCIAL PLANNING

Responsibilities of the CFO

C.1B.1 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.

C.2B.2 To contribute to the development of corporate and service targets and objectives and performance information.

Responsibilities of Chief Officers

C.3B.3 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.

C.4B.4 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

C.5B.5 To contribute to the development of performance plans in line with statutory requirements.

C.6B.6 To contribute to the development of corporate and service targets and objectives and performance information.

The Budget

Explanatory Note

The Council is moving to an outcomes based commissioning approach to determine the best way of delivering a service, and sitting alongside this it is anticipated the budgeting process will follow suit to deliver an outcomes based budget. The Council will review its current expenditure on an outcomes basis and from this baseline point will determine what the appropriate level of spend needs to be to deliver on its agreed priorities, within the financial envelope available.

This is a very different approach than that taken previously whereby individual services IDENTIFIED identified up with savings proposals and presented these to senior management and Cabinet.

Format of the Budget

Responsibilities of the CFO

C.7B.7 To advise the Cabinet and opposition groups on the format and content of the budget that is to be approved by the Full Council. This includes providing a commentary on the robustness of the estimates made for the purpose of the calculations (to set the Council Tax), and the adequacy of the proposed level of reserves, as required by Section 25 of the Local Government Act 2003.

Responsibilities of Chief Officers

~~C.8~~B.8 To comply with accounting guidance provided by the CFO.

Revenue Budget Preparation, Monitoring and Control

Responsibilities of the CFO

~~C.9~~B.9 For the General Fund, to ensure that an annual revenue budget together with a ~~FIVE~~three five year overview is prepared on an annual basis for consideration and recommendation by the Cabinet, before submission to the Full Council. The CFO will also prepare the indicators required as part of the Prudential Code. The Full Council may amend the budget and Prudential Indicators or ask the Cabinet to reconsider them before approving them.

~~C.10~~B.10 For the HRA, to ensure that a 30 year business plan is produced which covers revenue and capital spending. With regard to the revenue budget, there must be a detailed budget for the forthcoming financial year for consideration and recommendation by the Cabinet, before submission to the Full Council. The CFO will also prepare the indicators required as part of the Prudential Code. The Full Council may amend the budget and Prudential Indicators or ask the Cabinet to reconsider them before approving them. The 30 year business plan should also be presented to the Cabinet and the Full Council as part of the budget report.

~~C.11~~B.11 To establish an appropriate framework of budgetary management and control that ensures:

- (a) Budget management is exercised within annual cash limits unless the Full Council agrees otherwise
- (b) Each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) Expenditure is committed only against an approved budget head
- (d) All managers responsible for committing expenditure comply with relevant guidance, and the financial procedure rules
- (e) Each cost centre has a single named manager, determined by the relevant Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- (f) Significant variances from approved budgets are investigated and reported by budget managers regularly

~~C.12~~B.12 To administer the authority's scheme of revenue virement.

~~C.13~~B.13 To submit reports to the Cabinet and if necessary to the Full Council, following consultation with the relevant Chief Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control.

C.14B.14 To prepare and submit reports to the Cabinet on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of Chief Officers

C.15B.15 To ensure that budget estimates reflecting agreed service plans are produced in consultation with the Cabinet Member and submitted to the CFO in accordance with the budget timetable and the guidance issued for the production of budget reports to the Cabinet and the Full Council.

C.16B.16 To maintain budgetary control within their departments, in adherence to the principles in B.11, and to ensure that all income and expenditure are properly recorded and accounted for.

C.17B.17 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Chief Officer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

C.18B.18 To ensure that spending remains within the service's overall cash limit and that individual budget heads are not over spent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

C.19B.19 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget, and that this process is operating effectively.

C.20B.20 To prepare following consultation with the CFO reports on the service's projected expenditure compared with its budget, in accordance with the Council's Corporate Monitoring procedure and timetable.

C.21B.21 To ensure prior approval by the Full Council or the Cabinet (as appropriate) for new proposals, of whatever amount, that:

- (a) Create financial commitments in future years
- (b) Change existing policies, initiate new policies or cease existing policies
- (c) Materially extend or reduce the authority's services

The report on new proposals should explain the full financial implications, after consultation with the CFO. Unless the Full Council or the Cabinet has agreed otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit

C.22B.22 To ensure compliance with the scheme of virement.

C.23B.23 To agree with the relevant Chief Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Chief Officer's level of service activity.

Capital Programme Management

Explanatory Note

The Council has a two stage approach to deciding its capital spending. An item of spending must first be included in (added to) the Councils Capital Programme, but this does not provide authority to proceed with the scheme. This is done via a separate “scheme approval” process.

Expenditure included in the Capital Programme may relate to a specific project for example, “Communal works at Ventnor Court”, or may make provision for certain types or areas of spending for example, “Future communal area works”. However, a “scheme approval” report must relate to a specific project and contain the information specified by the CFO (as a minimum) as set out in Appendix 2.

Expenditure included in the Capital Programme must show the total value of contracts and related expenses that the council will incur. Any grants or other income must be shown as a source of capital finance and not as a reduction to the gross expenditure.

Responsibilities of the CFO

~~C.25~~B.24 To issue guidance concerning capital schemes and controls, and to determine the definition of “capital”, having regard to government regulations and accounting requirements.

B.25 To ensure that the Capital Programme is presented to Full Council as part of the budget and at such other times as the CFO may determine. The CFO will determine the period to be covered by the General Fund Capital Programme. The HRA capital spending plans will be included in summarised form in the 30 year HRA business plan that will be reported to Full Council as part of the budget report. The CFO will determine the period that should be covered by the detailed HRA Capital Programme.

~~C.26~~B.26 The CFO will report on the outturn of capital expenditure to Council as soon as practicable after the end of the financial year.

~~C.27~~

Responsibilities of the Council Capital Board

~~C.28~~B.27 To oversee and coordinate the preparation, review and implementation of the Council’s Capital Strategy and Asset Management Plan. The Capital Strategy and the Asset Management Plan must be approved by Council and reviewed annually.

~~C.29~~B.28 To lead the strategic direction of capital investment for the Council. The Council Capital Board will operate on a commissioning basis. This will enable funding to be better aligned with other partners and funding sources and ensure a city wide approach is taken. Responsibility for evaluating bids for capital funding and the monitoring of the Capital Programme including Post Project Evaluations, within the framework of the Capital Strategy and the Asset Management Plan.

C.30B.29 The full terms of reference for the Council Capital Board are attached at Appendix 1. In summary the Council Capital Board will be responsible for:

- (a) Managing un-ringfenced and corporate resources and reviewing all bids for resources, evaluating them and then agreeing on the prioritisation of resources accordingly.
- (b) Reviewing the use of any ring-fenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Council objectives.
- (c) Recommending the use of both un-ringfenced and ring-fenced resources and also the general prioritisation of resources so that Cabinet/Council can make a final well informed decision on the utilisation of resources.
- (d) Prior to the annual review of the capital strategy undertaking a review of the individual projects.

~~(a) — The governance of the Council's Capital Programme.~~

~~(b) — Reviewing existing schemes within the Council Approved Capital Programme and considering any changes to those schemes.~~

~~(c) — Considering new bids requiring capital funding.~~

~~(d) Ensuring that there is corporate awareness of all proposals and encouraging joint and collective agreement of schemes to be included in the programme.~~

C.31B.30 Making all capital investment decisions with reference to Council objectives and regional strategies. Only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation. To assess any changes to the Capital Programme, against criteria that aim to align the programme to the Councils overall objectives and values and priorities and the matching those priorities against the available and known future capital resources. Due regard should be given to:

- (a) External funding available to the Council from Government and other grants & supported borrowing;
- (b) Hypothecation ('ring-fencing' of external funding for specified purposes) and non-hypothecated but ear-marked resources that are available for any permitted use;
- (c) Developer contributions towards capital expenditure, under Community Infrastructure Levy or any similar arrangements;
- (d) Internal resources available from capital receipts, non-supported borrowing and revenue contributions to capital;
- (e) Resources allocated to services including resources in the major programme blocks (Education, Housing, Transport & Other Services);
- (f) Unallocated resources held in reserve.

Responsibilities of Chief Officers

C.32B.31 To establish Directorate or Portfolio Capital Boards to monitor the implementation and delivery of the approved Capital Programme individual

projects, reporting exceptions to the Council Capital Board as relevant ~~allowing the Council Capital Board to concentrate on overall capital strategy.~~

~~C.33~~B.32 To act as owners and sponsors of individual capital schemes and hold the ultimate responsibility and accountability for their delivery.

~~C.34~~B.33 To identify one officer or post to lead the overall management of the Directorate's Capital Programme. The role will include reporting monthly to the Directorate Management Team on the progress of the capital programme and identify and implement corrective measures that may be required.

~~C.35~~B.34 To present annually the Capital Programme, in conjunction with the annual revenue budget process, to Full Council for approval and at such other times as the CFO may determine. The Programme shall be recommended for approval following consideration by the Council Capital Board. This will include projected available resources, the allocation of resource to schemes, prudent retention of resources to meet unforeseen short-term demands, variances in projected available resources and medium term future needs.

~~C.36~~B.35 When additions are made to an existing scheme in the capital programme, the required approval should be based on the costs of the entire project.

~~C.37~~B.36 Schemes already added to the capital programme may spend up to £50,000 or ten per cent of the scheme budget, whichever is the lesser, with the approval of the relevant Chief Officer following consultation with the relevant Cabinet Member in advance of approval to spend on the scheme for the purpose of scheme design and costing etc. Feasibility work is generally a charge to revenue carried out prior to a scheme being added to the programme and any such work can only be capitalised if it is directly attributable to an asset being built, acquired or enhanced.

~~C.38~~B.37 ~~The CFO will report on the outturn of capital expenditure to Council as soon as practicable after the end of the financial year.~~

~~C.39~~B.38 Decisions will be made in line with the criteria set out in the table below and may include:

- (a) Additions to the council approved programme which are not funded by external resources;
- (b) Virements between schemes detailed in the approved programme;
- (c) Rephasing of expenditure between financial years and
- (d) Removal/Cessation of schemes detailed in the approved programme.

	Approval to Spend (See Appendix 2) *	Virements and Re-Phasing **
<p><u>Additions: Existing or New Schemes</u></p> <p>Funded from new, sources <u>including 100% ringfenced</u>.</p> <p>Report required to Council Capital Board by Chief Officer in consultation with CFO and Cabinet Member</p>	<p><u>Approval to Spend (See Appendix 2) *</u></p> <p>Can be sought as a separate decision or within the same report as seeking approval to add a new scheme if sufficient detail is available</p>	<p><u>Virements and Re-Phasing **</u></p> <p>Variations across a programme of works within an overall scheme can be approved by CHIEF OFFICER in consultation with CFO and relevant Cabinet Member</p>
<p>Up to £500,000</p> <p>Approved by CHIEF OFFICER in consultation with CFO and Cabinet Member</p>	<p>Up to £500,000</p> <p>Approved by CHIEF OFFICER in consultation with CFO and Cabinet Member</p>	<p>Up to £500,000</p> <p>Approved by CHIEF OFFICER in consultation with CFO and Cabinet Member</p>
<p>Over £500,000 up to £2 million</p> <p>Approved by CABINET</p>	<p>Over £500,000 up to £2 million</p> <p>Approved by CABINET</p>	<p>Over £500,000 up to £2 million</p> <p>Approved by CABINET</p>
<p>Over £2 million</p> <p>Approved by COUNCIL</p>	<p>Over £2 million</p> <p>Approved by COUNCIL</p>	<p>Over £2 million</p> <p>Approved by COUNCIL</p>

* This includes credit arrangements such as financing leases.

** If the virement is not in line with current approved council policies and strategies the decision must be made by Council regardless of value.

Variation to the HRA Business Plan

Explanatory Note

The HRA now has a 30 year business plan that will be approved each year by the Full Council as part of the budget. The business plan covers capital and revenue spending and income and forms part of the Policy Framework.

The revenue virement rules deal with in-year changes but by definition, they do not cover situations where there are financial implications beyond one year.

The capital virement rules cover the movement of funds between schemes. The rephasing of spending within a capital scheme is not regarded as a virement but care must be taken to ensure that the cumulative effect of such changes does not increase the overall spending in any one year such that additional prudential borrowing is needed over the levels agreed by the Full Council, (in which case a report would need to be presented to Council to approve the additional borrowing).

It is however possible for matters to arise in-year that would have an impact on the 30 year business plan. In these circumstances the following amendment limits apply:

C.40B.39 A **Chief Officer** following consultation with the relevant Cabinet Member and the CFO can approve a change in the annual business plan surplus of **up to £200,000** in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £2.5M or 5 per cent of the cumulative surplus, whichever is the lower, and the level of balances in any one year not being reduced below the minimum level set by the CFO.

C.41B.40 A **Chief Officer** in consultation with the relevant Cabinet Member and the CFO can approve a change in the annual business plan surplus of **between £200,000 and £500,000** in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £5.0M or 7.5 per cent of the cumulative surplus, whichever is the lower, and the level of balances in any one year not being reduced below the minimum level set by the CFO.

C.42B.41 Approval from the **Cabinet** is required for any change in the annual business plan surplus of **between £500,000 and £2,000,000** in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £10.0M or 10 per cent of the cumulative surplus, whichever is the lower.

C.43B.42 Approval from the **Full Council** is required for any change in the annual business plan surplus in **excess of £2,000,000** in any one year or any change the cumulative business plan surplus in excess of £10.0M or 10 per cent of the cumulative surplus, or any change which is not in line with the policies and strategies already agreed by the Full Council.

D:C: RISK MANAGEMENT AND CONTROL OF RESOURCES

Risk Management

Responsibilities of the CFO

- D.1C.1** ____ To prepare and promote the authority's risk management policy statement.
- D.2C.2** ____ To develop risk management controls in conjunction with other Chief Officers.
- D.3C.3** ____ To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- D.4C.4** ____ To offer insurance cover to schools.
- D.5C.5** ____ To advise the Cabinet on proper insurance cover where appropriate, and effect corporate insurance cover, through external insurance and internal funding.

Responsibilities of Chief Officers

- D.6C.6** ____ To notify the CFO immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the CFO or the authority's insurers.
- D.7C.7** ____ To take responsibility for risk management, having regard to advice from the CFO and other specialist Officers, for example, crime prevention, fire prevention, health and safety.
- D.8C.8** ____ To ensure that there are regular reviews of risk within their departments.
- D.9C.9** ____ To notify the CFO promptly of all new risks, properties or vehicles that require insurance and of any alterations or new initiatives affecting existing insurances.
- D.10C.10** ____ To consult the CFO and where appropriate the Head of Service Legal, and Democratic Services on the terms of any indemnity that the authority is requested to give.
- D.11C.11** ____ To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

Internal Control

Responsibilities of the CFO

- D.12C.12** ____ To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Chief Officers

D.13C.13 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and financial performance targets, and management of risks.

D.14C.14 To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the CFO. Chief Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective, for example because of duplication.

D.15C.15 To ensure staff have a clear understanding of the consequences of lack of control.

Audit Requirements – Internal Audit

Responsibilities of the CFO

D.16C.16 To ensure that internal auditors have the authority to:

- (a) Access authority premises at reasonable times
- (b) Access all assets, records, documents, correspondence and control systems
- (c) Receive any information and explanation considered necessary concerning any matter under consideration
- (d) Require any employee of the authority to account for cash, stores or any other authority asset under his or her control
- (e) Access records belonging to third parties, such as contractors, when required
- (f) Directly access the Head of Paid Service, the Cabinet and Overview and Scrutiny Management Committee

D.17C.17 To approve the strategic and annual audit plans prepared by the Chief Internal Auditor, which take account of the characteristics and relative risks of the activities involved.

D.18C.18 To ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.

Responsibilities of Chief Officers

D.19C.19 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

D.20C.20 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

D.21C.21 To consider and respond promptly to recommendations in audit reports.

D.22C.22 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

D.23C.23 To notify the CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the Chief Officer should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

D.24C.24 To ensure new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Internal Auditor prior to implementation.

Audit Requirements – External Audit

Responsibilities of the CFO

D.25C.25 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

D.26C.26 To ensure there is effective liaison between external and internal audit.

D.27C.27 To work with the external auditor and advise the Full Council, the Cabinet and Chief Officers on their responsibilities in relation to external audit.

Responsibilities of Chief Officers

D.28C.28 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

D.29C.29 To ensure that all records and systems are up to date and available for inspection.

Preventing Fraud and Corruption

Responsibilities of the CFO

D.30C.30 To develop and maintain an anti-fraud and anti-corruption policy.

D.31C.31 To maintain adequate and effective internal control arrangements.

D.32C.32 To ensure that all suspected irregularities are reported to the Chief Internal Auditor.

Responsibilities of Chief Officers

D.33C.33 To ensure that all suspected irregularities are reported to the Chief Internal Auditor.

D.34C.34 To invoke the authority's disciplinary procedures where the outcome of an investigation indicates improper behaviour.

D.35C.35 To ensure that where financial impropriety is discovered, the CFO is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

D.36C.36 To maintain a departmental register of interests.

Assets – Security

Responsibilities of the CFO

D.37C.37 To ensure that an asset register is maintained in accordance with good practice for all fixed assets whose value is material in the manner prescribed by CIPFA in the Institute's Practical Guide to Asset Registers. The function of the asset register is to provide the authority with information about fixed assets so that they are safeguarded, used efficiently and effectively, and are adequately maintained.

D.38C.38 To receive the information required for accounting, costing and financial records from each Chief Officer.

D.39C.39 To ensure that assets are valued in accordance with the Code of Practice.

Responsibilities of Chief Officers

D.40C.40 The appropriate Chief Officer shall maintain a property database in a form approved by the CFO for all properties, plant and machinery and moveable assets currently owned or used by the authority. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.

D.41C.41 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the appropriate Chief Officers has been established.

D.42C.42 To ensure the proper security of all buildings and other assets under their control.

D.43C.43 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the appropriate Chief Officers

D.44C.44 To pass title deeds to the appropriate Chief Officer who is responsible for custody of all title deeds.

D.45C.45 To ensure that no authority asset is subject to personal use by an employee without proper authority.

D.46C.46 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority. If an asset requires to be moved,

altered, or disposed of check that the asset has not been leased or that any lease conditions are complied with.

D.47C.47 To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the CFO.

D.48C.48 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.

D.49C.49 To consult the CFO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

D.50C.50 To ensure cash holdings on premises are kept to a minimum.

D.51C.51 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the CFO as soon as possible.

D.52C.52 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the CFO, the relevant Cabinet Member, the Cabinet or the Full Council (as appropriate) agrees otherwise.

D.53C.53 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the CFO.

D.54C.54 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.

D.55C.55 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £200 in value.

D.56C.56 To carry out an annual check of all items on the inventory in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.

D.57C.57 To make sure that property is only used in the course of the authority's business, unless the Chief Officer concerned has given permission otherwise.

D.58C.58 To make arrangements for the care and custody of stocks and stores in the department.

D.59C.59 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

D.60C.60 To investigate and remove from the authority's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of a predetermined limit.

D.61C.61 To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the CFO, the Cabinet decides otherwise in a particular case.

D.62C.62 To seek Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

D.63C.63 To ensure that, in the event of any disaster, contingency plans for the security of assets and continuity of service or system failure are in place.

Assets – Disposal

Responsibilities of the CFO

D.64C.64 To issue guidelines representing best practice for disposal of assets. Corporate Property Standards should be followed for disposals of Land and Buildings.

D.65C.65 To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of Chief Officers

D.66C.66 To dispose of surplus or obsolete materials, stores or equipment in accordance with the guidelines issued by the CFO.

D.67C.67 To ensure that income received for the disposal of an asset is properly banked and coded.

Treasury Management

All financial transactions actioned as part of the Council's Treasury Management function will be undertaken in line with the approved Treasury Management Strategy and practices, but will fall outside of the Delegated Decision Notice process.

Responsibilities of CFO

D.68C.68 To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.

D.69C.69 To report a proposed treasury management strategy for the coming financial year to the Full Council at, or before the start of, each financial year.

D.70C.70 To report to the Full Council not less than twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

D.71C.71 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the CFO.

D.72C.72 To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the Full Council.

D.73C.73 To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate Chief Officer.

D.74C.74 To affect all borrowings in the name of the authority.

D.75C.75 To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of Chief Officers

D.76C.76 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval, following consultation with the CFO, of the Full Council or the Cabinet as appropriate, subject to the criterion as detailed in E.9.

D.77C.77 To arrange for all trust funds to be held, wherever possible, in the name of the authority. All Officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with CFO, unless the deed otherwise provides.

D.78C.78 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the CFO, and to maintain written records of all transactions.

D.79C.79 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

D.80C.80 To follow the instructions on banking issued by the CFO.

Staffing

Responsibilities of the CFO

D.81C.81 To act as an advisor to Chief Officers on areas such as national insurance and pension contributions, as appropriate.

Responsibilities of Chief Officers

D.82C.82 To produce an annual staffing estimate within the budget allocation available.

D.83C.83 To advise the CFO and the Head Strategic HR & OD if the budget allocation is insufficient to cover the estimated staffing levels.

D.84C.84 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training, temporary staff and vacancy management.

~~D.85~~C.85 To ensure that the staffing budget is not exceeded without due authority, adjusting staffing to a level that can be funded within approved budget provision, and varying the provision as necessary within that constraint in order to meet changing operational needs.

~~D.86~~ To ensure that the Head of Strategic HR & OD and the CFO are immediately informed if the staffing budget is likely to be materially over or under spent.

~~D.87~~C.86 To ensure the proper use of appointment procedures and manage the staffing establishment in line with guidance issued by the CFO and the Head of Strategic HR & OD.

E:D: SYSTEMS AND PROCEDURES

General

Responsibilities of the CFO

E.4D.1 To make arrangements for the proper administration of the authority's financial affairs, including to:

- (a) Issue advice, guidance and procedures for Officers and others acting on the authority's behalf
- (b) Determine the accounting systems, form of accounts and supporting financial records
- (c) Establish arrangements for audit of the authority's financial affairs
- (d) Approve any new financial systems to be introduced
- (e) Approve any changes to be made to existing financial systems

Responsibilities of Chief Officers

E.2D.2 To ensure that accounting records are properly maintained and held securely.

E.3D.3 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the CFO.

E.4D.4 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

E.5D.5 To incorporate appropriate controls to ensure that, where relevant:

- (a) All input is genuine, complete, accurate, timely and not previously processed
- (b) All processing is carried out in an accurate, complete and timely manner
- (c) Output from the system is complete, accurate and timely

E.6D.6 To ensure that the organisational structure provides an appropriate segregation of duties, an adequate level of internal control, and that the risk of fraud or other malpractice is minimised.

E.7D.7 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

E.8D.8 To ensure that systems are documented and staff trained in operations.

E.9D.9 To consult with the CFO before changing any existing system or introducing new systems.

E.10D.10 To establish a scheme of delegation identifying Officers authorised to act upon the Chief Officer's behalf, or on behalf of the Cabinet, in respect of payments,

income collection and placing orders, including variations, and showing the limits of their authority.

E.11D.11 Where relevant, to supply lists of authorised Officers, with specimen signatures if required, and delegated limits, to the CFO, together with any subsequent variations.

E.12D.12 To ensure that effective contingency arrangements, including back-up procedures for computer systems are in place. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

E.13D.13 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

E.14D.14 To ensure that the authority's IT Standards issued by the appropriate Head of Service are observed, and that in particular all computerised data, computer equipment and software are protected from loss and damage through theft, vandalism, etc.

E.15D.15 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:

- (a) Only software legally acquired and installed by the authority is used on its computers
- (b) Staff are aware of legislative provisions
- (c) In developing systems, due regard is given to the issue of intellectual property rights

Income

Responsibilities of the CFO

E.16D.16 To agree arrangements for the collection of all income due to the authority, and to approve the procedures, systems and documentation for its collection.

E.17D.17 To provide advice to Chief Officers on the statutory regulations which relate to the collection and accounting of income.

E.18D.18 To assess and approve the form of receipts used.

E.19D.19 To undertake weekly reconciliations of all deposits to the authority's bank accounts.

E.20D.20 To provide an accounting system which records income and provides relevant information to Chief Officers so that income can be monitored.

E.21D.21 To maintain a Value Added Tax (VAT) account and supply HM Revenues & Customs (HMRC) with such details, explanations and statutory returns as required.

~~E.22~~D.22 To provide a system for the collection and control of credit income, and of sundry debts.

~~E.23~~D.23 To create, monitor and maintain a provision for bad and doubtful debts.

~~D.24~~ To annually review the policy for writing off debts and the terms of credit. The Cabinet is responsible for approving the procedures for writing off debts as part of the overall control framework of accountability and control.

~~E.24~~D.25 To ~~recommend~~approve to the CFO all debts to be written off up to the value of £200,000 and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its 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.

~~E.25~~D.26 To obtain the approval of ~~the CFO~~Cabinet when writing off debts in excess of ~~the approved limit~~£200,000, ~~and the approval of the Cabinet where required.~~

~~E.26~~

Responsibilities of Chief Officers

~~E.27~~D.27 To establish proposals for a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.

~~E.28~~D.28 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

~~E.29~~D.29 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

~~E.30~~D.30 To issue official receipts or to maintain other documentation for income

~~E.31~~D.31 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

~~E.32~~D.32 To hold securely receipts, tickets and other records of income for the appropriate period.

~~E.33~~D.33 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

~~E.34~~D.34 To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account and the ledger system on a regular basis appropriate to the level of transactions

~~E.35~~D.35 To ensure income is not used to cash personal cheques or other payments.

~~E.36~~D.36 To supply the CFO with details relating to work done, goods supplied, services rendered or other amounts due, to enable the CFO to record correctly the sums due to the authority and to ensure accounts are sent out promptly. To do

this, Chief Officers should use established performance management systems to monitor recovery of income and flag up areas of concern to the CFO. Chief Officers have a responsibility to assist the CFO in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf. Only up to approved levels of cash can be held on the premises.

E.37D.37 To keep a record of any transfer of money between employees. The receiving Officer must sign for the transfer and the transferor must retain a copy.

E.38D.38 To notify the CFO of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the CFO.

Ordering and Paying for Work, Goods and Services

Responsibilities of the CFO

E.39D.39 To ensure that all the authority's financial systems and procedures are sound and properly administered.

E.40D.40 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

E.41D.41 To approve any changes to existing financial systems and to approve any new systems before they are introduced.

E.42D.42 To approve the form of official orders and associated terms and conditions.

E.43D.43 To make payments from the authority's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial regulations.

E.44D.44 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

E.45D.45 To make payments to contractors on the certificate of the appropriate Chief Officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

E.46D.46 To provide advice and encouragement on making payments by the most economical means.

E.47D.47 To provide, as necessary, cash change floats, and approve and set up bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts.

E.48D.48 To maintain a record of all such cash floats and bank imprest accounts, and periodically to review the arrangements for the safe custody and control of them.

Responsibilities of Chief Officers

E.49D.49 To ensure that unique numbered official orders are used for all goods and services, wherever possible.

E.50D.50 To ensure official orders are not used to obtain goods or services for private use.

E.51D.51 To ensure that only those designated staff initiate or authorise orders and to maintain an up-to-date list of such designated staff, identifying authorisation limits. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.

E.52D.52 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. Where possible a different Officer from the person who authorised the order should always carry out this check. If appropriate, entries should then be made in inventories or stores records.

E.53D.53 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming that:

- (a) The goods or services have been received
- (b) The invoice has not previously been paid
- (c) The expenditure has been properly incurred and is within budget provision
- (d) Prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- (e) Tax has been correctly accounted for
- (f) The invoice is correctly coded
- (g) Discounts have been taken where available
- (h) Appropriate entries will be made in accounting records

E.54D.54 For the avoidance of doubt, no pre-payment for goods, services or suppliers shall be allowed above the value of £5,000, without the prior written consent of the CFO and the Head of Service Legal, and Democratic Services.

E.55D.55 To ensure no Officer authorises a payment to her or himself, and where practical no Officer should authorise an invoice for which the Officer raised the order.

E.56D.56 To ensure controls are regularly reviewed to verify they are in place and adequate for the efficient management of the system, which enables invoices to be examined, verified and authorised as properly payable

E.57D.57 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Chief Internal Auditor unless a written

explanation giving the reason is attached. Any copy invoice must be clearly marked by the supplier that it is a copy.

E.58D.58 To encourage suppliers of goods and services to receive payment by the most economical means for the authority. It is essential, however, that payments made by direct debit have the prior approval of the CFO.

E.59D.59 To ensure that the Council obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the authority's contract procedure rules.

E.60D.60 To utilise any established central purchasing procedures in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with the authority's contract procedure rules.

E.61D.61 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the procedures and conditions of employment manual).

E.62D.62 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the CFO. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

E.63D.63 To notify the CFO of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the CFO.

E.64D.64 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the CFO, the systems and procedures to be adopted in relation to financial aspects, including:

- (a) Certification of interim and final payments
- (b) Checking, recording and authorising payments
- (c) Monitoring and controlling capital schemes
- (d) Validation of subcontractors' tax status

E.65D.65 To notify the CFO immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

E.66D.66 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

E.67D.67 To ensure that employees operating an imprest account:

- (a) Obtain and retain vouchers to support each payment from the imprest account, including where appropriate an official receipted VAT invoice
- (b) Make adequate arrangements for the safe custody of the account
- (c) Produce upon demand by the CFO cash and all vouchers to the total value of the imprest amount
- (d) Record transactions promptly

- (e) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- (f) Provide the CFO with a certificate of the value of the account held at 31 March each year, detailing the breakdown between cash at bank, cash in hand, petty cash floats advanced and vouchers.
- (g) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (h) On leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the CFO for the amount advanced to him or her.

Payments to Employees and Members

Responsibilities of the CFO

E.68D.68 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.

E.69D.69 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

E.70D.70 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

E.71D.71 To make arrangements for paying Members travel or other allowances.

E.72D.72 To provide advice and encouragement to Members, Chief Officers and employees in order to secure payment of allowances, salaries and wages by the most economical means.

E.73D.73 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of Chief Officers

E.74D.74 To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

E.75D.75 To notify the CFO of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the CFO.

E.76D.76 To ensure that adequate and effective systems and procedures are operated, so that:

- (a) Payments are only authorised to bona fide employees
- (b) Payments are only made where there is a valid entitlement

- (c) Conditions and contracts of employment are correctly applied
- (d) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness

E.77D.77 To ensure that only those staff designated by them initiate or authorise payroll documentation and to maintain a list of such designated staff, including where appropriate specimen signatures identifying in each case the limits of their authority.

E.78D.78 To ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the CFO.

E.79D.79 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the CFO is informed where appropriate.

E.80D.80 To ensure that the CFO is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

E.81D.81 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Members

E.82D.82 To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

Taxation

Responsibilities of the CFO

E.83D.83 To complete all HMRC returns regarding PAYE.

E.84D.84 To complete a monthly return of VAT inputs and outputs to HMRC.

E.85D.85 To provide details to HMRC regarding the construction industry tax deduction scheme.

E.86D.86 To advise Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority, and to maintain up-to-date guidance for all authority employees on taxation issues.

Responsibilities of Chief Officers

E.87D.87 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.

E.88D.88 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

E.89D.89 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

E.90D.90 To follow the guidance on taxation issued by the CFO.

Quasi Commercial operations

Responsibilities of the CFO

~~E.91~~D.91 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Chief Officers

~~E.92~~D.92 To consult with the CFO where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the authority. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

~~E.93~~D.93 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

~~E.94~~D.94 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

~~E.95~~D.95 To ensure that each business unit prepares an annual business plan in accordance with published guidelines.

F:E: EXTERNAL ARRANGEMENTS

Partnerships

Responsibilities of the CFO

F.1E.1 To advise on effective controls that will ensure that resources are not wasted.

F.2E.2 To advise on the key elements of funding a project including:

- (a) A scheme appraisal for financial viability in both the current and future years
- (b) Risk appraisal and management
- (c) Resourcing, including taxation issues
- (d) Audit, security and control requirements
- (e) Carry-forward arrangements.

F.3E.3 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Chief Officers

F.4E.4 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the CFO.

F.5E.5 To ensure that, before entering into agreements with external bodies, appropriate approvals have been obtained and a risk management appraisal has been prepared for the CFO.

F.6E.6 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.

F.7E.7 To ensure that all agreements and arrangements are properly documented.

F.8E.8 To provide appropriate information to the CFO to enable a note to be entered into the authority's statement of accounts concerning material items.

F.9E.9 To ensure proper authority is obtained for the creation of any company, or any interest in a company, upon the following provisos:

- i. Cabinet authority – where the interest is within the Policy Framework, a minority one, there is limited liability, less than 20 per cent board membership and the CFO and the Head of Service Legal, and Democratic Services have no financial or legal concerns;
- ii. Council authority – any other situation.

External Funding

Responsibilities of the CFO

F.10E.10 To ensure that any match-funding or partnership funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements and that these issues are fully considered before bids are submitted.

F.11E.11 To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

F.12E.12 To ensure that audit requirements are met.

Responsibilities of Chief Officers

F.13E.13 To consult with the CFO and the relevant Cabinet Member before any bid for any external funds is submitted

F.14E.14 To ensure that when a bid is successful, relevant amendments are made to the appropriate capital and revenue budgets, and that all necessary capital and revenue approvals are obtained before any expenditure is incurred or any commitment is made.

F.15E.15 To consider any future commitments that arise after the period of external funding ceases and agree a written exit strategy in order to avoid unplanned future commitments or provide a robust financial plan to fund any approved future commitments after the period of external funding ceases. .

F.16E.16 To ensure that all claims for funds are made by the due date.

F.17E.17 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

Work for Third Parties

Responsibilities of CFO

F.18E.18 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Chief Officers

F.19E.19 To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.

F.20E.20 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the CFO.

F.21E.21 To ensure that appropriate insurance arrangements are made.

F.22E.22 To ensure that the authority is not put at risk from any bad debts.

F.23E.23 To ensure that no contract is subsidised by the authority.

F.24E.24 To ensure that, wherever possible, payment is received in advance of the delivery of the service.

F.25E.25 To ensure that the business unit has the appropriate expertise to undertake the contract.

F.26E.26 To ensure that such contracts do not impact adversely upon the services provided for the authority.

F.27E.27 To ensure that all contracts are properly documented.

F.28E.28 To provide appropriate information to the CFO to enable a note to be entered into the Financial Statements.

APPENDIX 1 – COUNCIL CAPITAL BOARD TERMS OF REFERENCE

General

- ~~2.1.~~ To oversee and endorse Develop the Council's Capital Strategy.
- ~~2.~~ To own and oversee the development of, Commission the Council's Capital Programme for both the General Fund and the Housing Revenue Account. Through doing so, and taking a long-term view, the Board should ensure that both individual projects and the programme as a whole is affordable and fits with the Councils vision and priorities as laid out in the Council Plan and other inter linked plans and strategies.
- ~~3.~~ Discuss and recommend actions around developing capital issues
- ~~4.~~ Review the capital receipts position
- ~~5.~~ Review the assets disposal plan
- ~~6.~~ On an annual basis recommend the tolerance levels for project variations in time to allow the Financial Procedure Rules to be updated and approved by Council
- ~~3-7.~~ Periodically review the strategic fit of projects
- ~~4-8.~~ To develop and regularly review the processes to support a strategic approach to capital investment planning which will justify investment decisions, taking account of the Council priorities within the resources available.
- ~~5-9.~~ To operate according to the approved processes for consideration of all capital expenditure and for new proposed capital projects.
- ~~6-10.~~ To operate as a critical gateway for capital projects put forward for endorsement of concept and for ultimate commitment by the Council.

On An A-Bi-Annual Basis

- ~~7-11.~~ To receive and prioritise bids for inclusion in the Council's Capital Programme.
- ~~8.~~ To prioritise all bid submissions.
- ~~9-12.~~ To format a multiyear capital programme taking into account projected available resources for submission to Cabinet and or Council.
- ~~13.~~ Monitor the performance of the capital programme overall ~~Receive capital monitoring reports~~ (financial and performance information).
- ~~10-14.~~ Monitor the performance of strategic and high risk projects
- ~~11-15.~~ Receive asset disposal programme update.

Initially Monthly

- ~~12-16.~~ Consider all requests for in - year additions and changes to the Capital Programme that are not Officer delegated decisions, in accordance with the limits set out in the Financial Procedure Rules.

~~13-17.~~ To review all in - year additions and changes to the Capital Programme that have been made as Officer delegated decisions, in accordance with the limits set out in the Financial Procedure Rules.

~~14-18.~~ To oversee, monitor and authorise the progression of capital projects through key stages (to include receiving reports from established project, programme or capital boards as appropriate, and approving variations to schemes).

On an Adhoc Basis

~~15-19.~~ Review prioritisation and adequacy of existing scoring mechanism.

~~16-20.~~ Review systems of pre-project evaluation including project appraisal and business case justification.

~~17-21.~~ Review systems of post project evaluation and application to all completed schemes.

~~18-22.~~ To review at appropriate points major projects during the construction stage.

~~19-23.~~ To receive post-implementation review presentations after the completion of major projects.

Membership

~~Leader of the Council~~

~~Cabinet Member for Resources (Chair)~~

~~Leader of the Council~~

~~Cabinet Member for Education & Change~~

~~Councillor Supporting Cabinet Member for Resources~~

~~Chief Executive~~

~~Assistant Chief Executive~~

~~Chief Financial Officer~~

~~Deputy Chief Financial Officer~~

~~Assistant Chief Executive~~

~~Head of Property & Procurement~~

~~Attendees as Required / Requested~~

~~Directors~~

~~Cabinet Members~~

~~Project / Programme Managers~~

APPENDIX 2 – GUIDANCE ON SCHEME APPROVAL REPORTS

All capital investment will be commissioned by the Council Capital Board. This will enable any expenditure and its funding to be better aligned with the Council and City priorities as well as that of other partners and funding sources. These partners, from both the public and private sector will be at both a regional level and also at a district level.

Once initial strategic capital requirements have been identified and prioritised, full business cases will be commissioned for the highest priority projects.

The Council is currently reviewing its programme management arrangements including a review of the documentation being utilised. It is anticipated that project management documentation will be adapted to ensure it can be utilised for capital projects and for review by the Council Capital Board.

For proposals initially commissioned by the Council Capital Board the following approvals process will be put in place:

a) Outline Business Case (OBC) which will focus on options appraisal and quantifiable outcomes.

b) Full Business Case (FBC) – the final investment decision. This will focus on the how the priorities set out in the OBC will be delivered, including:

I. Project description - This should provide sufficient detailed information in order to give an understanding of what the scheme involves, including the need for and urgency for the work. For example where the scheme involves a programme of works such as "improvements to" or "replacements to" give some indication of where and when the work is to take place. It is insufficient to simply restate the scheme description as contained in the capital programme.

II. Consultation undertaken.

III. Expenditure and funding including whole life costs and revenue implications. This should be based on an agreed design and specification. It should also include an allowance for fees, contingencies and inflation. A risk based assessment should be applied to the costs and an indication of the potential range of costs included where appropriate. If there is scheme specific external funding, for example third party grants or capital receipts to be generated, this must be identified and any risks to the receipt of this money made clear.

IV. Summary of what the scheme will provide in terms of outputs.

V. Any further option appraisal

VI. Value for Money – including whether there are any revenue implications other than capital financing costs. Where savings are generated the use of the saving must be specified and where there are extra costs there must be a clear statement of how these will be funded. Any impact on fees and charges, either varying existing charges or introducing new ones, must also be specified.

VII. Delivery

VIII. Timescales - Project start and finish dates plus any key milestones or review dates. This is particularly important where a scheme approval covers several financial years.

IX. Risk Management

X. Sustainability, Forward strategy and evaluation

XI. Asset Management

XII. Procurement - The proposed procurement regime to be followed where contracts are to be let, in consultation with the Senior Manager Property, Procurement and Contract Management, and the intended start and completion dates, for each management stage of the scheme.

XIII. Equality Impact Assessment

XIV. Environmental Impact Assessment

XV. Any approvals or consents that are required from Government Departments or third parties.

c) Change Requests where delegated tolerance levels will be exceeded.

For proposals that are identified by officers there will be an initial extra step in the process, which will be undertaken on an annual basis:

XVI. Concept Outline – this will cover the initial concept idea, potential costs and funding sources, links to the Council Strategy and the City Plan, how outcomes will be improved.

It should be made clear that these will be the exception and the main focus will be on projects commissioned by the Council Capital Board.

Where there is already an agreed asset management plan the Council Capital Board can choose to request elements of the above business case come forward as they see fit.

How projects will be appraised

Capital Projects will be appraised using the following criteria:

1. Does the project deliver or facilitate the delivery of a strategic priority?
2. Is it worth planning – is it value for money?
3. Can we afford to progress the project and commit funding?
4. Does the project stimulate or add to economic growth?

Business cases will be appraised by a small team of officers prior to being received by the Council Capital Board. The team should consist of a finance, legal, property, and strategy officer. The team will make recommendations to the Council Capital Board having appraised the scheme using the above criteria.

~~This guidance is issued under Financial Procedure Rule B.33 and applies to all reports that seek approval to spend sums in the Capital Programme. It should be noted that seeking scheme approval is only one of the activities needed to proceed with a capital scheme. This guidance must be read in conjunction with the whole of the Constitution and any other Council Standards. Full details of the Councils project management~~

requirements can be found on the Sharepoint site. This will be updated in line with changes in business needs.

For all "gold" and "silver" capital schemes, (as assessed under PM Connect rules), in order to comply with Financial Procedure Rules a full Gateway 3 Project Initiation Document must be available and approved. As this is not available to Members / Decision Takers as part of the scheme approval report the scheme approval report itself must contain, as a minimum, the following summarised information and provide a link to where the reader can obtain the full PID documentation:

- (a) ~~Project description. This should provide sufficient detailed information in order to give an understanding of what the scheme involves, including the need for and urgency for the work. For example where the scheme involves a programme of works such as "improvements to" or "replacements to" give some indication of where and when the work is to take place. It is insufficient to simply restate the scheme description as contained in the capital programme.~~
- (b) ~~The proposed procurement regime to be followed where contracts are to be let, in consultation with the Senior Manager Property, Procurement and Contract Management, and the intended start and completion dates, for each management stage of the scheme.~~
- (c) ~~Summary of what the scheme will provide in terms of outputs.~~
- (d) ~~Latest estimated costs including the phasing over financial years. This should be based on an agreed design and specification. It should also include an allowance for fees, contingencies and inflation. A risk based assessment should be applied to the costs and an indication of the potential range of costs included where appropriate.~~
- (e) ~~Available budget provision.~~
- (f) ~~Statement of how any difference between latest and budgeted costs will be dealt with.~~
- (g) ~~If there is scheme specific external funding, for example third party grants or capital receipts to be generated, this must be identified and any risks to the receipt of this money made clear.~~
- (h) ~~Any approvals or consents that are required from Government Departments or third parties.~~
- (i) ~~Confirmation that there is still capital funding available to meet the latest estimated costs.~~
- (j) ~~Whether there are any revenue implications other than capital financing costs. Where savings are generated the use of the saving must be specified and where there are extra costs there must be a clear statement of how these will be funded. Any impact on fees and charges, either varying existing charges or introducing new ones, must also be specified.~~
- (k) ~~Details of the staffing and any other internal resource requirements to deliver the scheme as appropriate.~~

~~(l) Project start and finish dates plus any key milestones or review dates. This is particularly important where a scheme approval covers several financial years.~~

~~(m) A risk analysis if appropriate.~~

~~(n) Performance standards / quality standards for the project if appropriate.~~

~~(o) Legal powers.~~

~~For "bronze" capital schemes, the scheme approval report must contain all the above information but there is no need to refer to PM Connect documents. The information in the scheme approval report must therefore be sufficiently detailed to meet the scheme approval requirements and to enable the post contract completion assessment to be undertaken.~~