

Derby City Council

Financial Procedure Rules

November 2015

Derby City Council - Financial Procedure Rules

| Contents | | Page |
|-----------|---|-----------|
| | | |
| A. | General | 4 |
| B. | Financial Management | 6 |
| B1. | Financial Management Standards | 6 |
| B2. | Accounting Records and Returns | 7 |
| B3. | The Annual Statement of Accounts | 8 |
| C. | Financial Planning | 9 |
| C1. | Revenue Budget - Preparing Budgets | 9 |
| C2. | Revenue Budgets – Managing and Controlling | 11 |
| C3. | Capital Budgeting | 14 |
| | ▪ Capital Budget Preparation | 16 |
| | ▪ Capital Monitoring and Reporting | 17 |
| D. | Corporate Governance, Risk Management and Control of Resources | 20 |
| D1. | Risk Management | 20 |
| D2. | Insurance | 22 |
| D3. | Internal Control | 24 |
| D4. | Internal Audit | 26 |
| D5. | External Audit | 28 |
| D6. | Preventing Fraud and Corruption | 29 |
| D7. | Treasury Management and Related Items | 32 |
| | ▪ Treasury Management | 32 |
| | ▪ Banking | 33 |
| | ▪ Trust Funds and Funds Held for Third Parties | 34 |
| | ▪ Payments by Direct Debit | 35 |
| | ▪ Credit Cards and Purchase Cards | 35 |
| | ▪ Imprest Accounts | 36 |
| D8. | Assets and Security | 37 |
| | ▪ Security | 37 |
| | ▪ Leased Assets | 40 |
| | ▪ Disposal of Assets | 40 |
| | ▪ Inventories | 41 |
| | ▪ Materials, Stocks and Stores | 42 |
| E. | Financial Systems And Procedures | 43 |
| E1. | General | 43 |
| E2. | Income | 44 |
| E3. | Ordering Paying for work, goods and services | 47 |
| E4. | Payments to Employees & Members | 49 |
| E5. | Taxation | 51 |

| | | |
|------------|--|-----------|
| F. | External Arrangements | 53 |
| F1. | Work for Third parties, | 53 |
| F2. | Partnerships, Accountable Body Arrangements and Joint Arrangements | 55 |
| F3. | External Funding | 57 |
| Appendix 1 | Financial Limits (other than set out in the Scheme of Virement) | 59 |
| Appendix 2 | Scheme of Virement - Revenue Budgets | 62 |
| Appendix 3 | Glossary of Terms | 64 |
| Appendix 4 | Approval Pro-Forma | 69 |

A. GENERAL

- A1.1 Financial Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every Member and employee of the Council and anyone acting on behalf of the Council.
- A1.2 The objective of the Financial Procedure Rules is to specify a number of rules and key control measures which ensure that public accountability and high standards of financial integrity are exercised in the use of public funds and to reduce risk.
- A1.3 The Rules also identify the responsibilities of the Director of Finance and of Chief Officers. Chief Officers should maintain a written record where these responsibilities have been delegated to employees, including employees seconded to other departments. Separate School Financial Regulations identify how these responsibilities are to be exercised in schools.
- A1.4 All employees have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for economy in the use of resources.
- A1.5 All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the Director of Finance.

Responsibilities of Director of Finance

- A1.6 The Director of Finance is the responsible officer for the proper administration of the financial affairs of the Council under Section 151 of the Local Government Act 1972. Taken together with the Accounts and Audit Regulations, this means that all accounting procedures, systems and records of the Council and its Officers should be determined by the Director of Finance and should take account of proper professional practices. This statutory responsibility for the administration of the Council's financial affairs cannot be overridden by anything in a Scheme of Delegation or set of financial procedures.
- A1.7 The Director of Finance is also the responsible officer under Section 114 of the Local Government Finance Act 1988 for reporting to the Council if the authority:
- a. has made, or is about to make, a decision which involves incurring unlawful expenditure
 - b. has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or
 - c. is about to create an entry in the Council's accounts that would be unlawful.

- A1.8 To make sure that any proposed changes to Financial Procedure Rules are approved by Council.
- A1.9 Where appropriate, to report breaches of Financial Procedure Rules to the Council Cabinet and/or to the Council.
- A1.10 To issue instructions and guidance notes, where necessary, to amplify Financial Procedure Rules.
- A1.11 To periodically review and recommend changes to the Financial Procedure Rules to ensure that they remain relevant and up to date.
- A1.12 To make changes to the School Financial Regulations to ensure that they remain relevant and consistent with the Financial Procedure Rules in the context of a school environment, ensuring that any changes:
- are agreed jointly with the Strategic Director of Peoples Services
 - are subject to consultation with the Schools Forum
 - remain reasonably consistent with the Financial Procedure Rules subject to being adapted to the context of a school
 - comply with the Scheme for Funding Schools as agreed by Full Council and any other statutory requirements.
- A1.13 To provide training and guidance to assist Chief Officers discharge their duty to ensure that responsibilities under Financial Procedure Rules are understood.

Responsibilities of Chief Officers

- A1.14 To make sure that:
- a. existing and new employees are informed of their responsibilities under Financial Procedure Rules and Contract Procedure Rules and are familiar with these documents
 - b. all financial regulations or contracts and award procedures are followed by everyone in their department
 - c. relevant records are maintained and retained.
- A1.15 To make sure that all reports including those seeking approval under delegated powers record their financial implications, and that these are agreed in advance by the Director of Finance. In particular, any report containing new proposals includes an independent financial assessment by the Director of Finance.
- A1.16 To make sure that a written authorisation is provided by the Director of Finance in cases where authorisation is needed on financial implications but a report is not provided.
- A1.17 To consult the Director of Finance on any matter that may materially affect the finances of the Council.

A1.18 To be responsible for securing value for money in relation to their activities and for achieving financial performance targets in accordance with Best Value principles.

B. FINANCIAL MANAGEMENT

B1. Financial Management Standards

General

B1.1 All staff and members have a duty to observe the highest standards of probity in dealing with financial issues. This is achieved by ensuring every one is clear about the standards to which they are working, and the controls which are in place to ensure that those standards are met.

B1.2 The key controls for financial management standards are that:

- they are set in line with those approved and issued by the appropriate professional bodies, including the Accounting Standards Board (ASB) and the Chartered Institute of Public Finance & Accountancy (CIPFA)
- they are promoted throughout the Council
- a monitoring system is in place to review members' and officers' compliance with them
- All staff with budgetary responsibility receive appropriate training.

Responsibilities of Director of Finance

B1.3 To ensure the proper administration of the financial affairs of the Council.

B1.4 To set the financial management standards, and to monitor compliance with them.

B1.5 To ensure proper professional practices are adhered to, and to act as Head of Profession in relation to the standards, performance and development of all finance staff throughout the Council.

B1.6 To advise on the key strategic controls necessary to secure sound financial management.

B1.7 To ensure that financial information is available to Chief Officers to enable them to secure sound financial management of their functions and to enable them to report information accurately and timely.

Responsibilities of Chief Officers

B1.8 To implement and monitor adherence within their service areas to the financial management standards set by the Director of Finance.

B2. Accounting Records and Returns

General

- B2.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for the stewardship of public resources. These records form the basis on which the Council is able to satisfy its statutory responsibility to prepare and publish by the required date its annual statement of accounts. The statement must present fairly details of both its operations during the year and its position at the year end.
- B2.2 The key controls for the maintenance of accounting records and returns are to ensure that procedures are in place to:
- monitor that all Members, Chief Officers, finance staff and budget holders operate within the required accounting standards of the Council
 - record completely, accurately and promptly all the Council's transactions, and contracts and other essential accounting information

Responsibilities of Director of Finance

- B2.3 To determine the accounting procedures and format of the financial records for the Council, and to ensure that these are followed and maintained in service departments.
- B2.4 To compile all accounts and maintain accounting records in a complete, accurate and timely manner, or to ensure that they are compiled to a similar standard.
- B2.5 To ensure that all accounting records comply with statutory requirements and codes of practice, and setting standards in liaison with the City Council's external auditors for effective procedures concerning the closure of the final accounts.
- B2.6 To compile all grant claims and external financial returns based on the accounts in a complete, accurate and timely manner, or to ensure that Chief Officers have processes in place to compile grant claims to a similar standard.
- B2.7 To determine, having regard to relevant statutory and other guidance, and to communicate, the policy for the proper retention of financial and related documents, and to ensure that it is followed.

Responsibilities of Chief Officers

- B2.8 To comply with the following principles when allocating accounting duties within their department:
- the separation of the duties of providing information about sums due to or from the Council and the calculating, checking and recording of these sums, from the duty of collecting or disbursing those sums

- the separation of the duty of examining or checking the accounting entries for cash transactions from the duties shown immediately above.
- B2.9 To consult and obtain the approval of the Director of Finance before introducing any new or replacement processes or systems, or amending any currently approved processes or systems for the maintenance of financial records or records of assets.
- B2.10 To compile all accounts and maintain all accounting records under their control in a complete, accurate and timely manner, and to make them available for inspection by the Director of Finance, External Audit, Internal Audit or any of their representatives.
- B2.11 To maintain, or to ensure that staff maintain, adequate supporting records to provide a complete trail for all transactions leading from the source of income and/or expenditure item through to the entries in the centralised accounting records.
- B2.12 To complete, or to ensure that staff complete, all grant claims or external financial returns based on the accounts for their service area in an accurate and timely manner.
- B2.13 To supply, or to ensure that staff supply information in respect of their service area to the Director of Finance in accordance with policies, guidance or timetables issued to enable the Director of Finance to complete the Council's Statement of Accounts and any grant claim or other external financial return.
- B2.14 To comply, or to ensure that staff comply, with the policy for the retention of financial, electronic and related documents as directed by the Director of Finance.

B3. The Annual Statement of Accounts

General

- B3.1 The Council has a statutory duty to prepare its accounts to give a true and fair view of its operations during the year and its position at the year end.
- B3.2 The annual accounts are subject to examination by external auditors. This arrangement provides assurance that the accounts are properly prepared in accordance with proper accounting practices and that satisfactory arrangements have been made for securing value for money in the use of the Council's resources.
- B3.3 Accounting policies underpin the preparation of the statement of accounts and are consistent with the basic accounting concepts of materiality, going concern, matching, consistency, prudence and substance over form.

- B3.4 CIPFA has prescribed the format and content of the accounts. This facilitates the comparison of costs on a consistent basis. Service expenditure areas are closely defined, as is the treatment of various items of expense and income. Detailed requirements are shown in the Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code') and in the Service Reporting Code of Practice (SeRCOP).

Responsibilities of Director of Finance

- B3.5 To comply with all statutory and other requirements for the completion of the annual statement of accounts; this to include the signing and dating of the statement of accounts to the effect that it gives a true and fair view of the position of the Council at the year end and of its income and expenditure for the year concerned.
- B3.6 To approve the draft Statement of Accounts before 30 June and to prepare and publish the audited accounts of the Council for each financial year by 30 September, in accordance with the statutory timetable
- B3.7 To select suitable accounting policies and to ensure that they are applied consistently.
- B3.8 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations or other statutory

Responsibilities of Chief Officers

- B3.9 To comply with the accounting guidance provided by the Director of Finance and to supply the Director of Finance with necessary information when required.
- B3.10 To adhere to the accounting policies determined by the Director of Finance.

C. FINANCIAL PLANNING

C1. Revenue Budgets - Preparing Budgets

General

- C1.1 The Council is a complex organisation responsible for delivering a wide variety of services. Like other big organisations it needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies. Not least, it should demonstrate that the plans of the Council are affordable.
- C1.2 Medium term financial planning (MTFP), covering at least a rolling 3 year period, or such other period as the Council may determine, is an on-going

process and is subject to continuous review. As each year passes, the initial year of the Medium Term Financial Strategy (MTFS) becomes the basis of the annual revenue budget and another detailed future year is added to the plan.

- C1.3 Medium term financial planning encompasses the assessment of spending which is likely to emerge during the period to meet:
- Members' agreed political objectives and targets;
 - Central Government plans and targets;
 - services' current levels of outcomes and outputs;
 - new service developments or commitments
- and compares these with the resources likely to be available. The MTFS therefore ensures that the Council is always preparing for events in advance and as a result sets and monitors detailed annual revenue budgets tailored to meet service needs.
- C1.4 The revenue budget must be constructed so as to ensure that resource allocation to services properly reflects the spending plans and priorities of the Council. Budgets (spending plans), are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent to achieve individual service performance targets which meet the Council's approved desired outcomes or outputs
- C1.5 The Cabinet, in consultation with the Director of Finance, is responsible for issuing guidance to Chief Officers on service spend levels and the general content of the annual revenue budget as soon as possible following its approval by the Council.
- C1.6 The Cabinet shall consider the effect of its budget on the council's financial position and, after consultation on any proposed amendment, shall submit its proposed budget to Full Council for approval with a recommendation of the council tax to be levied for the following financial year.

Responsibilities of Director of Finance

- C1.7 To issue guidelines within which Chief Officers of the Council should prepare budgets and the Medium Term Financial Plan.
- C1.8 To prepare and publish the MTFS, setting out the aims, objectives and principles by which the council's finances are planned. The MTFS will include legal requirements, available resources, spending pressures and medium term prospect.
- C1.9 To prepare and submit the revenue budget on an annual basis by the statutory date required.

- C1.10 To encourage best practice and value for money by working with Chief Officers and Members to identify opportunities to improve economy, efficiency and effectiveness in the delivery of their services.
- C1.11 To advise Council, directly if appropriate, on Cabinet proposals in accordance with responsibilities under Section 114 of the Local Government Finance Act 1988 if there is the likelihood of unlawful expenditure or the determination of an unbalanced budget.
- C1.12 To assess and report to Council on the adequacy of Council reserves and the robustness of estimates underlying the budget

Responsibilities of Chief Officers

- C1.13 To prepare estimates of income and expenditure, in consultation with the Director of Finance.
- C1.14 To prepare budget proposals that are consistent with any relevant cash limits, with the Council's annual budget cycle and with guidelines issued by the Director of Finance.
- C1.15 To ensure the estimated cost of any proposals submitted as part of the budget preparation process are as complete and accurate as possible and include provision for all running costs, salaries and wages and any other outgoings involved by or in connection with the proposal.
- C1.16 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- C1.17 To consult with other Chief Officers and the Director of Finance, where it appears that a budget proposal is likely to impact on the service activity or budget of another department.
- C1.18 To ensure that medium term financial plans reflect agreed business plans, service needs, and any proposals for change. Chief Officers must also provide information to Cabinet where, in their opinion, the service plan does not meet statutory or central government requirements.
- C1.19 To ensure that allocations from earmarked reserves are used only for the purposes for which they were intended, and to comply with any other conditions of the allocations.

C2. Revenue Budgets - Managing and Controlling Budgets

General

- C2.1 Budget management ensures that resources allocated by members are used

for their intended purposes and that these resources are properly accounted for, subject to changes in purpose under budget virement rules.

- C2.2 The Council itself approves, and operates within, an annual net budget limit to ensure that the Council does not overspend in total. Each Chief Officer is required to manage their own expenditure within the budget allocated to them.
- C2.3 Regular reporting of income and expenditure against approved budgets keeps the Council aware of, and highlights, situations where actions may be required to maintain spending within approved budget levels.
- C2.4 Budgetary control is a continual process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism to call Chief Officers to account for their budget allocations. Chief Officers may delegate day to day responsibility for budgetary control to budget managers.
- C2.5 The Council considers on a regular basis variances against financial and performance targets and is therefore able to identify changes in trends and resource requirements at the earliest opportunity.
- C2.6 The scheme of virement at Appendix 2 is intended to enable the Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall budget framework, and therefore to optimise the use of resources.

Responsibilities of Director of Finance

- C2.7 To establish an appropriate framework of budgetary management and control, based on the principles that:
 - a. Chief Officers exercise budget management within their budget allocations unless the Council (in line with delegated authorities detailed in Appendices 1 and 2) agrees a subsequent variation
 - b. each Chief Officer has available timely information on receipts and payments on each budget head of approved estimates, to enable budget managers to fulfil their budgetary responsibilities
 - c. expenditure is committed only against an approved budget head including any budget heads amended as permitted under the Scheme of Virement (Appendix 2)
 - d. expenditure is within the law, in respect of Council policy, and in accordance with contract procedure rules where necessary
 - e. all officers responsible for committing expenditure or collecting income comply with relevant guidance, including Financial Procedure Rules

- f. each budget head has a single named manager, determined by the Chief Officer.
 - g. reserves and balances are used for purposes approved in budget plans and any changes in those approved uses require the approval of Council Cabinet
- C2.8 To administer the Council's Scheme of Virement that regulates the movement of resources between budget heads and between financial years (see Appendix 2).
- C2.9 To administer the Council's arrangements for under and overspendings to be carried forward to the following financial year (see Appendix 2).
- C2.10 To prepare and submit reports on the Council's overall projected expenditure/ income position compared with the budget, and on the position of its reserves and balances.
- C2.11 To ensure that any transfers from contingency budgets to revenue budgets are approved in line with the limits in Appendix 1.

Responsibilities of Chief Officers

- C2.12 To ensure that levels of expenditure and performance are properly monitored and controlled throughout each financial year, that any practicable and necessary steps are taken to avoid exceeding an approved cash limit, and that value for money is achieved.
- C2.13 To make sure that a single accountable budget manager is identified for each budget head under the control of the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure or raises income.
- C2.14 To make sure that spending remains within the overall service budget, and that individual budget heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or under spent, taking appropriate corrective action.
- C2.15 To ensure that a monitoring process is in place to review service delivery performance levels in conjunction with financial performance, and to take the necessary action to align service outputs with budget resources
- C2.16 To make sure that the use of departmental reserves to support the budget is consistent with the approved purpose and level of use within budget plans.
- C2.17 To prepare and submit to the Director of Finance, reports on the department's financial position compared with its budget.

C2.18 To report in the first instance to the Council Cabinet and if necessary to Council on proposals which in the view of the Director of Finance:

- a. will create net financial commitments in current or future years, additional to those within approved budgets or
- b. would potentially create additional net financial commitments in current or future years, if approved by a body outside of the Council, such as a project funded only in part by a bid for external funding, or
- c. will create recurrent net financial commitments in future years, in cases where the recurrent funding of those commitments cannot be relied upon or
- d. initiate new policy or cease existing policies or
- e. materially extend or reduce the Council's services

explaining clearly the full financial implications, after consultation with the Director of Finance. Unless the Council has agreed otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit in all years. A report to Council will be necessary where, in the opinion of the Director of Finance, the impact of the proposals is such that they would constitute a material change to the Budget and Policy Framework.

C2.19 When reporting to the Council Cabinet and Council any proposal for income or expenditure not provided for in an approved budget, to identify fully the proposed source of finance, after consultation with the Director of Finance.

C2.20 To make sure of compliance with the Council's Scheme of Virement (see Appendix 2).

C2.21 To ensure that where, in the view of the Director of Finance or any Chief Officer, a budget proposal including any virement proposal, will impact materially on another Chief Officer's service activity or budget, that proposal is agreed prior to implementation by both Chief Officers.??

C3. Capital Budgeting

General

C3.1 Capital expenditure involves acquiring or enhancing assets with a long- term value to the Council, such as land, buildings, and major items of plant and equipment or vehicles. This also includes the provision of grants for capital expenditure to other bodies.

C3.2 Capital assets shape the way services are delivered for the long-term and

create financial commitments for the future in the form of financing costs and revenue running costs. The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

- C3.3 The Council has a substantial capital programme covering a 3 year period. The programme is based on a number of assumptions, including the level of resources that may be available in future years.
- C3.4 The capital programme is revised during the year as new schemes are approved and existing schemes are re-profiled to future years.
- C3.5 The key controls surrounding the capital programme are:
- Governance of the capital programme is via the Corporate Capital Programme Board.
 - All schemes commenced must be fully financed
 - No new borrowing may be incurred without consideration of revenue implications.
 - Strict capital virement (see Annex A) limits exist.
- C3.6 All capital schemes must be included in the capital programme approved by Council. The approval by the Council of a programme of capital expenditure authorises the Chief Officer to:
- a. prepare such designs, detailed estimates and other professional reports necessary to allow schemes to commence, and to receive tenders or quotations as necessary in accordance with the Council's Contract Procedure Rules
 - b. commence spending on individual schemes up to the amount approved in the Capital Programme subject to the Chief Officer being satisfied that appropriate legal, technical and professional matters have been dealt with, that Contract Procedure Rules have been observed and that budgetary provision is in place after allowing for the tolerances for reporting variations set in Appendix 1
- C3.7 The approved capital programme approves a funded level of spending for the current financial year only. Spending on schemes within the programme should not be exceeded unless separately approved in accordance with the limits in Appendix 1.
- C3.8 Additional schemes added to the capital programme during the course of the year require approval of Full Council where the level of either planned total borrowing or unsupported borrowing will increase over the total level previously approved by the Council, either in the current year or in total within its medium

term financial plans, once any other changes to the approved capital programme are also taken into account.

C3.9 Approval of Council Cabinet is required where:

- the scheme is being funded from revenue or capital reserves which have not previously been earmarked for specific uses consistent with the purpose of the capital scheme.
- Any new capital scheme(s) are being funded as a result of deleting existing capital scheme(s)
- Schemes are added to the capital programme during the course of the year
- Scheme variations exceed the reporting tolerances set out in Appendix 1
- The virement of funding to meet such programme variations also requires Cabinet approval.

C3.10 Rolling programmes included in the capital programme can commence once a costed schedule of works has been approved by the Chief Officer and relevant legal, technical and finance officers, and subject to compliance with the Council's Contract Procedure Rules.

C3.11 Where a long-term development scheme is included in the approved capital programme, annual programming of works should be carried out as required for rolling programmes (see C3.10 above), subject to compliance with C3.6 above for the overall scheme.

C3.12 Programme monitoring requires a strict regime of financial control. This should be in the form of regular meetings with Programme Managers, Heads of Service and Directors which ultimately report to specific Boards which are aligned to spending areas within the Capital Programme

Capital Budget Preparation

Responsibilities of Director of Finance

C3.13 To prepare capital estimates jointly with Chief Officers and the Chief Executive and to report to the Council Cabinet for approval. The Council Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council.

C3.14 To make recommendations to Cabinet and Council with regards to prudent levels of unsupported borrowing to support capital investment.

C3.15 To make sure that the basis on which the capital programme is financed is consistent with the Council's approved revenue budget, the approved use of any revenue or capital reserves and the general capital strategy approved by Council.

C3.16 To determine a process for the preparation, consideration and initial approval of

proposals by members of the Corporate Capital Programme Board. This process must include the requirement that each proposal is prioritised against the Council's policies and objectives prior to inclusion in a Capital Programme. The process must also specify that where the cost of a proposal exceeds a specified threshold, the Chief Officer prepares a detailed financial appraisal and risk assessment in conjunction, if appropriate, with the Head of Estates.

- C3.17 To issue guidance to Chief Officers on the definition of capital spending having regard to government regulations and accounting requirements, the financial and operational information to be included in an appraisal, and the criteria for prioritisation of schemes.

Responsibilities of Chief Officers

- C3.18 To make sure that all bids for capital funding, which if successful would create additional net financial commitments in current or future years, or borrowing commitments, are approved by Council Cabinet. A report to Council will be necessary where, in the opinion of the Director of Finance the potential impact of the bid is such that they would constitute a material change to the Budget and Policy Framework. A bid is an action that is intended to solicit an offer of funding which the Council would then be expected to act on.
- C3.19 To identify, prior to submission of bids to Strategic Asset Management Board:
- how proposals for capital investment meet the Council's priorities, objectives and targets,
 - a financial appraisal
 - a risk assessment for the proposal
- C3.20 Consistent with revenue budget management, each capital scheme should have one nominated budget manager with responsibility for monitoring and reporting progress on the relevant scheme

Capital Monitoring and Reporting

Responsibilities of Director of Finance

- C3.21 To prepare and submit reports on:
- the Council's projected expenditure and resources compared with the approved estimates
 - the progress of spending on approved schemes
 - that the programme satisfies the requirements of the Local Government Act 2003 in terms of satisfying medium term affordability and meeting other prudential indicators.
- C3.22 To issue guidance concerning capital schemes and controls. The definition of 'capital' will be determined by the Director of Finance, having regard to

Government regulations and accounting requirements.

- C3.23 To obtain Council Cabinet authorisation for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the reporting tolerances set out in Appendix 1.
- C3.24 To monitor and report to Council Cabinet on capital expenditure compared to estimates, including all contracts where the final expenditure exceeds the approved estimate by more than the reporting threshold (see Appendix 1).
- C3.25 To monitor and report to Council Cabinet on the availability of capital income and financing compared to estimates.

Responsibilities of Chief Officers

- C3.26 To comply with guidance concerning capital schemes and controls issued by the Director of Finance.
- C3.27 To prepare regular reports reviewing the capital programme provisions for their services and to prepare a monthly return of estimated final cost of schemes in the approved capital programme for submission to the Director of Finance.
- C3.28 To monitor the progress on all approved schemes on a regular basis and to supply such information to the Corporate Capital Programme Board as required to enable the Director of Finance to report to Cabinet.
- C3.29 To make sure that adequate contract records are maintained in respect of all capital contracts.
- C3.30 To proceed with projects only when there is adequate provision in the approved capital programme.
- C3.31 To ensure that adequate records are maintained in respect of all spending on capital projects
- C3.32 To prepare and submit reports, jointly with the Director of Finance, to the Council Cabinet of any variation in approved contract costs greater than the approved limits (see Appendix 1).
- C3.33 To prepare and submit reports, jointly with the Director of Finance, to the Council Cabinet on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount (see Appendix 1).
- C3.34 Make sure that they do not enter into credit arrangements, such as leasing agreements, without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the capital programme.
- C3.35 Have delegated responsibility to reallocate funding between programme areas subject to relevant Board approval and subject to the approved limits (see

Appendix 1).

- C3.36 To consult with the Director of Finance and to seek Council Cabinet approval where the Chief officer proposes to apply for a capitalisation direction issued by Central Government to enable the capitalisation and funding of a specialist type of expenditure e.g. equal pay.

D. CORPORATE GOVERNANCE, RISK MANAGEMENT, AND CONTROL OF RESOURCES

General

The Director of Finance has a statutory responsibility for the overall financial administration of the Council's affairs and is responsible for maintaining an adequate and effective internal audit.

The Council's accounts are also scrutinised by external auditors, appointed by the Audit Commission, who must be satisfied that expenditure and income are legal and that the accounts are prepared in accordance with proper accounting practices. The adequacy of arrangements made by the Council to manage risks is also subject to scrutiny by the Audit Commission.

The Audit and Accounts Committee has since 2005 taken on the responsibility of overseeing all of these responsibilities, operating within the terms of reference set out elsewhere in the Constitution.

D1. Risk Management

General

D1.1 The Council, in common with all other organisations, whether they are in the private or public sectors, faces risks to people, property and the continuity of providing its services.

D1.2 The effective management of the Council's risks helps to achieve the organisation's objectives. Risks occur in all of our activities and can be mitigated through a planned and systematic approach. Innovation and opportunity are fostered through well-informed risk taking and the benefits are clearly demonstrated through enhanced and cost effective service delivery. Most risks are commonly associated with hazard or uncertainty but this association does not necessarily have to be attached solely to threat and hazard but also to the balance of risk and reward.

D1.3 Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. It therefore seeks to facilitate the achievement of the Council's objectives by securing the Council's overall operational, financial, strategic, reputational and organisational well being as well as its assets. The process is concerned with evaluating the adequacy of the measures which are already in place to manage identified risks and to recommend appropriate action to improve further the identification of risk and to control or mitigate those risks effectively.

- D1.4 It is the responsibility of all employees, Members and partner organisations to give due regard to risk as part of their working practice. The risks we take may impact not only on an individual or group of people but they may cascade into other service areas, partnerships or the community. It is for this reason that transparency of the decisions we take is essential in the effective monitoring and tracking of risks.

Responsibilities of the Director of Governance

- D1.5 To develop and promote clearly stated coherent corporate risk policies, strategies and standards including a clear definition of the types and levels of risk considered unacceptable.
- D1.6 To establish a Risk Management culture across the organisation with the objective of self-identification, assessment, prevention or containment of risks, throughout the authority.
- D1.7 To establish an officer group to provide strategic direction on risk management.
- D1.8 To clearly define and assign to key staff the responsibility for accepting and managing risk.
- D1.9 To ensure, and promote through Service Directors and Heads of Service the development of Risk Management and supporting management procedures to minimise risk and exposure to losses.
- D1.10 To develop risk management controls/treatments in conjunction with other Chief Officers.

Responsibilities of Chief Officers

- D1.11 To champion the use of risk management in their own departments and be responsible and accountable for the risk management arrangements within their department, having regard to advice from the Head of Governance and Assurance and other specialist officers (e.g. risk management, internal audit, performance, procurement and health and safety).
- D1.12 To ensure that there are regular reviews of risk, and the potential for risk, within their service area, and that the outcome of those reviews, and the steps taken, are documented.
- D1.13 To maintain, update and review Risk Registers relative to their operational services and to provide evidence of reviews and actions taken to the Head of Governance and Assurance.
- D1.14 To report on such risks in their operational department that may affect the Strategic objectives of the Council.

D1.15 To contribute fully in the support of the Risk Management process.

D2. Insurance

General

- D2.1 The Council effects insurance for specific risks, where it is economic to do so, in order to protect its tax payers against the impact on local charges, should a catastrophe occur.
- D2.2 It is essential that departments advise the Risk and Insurance Section (Organisation & Governance Directorate) of any change to their activities which could materially affect risk. Failure to do so might invalidate the insurance cover.
- D2.3 Insurance has been the traditional means of protecting against loss but, by reducing, or even preventing, the incidence of losses (whether they result from accident or crime) the Council can benefit both from the reduced costs of providing insurance cover and from the continuity of service provision.

Responsibilities of the Director of Governance

- D2.4 To affect a long-term strategy to meet the Council's insurance requirements.
- D2.5 To affect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with relevant officers, where necessary.
- D2.6 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- D2.7 To offer insurance cover to schools in accordance with Fair Funding arrangements.
- D2.8 To undertake a review of requirements to support the annual renewal of insurance contracts.
- D2.9 To ensure that insurance provisions are adequate to meet anticipated claims.
- D2.10 To develop and maintain a claims and risk management database including the identification of claims trends and areas of risk.
- D2.11 To continually monitor requirements and ensure that insurance covers are appropriate and cost effective.

Responsibilities of Chief Officers

- D2.12 To maintain records of the current value of replacement cost of buildings and contents in their respective departments, and to advise the Head of Governance & Assurance of such values on an annual basis.
- D2.13 To take appropriate measures to minimise the risk of injury to individuals and loss, damage or theft of any insured property.
- D2.14 To notify the Director of Governance/Head of Governance & Assurance of any new or significant change in their departments' risks.
- D2.15 To provide information to the Head of Governance & Assurance as required to complete any tendering exercise for insurance cover.
- D2.16 To notify promptly to the Head of Governance & Assurance any loss or damage or any event which is likely to lead to a claim against the authority. This notification must be supplied together with any information or explanation required by the Head of Governance & Assurance or the authority's insurers. In the event of theft or malicious damage, the police should also be notified of the loss or damage.
- D2.17 On the date of receipt all letters making claims against the Council, together with any attachments must be passed to the Insurance section.
- D2.18 If a claim is received directly by a Directorate, full details of the claim must be sent to the Head of Governance & Assurance.
- D2.19 On the happening of any event, which might give rise to a claim by the Council, against a third party, promptly to notify the Director of Governance to deal with the matter.
- D2.20 To ensure that there are regular reviews of risk within their departments.
- D2.21 To notify the Head of Governance & Assurance promptly of all new risks, properties, vehicles or equipment that require insurance and of any alterations affecting existing insurances.
- D2.22 To consult the Director of Governance and the Head of Governance & Assurance on the terms of any indemnity that the authority is requested to give.
- D2.23 To ensure that employees, or anyone covered by the Council'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.
- D2.24 To ensure that, before entering into any contract or agreement, the Head of Governance & Assurance is provided with evidence of the contractor's, or other parties, public liability insurance cover, in accordance with the minimum limits of indemnity determined by the Council.

- D2.25 To ensure that any employee using their private motor vehicle on Council business has adequate insurance that covers that vehicle for business use.

D3. Internal Control

General

- D3.1 Internal control is the system of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- D3.2 The Council is a large and complex organisation that faces a wide range of financial, administrative and business risks from internal and external factors. It requires a system of internal control to manage those risks and monitor its progress towards delivering strategic objectives and complying with its statutory obligations.
- D3.3 The system of internal control encompasses the whole of the Council's activities, known as the control environment. The control environment comprises the Council's policies, procedures and operations in place to:
- a. establish and monitor the achievement of the Council's objectives;
 - b. identify, assess and manage the risks to achieving the Council's objectives;
 - c. facilitate policy and decision making;
 - d. ensure the economical, effective, and efficient use of resources;
 - e. ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws, and regulations;
 - f. safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption, and;
 - g. ensure the reliability and integrity of information, accounts, and data, including internal and external reporting and accountability processes.
- D3.4 The key controls for a system of internal control are to ensure that:
- managerial control systems are in place which define policies, set objectives and plans, monitor financial and other performance and provide for the appropriate anticipatory and remedial action to be taken; the key objective of these systems is to promote ownership of the control environment throughout the organisation by defining the roles and responsibilities of individual members of staff;
 - financial and operational control systems and procedures are in place, which include provision for supervisory checks over the actions of staff, the physical safeguarding of assets, the segregation of duties, the determination of authorisation and approval procedures, and the availability of appropriate information systems;
 - an adequate and effective internal audit function is provided;
 - regular reviews of the internal control systems are carried out in order to

- ensure that they remain appropriate, and are revised as necessary;
- the Audit and Accounts Committee consider the Head of Audit's annual opinion on the effectiveness of the systems of internal control.

Responsibilities of the Director of Finance

- D3.5 To meet the requirements of Section 151 of the Local Government Act 1972 that the Council must “make arrangements for the proper administration of their financial affairs...”.

Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

“A relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.”

- D3.6 To meet the statutory requirements set out in the Accounts and Audit (England) Regulations 2015, a relevant authority must:

- (a) conduct a review of the effectiveness of its system of internal control required by regulation 3; and
- (b) prepare an annual governance statement

- D3.7 To advise the Council through the Audit and Accounts Committee of the need for, and to seek approval to, an appropriate control environment, effective internal controls and risk management procedures, which provide reasonable assurance of the effective and efficient delivery of services, financial stewardship, probity, and compliance with statutory requirements and regulations.

Responsibilities of Chief Officers

- D3.8 To put in place appropriate measures to achieve effective internal financial controls. These may include:
- Provision of codes of practice & procedures
 - Adequate operation of budgetary control & accounting systems
 - Adequate supervision
 - Physical safeguarding of property and staff
 - Segregation of duties
 - Maintenance of local information systems
 - Adherence to authorisation and approval processes.

- D3.9 To promote an effective internal control system in their departments, and across departments where activities they are responsible for cross departmental boundaries.
- D3.10 To undertake a quarterly review and analysis of the risks relating to the delivery of the department's objectives and the range of controls to manage those risks. This will help ensure that the current risks are known and that appropriate, effective controls are in place.
- D3.11 To ensure that the controls are documented and are circulated to all relevant staff, who should be given appropriate instruction and training in their application. Also to check that the established controls are being adhered to.
- D3.12 To establish and implement new financial controls, in line with the measures outlined in D3.8, and remove financial controls that are unnecessary or not cost or risk effective, for example, because of duplication subject to the agreement of the Director of Finance.
- D3.13 To decide on the appropriate methods for promoting internal controls including compliance with Council policy, Financial Procedure Rules, Contract Procedure Rules, Codes of Conduct and any statutory requirements. Examples include the use of guidance notes, training, and procedures/manuals of operation.
- D3.14 To ensure staff have a clear understanding of the requirements of the internal control measures and the consequences of not applying them.
- D3.15 To promote high standards of integrity in all actions which directly or indirectly involve Council finances and assets; and promote accuracy, consistency, and timeliness in all transactions, in order to provide reliable information to assist the development and monitoring of the Council's policies.
- D3.16 To advise the Director of Finance, of the need to consider the updating of existing controls in the light of changing circumstances whether arising from proposed changes to, or the introduction of new, operational systems, procedures or processes, and to implement, and publish, the resultant approved revised arrangements.

D4. Internal Audit

General

- D4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2015 more specifically require that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. "

- D4.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- D4.3 Inherently the work of internal audit is a service to management and for the benefit of the organisation as a whole.
- D4.4 Internal audit should have sufficient independence for it to be seen as such across the organisation, and to enable auditors to perform their duties in a manner which facilitates impartial and objective professional judgements and recommendations. To this end Internal Audit should be involved in the determination of its priorities and scope; internal auditors should have no operational responsibilities.
- D4.5 The Head of Governance and Assurance has direct access to and freedom to report in their own name without fear or favour to, all officers and Members and particularly those charged with governance including the Chief Executive and the Audit and Accounts Committee.

Responsibilities of the Director of Finance

- D4.6 To ensure that the scope of the internal audit service encompasses the entire control environment of the Council. This extends to all of the controls and procedures (financial or otherwise) in operation in all services provided by Council Departments, all of the City's schools and the Council's significant partners.
- D4.7 To ensure that internal auditors have the right of access to all assets, records, personnel and premises including those of Foundation and Voluntary Aided Schools, partners and third parties such as contractors, and any other establishment operated within the Council's financial accounts. This includes the authority to obtain information and explanations as it considers necessary to fulfil its responsibilities.
- D4.8 To ensure that the internal audit service procured by the Council is sufficient to meet statutory requirements.
- D4.9 To ensure that audit plans prepared by the internal audit service, which take account of the characteristics and relative risks of the authority's activities, are submitted to the Audit and Accounts Committee for approval.
- D4.10 To ensure that the internal audit service complies with the Public Sector Internal Audit Standards.

- D4.11 To report to the Audit and Accounts committee, annually, on the effectiveness of internal audit.
- D4.12 To ensure that the internal audit service is free to report directly to the Audit and Accounts Committee on all Internal Audit matters.
- D4.13 To ensure that the Head of Internal Audit provides an annual report to those charged with governance that gives an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.
- D4.14 To ensure that the internal audit service maintains a co-operative relationship with management and consults with management on audit work both at the annual planning stage and prior to commencing the assignment.

Responsibilities of Chief Officers

- D4.15 To establish and maintain a sound system of internal control. The internal audit service can offer advice and recommendations on control weaknesses and how they can be addressed, management retain responsibility and accountability for their operations and the related control arrangements.
- D4.16 To ensure that internal auditors are given access at all reasonable times to premises, personnel, records and assets that the auditors consider necessary for the purposes of their work.
- D4.17 To ensure that auditors are provided with any such information and explanations that they seek in the course of their work.
- D4.18 To consider and respond promptly to findings and recommendations in audit reports.
- D4.19 To ensure that any agreed actions arising from audit recommendations are carried out timely, efficiently and effectively.
- D4.20 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of Internal Audit prior to implementation.

D5. External Audit

General

- D5.1 The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.

D5.2 The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, Section 4 of the 1998 Act requires the Audit Commission to prepare a Code of Audit Practice, which external auditors observe when carrying out their duties. The Code sets out the external auditor's objectives to review and report upon:

- a. the audited body's financial statements and its statement on internal control; and
- b. whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

D5.3 The authority's accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts give a 'true and fair' view of the financial position of the authority and its income and expenditure for the year in question and complies with legal requirements.

Responsibilities of the Director of Finance

D5.4 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.

D5.5 To ensure that there is effective liaison between external and internal audit.

D5.6 To work with the external auditor and advise members, in line with the Scheme of Delegation, and Chief Officers on their responsibilities in relation to external audit.

D5.7 To consider, in conjunction with Chief Officers when necessary, and respond as appropriate to, reports and management letters issued by the external auditors

Responsibilities of Chief Officers

D5.8 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.

D5.9 To ensure that all records and systems are up to date and available for inspection by the external auditors as and when required.

D6. Preventing Fraud and Corruption

General

D6.1 The Council as a local authority is accountable to the public for the actions of all its members, employees and others acting on its behalf, and needs to

safeguard against the misuse of the assets and resources held on the public's behalf .

- D6.2 The Council will not tolerate fraud and corruption in the administration of its duties and responsibilities, whether from inside or from outside the authority.
- D6.3 The Council's expectation with regard to propriety and accountability is that members and staff at all levels undertake their duties with honesty and integrity and will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- D6.4 The Council also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with which it contracts will act towards the Council with similar honesty and integrity and without behaviour that constitutes fraud or corruption.

General

- D6.5 The key controls regarding the prevention of fraud or financial irregularities are that:
- policies and procedures are determined and operate effectively which set out the standards of conduct to be followed by Members, staff, partners and service providers
 - an adequate & effective Internal Audit function is provided.
 - policies and procedures are communicated to, understood and applied by all Members, staff, partners and service providers.
 - procedures and practices are reviewed on a regular basis to identify any or suspected weaknesses, and that the procedures and practices are revised as necessary.
 - a register of interests is maintained in which details of any hospitality or gifts offered to Members, partners or staff are recorded regardless of whether or not the offer was accepted.
 - identified or suspected frauds or financial irregularities are examined swiftly and offenders are dealt with firmly and appropriately.

Responsibilities of the Director of Finance

- D6.6 To develop and maintain appropriate policies, strategies and procedures on anti-fraud and corruption measures, and to advise Members and Officers of their responsibilities under these policies and procedures.
- D6.7 To ensure the Council maintains adequate and effective internal control arrangements.
- D6.8 To ensure the Council participates in anti-fraud initiatives and develops and maintains policies and procedures on data matching exercises.
- D6.9 To ensure that all suspected financial irregularities are reported to the Head of

Governance and Assurance and where there is evidence of perceived criminality, to notify the Chief Executive and Director of Governance, and where appropriate Members.

- D6.10 To seek to recover monies stolen from the Council by whichever means is appropriate. In respect of dismissed employees this will include making an application to recover money from their pension rights within the Local Government Pension Scheme.
- D6.11 Where the Director of Finance believes that reasonable grounds exist to suspect that a loss or deficiency has resulted from a fraudulent or illegal act, or in any circumstances where it appears right to do so, the Director of Finance, in consultation with the Director of Governance, may refer the relevant facts to the Police for further investigation.

Responsibilities of the Director of Governance

- D6.12 To develop and maintain an appropriate and effective whistle-blowing policy and procedures

Responsibilities of Chief Officers

- D6.13 To ensure compliance with all policies, strategies and procedures on anti-fraud and corruption measures and with the whistle-blowing policy and procedures.
- D6.14 To ensure that all suspected financial irregularities are reported to the Head of Governance and Assurance or the Director of Finance.
- D6.15 To ensure that prompt action is taken, following consultation with the Head of Governance and Assurance, to initiate investigation of any suspected financial irregularity.
- D6.16 To ensure that prior to the commencement of an investigation, assessment and consideration is given to the seriousness of the financial irregularity and appropriate advice and assistance is sought from the Head of Governance and Assurance
- D6.17 To ensure that appropriate action is taken during or at the conclusion of the investigation, which may include changes to internal controls to prevent repetition, steps to recover any losses incurred, disciplinary proceedings against individuals, or reporting suspected criminal offences to the police, or undertaking prosecution proceedings and respective Cabinet Member(s).
- D6.18 To maintain a register of the details of any gifts or hospitality offered to any member of staff regardless of whether or not the offer has been accepted; to monitor the reasonableness of the gifts received, the frequency and level of amounts received by an individual and, if deemed unreasonable, to take action to avoid a further recurrence; and to make the register of details available for

public inspection at all reasonable hours.

D7. Treasury Management and Related Items

General

- D7.1 Each year the Council processes a high volume of both high and low value cash transactions through its accounts. It is essential that the Council manages properly both the raising of loans by the most appropriate means so as to minimise the cost of borrowing; and also the investment of cash which is not immediately required to meet payments so as to balance risk of loss with the investment return to be gained. The Council is able to achieve an assurance that its cash is being managed efficiently by ensuring that national codes of practice are applied.
- D7.2 It is sometimes necessary for the Council to be responsible for private property belonging to a person under their guardianship, for example, to act as a trustee of assets on behalf of beneficiaries. In such cases the Council has a legal duty of care over the custody of assets and administration of funds and it is essential that adequate safeguards are in place.
- D7.3 This Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code). Accordingly the Council will create and maintain, as the cornerstones of effective treasury management:
- a treasury management policy strategy stating the policies and objectives of its treasury management activities.
 - suitable treasury management practices setting out the manner in which the Council will achieve these policies and objectives and prescribing how it will manage and control those activities.

Treasury Management

Responsibilities of Director of Finance

- D7.4 To arrange approval of treasury management strategies and policies in accordance with the CIPFA Code of Practice on Treasury Management and the Prudential Code.
- D7.5 To prepare reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the treasury management practices.
- D7.6 To carry out the execution and administration of treasury management decisions, in accordance with the Council's policy statement and Treasury Management Practices and CIPFA's Standard of Professional Practice on

Treasury Management and acting on advice from the councils treasury advisors

- D7.7 To identify, in conjunction with Chief Officers, the projected cash-flow position of the Council, and, in the light of this, to arrange the borrowings and investments for the Council in accordance with the approved Treasury Policy Statement so as to ensure that the borrowings and investments are valid, complete, accurate and properly accounted for and the Council remains in a liquid position with regards to paying creditors.
- D7.8 To arrange borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Prudential Code.
- D7.9 To make sure that all investments of money are made in the name of the Council or in the name of nominees approved by the Council Cabinet.
- D7.10 To make sure that all securities which are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the Chief Executive.
- D7.11 To effect all borrowings in the name of the Council
- D7.12 To act as the Council's registrar of stocks, bonds, mortgages and to maintain records of all borrowing of money by the Council.
- D7.13 To support the Council's Cabinet in its role to carry out the implementation and monitoring of the Council's treasury management policies and practices
- D7.14 To support the Council's Audit & Accounts Committee in its role to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Responsibilities of Chief Officers

- D7.15 To adhere to the requirements of the approved Treasury Policy Statement and treasury management practices, and in particular neither to arrange for any borrowing, nor to make any investment or advance any loan to a third party without the prior approval of the Director of Finance, and approval by Cabinet for interests in companies, joint ventures or other enterprises.
- D7.16 To provide details of projected cash flow requirements to the Director of Finance to enable the Director of Finance to arrange appropriate borrowings or investments on behalf of the Council; including notification of anticipated grant payments and receipts or other large amounts.

Banking

Responsibilities of Director of Finance

- D7.17 To act as the Council's Officer with delegated responsibility for the opening and closing of all bank accounts as are necessary.
- D7.18 To determine, or approve, all arrangements for the operation of such receipt, collection and banking facilities for the Council.
- D7.19 To ensure that all bank accounts are in the name of Derby City Council or such name as may be expressly approved by the Director of Finance.
- D7.20 To approve the opening and closing of all bank accounts holding Council monies and to assist and liaise with Chief Officers, where appropriate, when the management of monies not belonging to the Council is entrusted to Members and Officers of the Council (e.g. trust funds, receiverships, voluntary unofficial funds, school funds); and to maintain an up to date record of all accounts and the authorised signatories for each bank account opened.
- D7.21 To ensure Chief Officers are aware of, and comply fully with, their responsibilities for bank accounts operated under their control.

Responsibilities of Chief Officers

- D7.22 To comply with the arrangements determined by the Director of Finance for the operation of such banking facilities as the Director of Finance considers appropriate.
- D7.23 To liaise with the Director of Finance, where appropriate, when the management of monies not belonging to the Council is entrusted to members and officers of the Council e.g. trust funds, receiverships, school funds. Responsibilities include maintaining an up to date record of all such accounts and the authorised signatories for each bank account opened. Furthermore, to ensure that amendments to arrangements and authorised signatories are notified promptly to the Director of Finance.
- D7.24 To ensure that appropriate accounting and banking arrangements are in place for specific donations and fundraising income, with agreement of the Director of Finance.

Trust Funds and Funds held for Third Parties

Responsibility of Director of Finance

- D7.25 To liaise with, and provide advice and guidance as necessary to, Chief Officers

with regard to financial aspects and risks associated with, trust funds and other funds/assets held on behalf of third parties.

Responsibilities of Chief Officers

- D7.26 To ensure that trust funds are operated in accordance with all statutory and corporate requirements, and the specific requirements for each trust.
- D7.27 To arrange that all trust funds are, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position will deposit securities relating to the trust with the Director of Finance unless the deed otherwise provides.
- D7.28 To arrange, where funds are held on behalf of third parties, for their secure administration and management, approved by the Director of Finance, and maintain written records of all transactions.
- D7.29 To ensure that all Officers involved with safeguarding assets belonging to third parties are aware of their financial, statutory and other responsibilities.
- D7.30 To determine, in consultation where appropriate, with the Director of Finance, appropriate arrangements, including the maintenance of up to date, complete and accurate records, for the safe custody of all securities and other assets relating to the trust.

Payments by Direct Debit

Responsibility of Director of Finance

- D7.31 To ensure that no payment is made by the Council via direct debit without the relevant direct debit mandate first having been authorised by the Director of Finance.

Responsibility of Chief Officers

- D7.32 To ensure that direct debit mandates are forwarded to the Director of Finance for authorisation, in line with procedures outlined by the Council's Banking Officer.

Credit Cards and Purchase Cards

Responsibility of Director of Finance

- D7.33 To provide credit cards and purchase cards to be used for agreed purposes

and to be allocated to nominated members of staff

- D7.34 To ensure that anyone applying for a credit card or purchase card receives approval from the Director of Finance and follows procedures issued by the Director of Finance so that the Council's accounts are kept up-to-date and so that reclaimable VAT is properly accounted for.
- D7.35 To prescribe procedures for the use of credit cards and purchase cards and the accounting arrangements required to record and monitor expenditure incurred with such cards.
- D7.36 To ensure that credit cards and purchase cards are NOT used for personal purchases, and are returned to the Director of Finance for destroying immediately after the card-holder changes job or leaves the Council.

Responsibility of Chief Officers

- D7.37 To operate the use of credit cards and purchase cards in accordance with the procedures issued by the Director of Finance, including the relevant authorised limits.

Imprest Accounts

Responsibilities of Director of Finance

- D7.38 To ensure that all instances where cash is required, in order to manage small purchases in a flexible way, are operated as imprest accounts, whereby the maximum cash value of the account is determined in advance and receipt-backed reimbursements up to this maximum are made regularly.
- D7.39 To provide establishments and offices of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Items of expenditure should not exceed the prescribed amount (see Appendix 1).
- D7.40 To determine, and periodically review, arrangements for the provision and operation of cash and / or bank imprest accounts, including:
- maintaining an up to date record of all accounts and the authorised signatories for each imprest account opened,
 - requirements for the recording of all advances made,
 - the security of cash holdings,
 - the regular reimbursement of payments made
 - the reconciliation of activity on the account.
- D7.41 To maintain a record of all imprest account reimbursements made and

periodically review the arrangements for the control of these reimbursements.

D7.42 To reimburse float holders as often as necessary to restore the floats but normally not more than monthly.

Responsibilities of Chief Officers

D7.43 To operate, or to ensure that staff operate imprest accounts in accordance with the procedures and guidance notes issued by the Director of Finance and in conjunction with the Council's procurement arrangements; in particular:

- a. maintain an up to date record of all authorised signatories for each departmental imprest account and to ensure that amendments are notified promptly to the Director of Finance;
- b. obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
- c. make adequate arrangements in their office for the safe custody of the account
- d. produce upon demand to the Director of Finance cash and all vouchers to the total value of the imprest amount or cash float balance held
- e. record all transactions completely, accurately and promptly
- f. reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- g. provide the Director of Finance with a certificate of the value of the account held at 31 March each year
- h. to operate the account only for the payment and reimbursement of minor expenditure (as determined by the Director of Finance) on behalf of the Council and, under no circumstances, to use the account to cash personal cheques or to make personal loans;
- i. to ensure that only the appropriate minor expenditure is paid via petty cash in accordance with the Director of Finance' guidance and instructions;

D8. Assets and Security

General

- D8.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of both assets and service operations.
- D8.2 All assets should be safeguarded against loss, damage, misuse or any other unnecessary diminution in value so that they continue to be available to provide continuity of efficient service delivery. Similarly, information must also be safeguarded so that service delivery can continue.
- D8.3 In addition, for capital assets, up to date details are required for purposes of both fixed asset accounting and sound asset management.
- D8.4 In some instances it may be more cost effective to lease assets, including property, vehicles and equipment, rather than to purchase them outright.
- D8.5 It is important to distinguish between operational leases and finance leases as both have differing accounting requirements and have a different impact on service revenue accounts.
- D8.6 It is not cost-effective for the Council to tie up cash resources or to incur maintenance or other costs by continuing to hold physical assets which are no longer required or fit for use in service delivery; thus, obsolete, non-repairable or surplus assets must be disposed of in a suitable manner at the appropriate time, and having regard to legal and other requirements so as to ensure that the maximum sale proceeds are obtained.

General

- D8.7 The key controls for the security of resources such as land, buildings, vehicles equipment, plant, machinery, and other assets are that procedures are in place to ensure that:
- the items are used only for the purposes of the Council and are properly accounted for.
 - the items are available for official use as and when required.
 - when the items are no longer of use, and have been approved for disposal by Chief Officers in conjunction with the Director of Finance, they are disposed of in an appropriate manner so as to maximise the sale proceeds, unless there has been prior Member approval to allow the item(s) to be donated to a charity, voluntary organisation or similar body.
 - details of all items are recorded at the time of purchase in an asset register, or other appropriate record and that the details of the item's location, value and condition are maintained up to date.
 - a physical verification of assets is carried out on an annual basis
 - all staff are aware of their responsibilities with regard to the safeguarding

of the Council's assets.

Responsibilities of Director of Finance

- D8.8 To make sure a capital asset register is maintained in accordance with good practice for all fixed assets with a material value as determined by the Director of Finance.
- D8.9 To ensure that each Chief Officer maintains and provides all information relating to assets that is required for accounting, costing and financial records.
- D8.10 Proposals for the acquisition or disposal of land or buildings, whether freehold or leasehold, shall be referred to the Director of Finance and the Chief Executive.
- D8.11 The acquisition or disposal of land or buildings by Chief Officers should have been agreed by the Director of Finance and the Chief Executive after due consideration to the Council's Capital Strategy and be executed as part of their Revenue Budget or Capital Programme as appropriate.
- D8.12 To ensure that relevant assets are valued on a regular basis and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom

Responsibilities of Chief Officers

- D8.13 To make sure 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 Director of Finance has been signed by the Director of Finance.
- D8.14 To ensure the proper security and insurance of all buildings and other assets under their control.
- D8.15 Where land or buildings are surplus to the requirements of the Council, the use/sale of land should be considered in line with the Council's property rationalisation strategy.
- D8.16 Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by the Council Cabinet and/or Council, taking into account the alternative possible uses of the land.
- D8.17 To pass title deeds to the Chief Executive who is responsible for custody of all title deeds.
- D8.18 To make sure that no Council asset is subject to personal use by an employee without proper authority and is in accordance with relevant Council policies and procedures.

- D8.19 To make sure that the department maintains a register of moveable assets in accordance with arrangements defined by the Director of Finance.
- D8.20 To consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- D8.21 To make sure cash holdings on premises are kept to a minimum in line with normal operational requirements and insured limits.
- D8.22 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Director of Finance.

Leased Assets

Responsibilities of Director of Finance

- D8.23 To determine and issue guidance on leasing proposals, having regard for value for money.
- D8.24 To ensure all leased assets are recorded on a register.
- D8.25 To approve any new leases, or amendments to existing leases which, change the Councils financial commitment, before arrangements are contractually committed.

Responsibilities of Chief Officers

- D8.26 To ensure the Director of Finance is consulted on all proposals for leased assets.
- D8.27 To keep an inventory of all leased assets and to ensure assets are returned at the end of the lease period in accordance with the terms of the arrangement.

Disposal of Assets

Responsibilities of Director of Finance

- D8.28 To determine and issue to Chief Officers guidance for the disposal of assets.
- D8.29 To monitor Chief Officer's adherence to the guidance, including the recording and accounting for sale proceeds.

Responsibilities of Chief Officers

- D8.30 To follow, or to ensure that staff follow, the Director of Finance' instructions on the disposal of surplus or obsolete vehicles, plant, furniture, materials, stocks, stores or other equipment.

- D8.31 To ensure that surplus or obsolete assets are identified promptly.
- D8.32 To ensure that disposal is timely and by the appropriate means.
- D8.33 To make arrangements for the disposal of surplus goods, materials, vehicles and equipment in the manner most beneficial to the City Council, making every effort to dispose of surplus or obsolete assets by competitive tender or by public auction, and in all cases where the estimated value of the proceeds is at a level as determined by the Director of Finance and Chief Officers, in consultation, as appropriate, with the Cabinet.
- D8.34 To maintain a record of all disposals on inventories or within stock systems, including details of the quantity, items, proceeds and the purchasers.
- D8.35 To ensure that sale proceeds are banked and accounted for promptly, and that the Director of Finance is notified of the disposal of any capital assets.

Inventories

Responsibilities of Director of Finance

- D8.36 To determine and issue to Chief Officers guidance for the management and control of inventories.
- D8.37 To monitor Chief Officer's adherence to the guidance, including the recording and accounting for inventories.

Responsibilities of Chief Officers

- D8.38 To maintain up to date and accurate records of all items of equipment, plant, furniture, fittings, machinery and other items, in accordance with guidance specified on the Council's official inventory guidelines.
- D8.39 To ensure that all items of equipment, plant, furniture, fittings, machinery and other items, and in particular those which are attractive and portable, such as computers, mobile phones, cameras and video recorders, are identified with security markings as belonging to the Council.
- D8.40 To make sure that the Council's property is not removed except in accordance with the ordinary course of the Council's business
- D8.41 To ensure that equipment is used only in the course of the Council's business unless the Chief Officer has given permission otherwise, and subject to Council's policy on private use.
- D8.42 To ensure that appropriate records are maintained of those items of equipment,

which are in the control of specific members of staff.

- D8.43 To carry out a check at least annually of the existence and continued suitability for use, of all items recorded in the inventory, and to take appropriate action in respect of any discrepancies or items no longer suitable for use, annotating the inventory accordingly.

Materials, Stocks and Stores

Responsibilities of Director of Finance

- D8.44 To determine and issue to Chief Officers guidance for the management and control of materials, stocks and stores.
- D8.45 To monitor Chief Officer's adherence to the guidance, including the recording and accounting for materials, stocks and stores.

Responsibilities of Chief Officers

- D8.46 To make arrangements for the care and custody of materials, stocks and stores in the Directorate.
- D8.47 To make sure that quantities of stocks are maintained at reasonable levels for normal operational requirements unless there are sound financial or other reasons for doing otherwise
- D8.48 To maintain accurate and reliable records of items in stores specified by, and in a form agreed with, the Director of Finance.
- D8.49 To ensure that for all stocks there is an independent comparison of physical stock against the records at least once in each financial year, to investigate any discrepancies arising, and to report them to the Director of Finance.
- D8.50 To write-off redundant stock and discrepancies or obtain Council Cabinet and/or Council approval if they are in excess of a predetermined limit (see Appendix 1).
- D8.51 To maintain a record of all disposals, including details of the proceeds and the purchasers.
- D8.52 To provide to the Director of Finance such information concerning materials, stores or other assets as is required for financial accounting purposes.

E. FINANCIAL SYSTEMS AND PROCEDURES

E1. General Systems and Procedures

General

E1.1 Departments have many systems and procedures relating to the assets of the Council, including purchasing, costing and fleet management systems. Departments are largely reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to make sure that transactions are properly processed and errors detected promptly.

E1.2 The Director of Finance has a personal responsibility to make sure that the Council's financial systems are sound and should therefore be notified of any new developments, changes or operational issues.

E1.3 The key controls in the provision of financial systems and procedures are to ensure that:

- operating systems and procedures are secure;
- financial management information is provided in a timely manner to enable service managers to monitor performance against approvals and plans, and, where relevant, to take appropriate corrective action.

Responsibilities of Director of Finance

E1.4 To make arrangements for the proper administration of the Council's financial affairs, including to:

- issue advice, guidance and procedures to be followed by the Council's employees and others acting on its behalf
- determine the accounting systems, form of accounts and supporting financial records, banking services and procedures to be maintained or prepared
- provide Chief Officers with advice and guidance in applying the accounting systems, form of accounts, supporting financial records and procedures
- approve any changes to be made to existing financial systems or new systems introduced to the Council

Responsibilities of Chief Officers

- E1.5 To comply with the requirements of the Director of Finance in the maintenance, preparation and operation of financial systems, form of accounts, supporting financial records and procedures.
- E1.6 To comply fully with the Council's Data Protection policy.
- E1.7 To make sure that vouchers and documents supporting financial transactions or decisions are retained inline with the Council's document retention policy.
- E1.8 To make sure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records, and vice versa, is maintained.
- E1.9 To incorporate appropriate controls and checks to make sure that, where relevant:
- all input is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely.
- E1.10 To make sure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- E1.11 To establish and keep up to date a Scheme of Delegation identifying officers authorised to act upon the Chief Officer's behalf.
- E1.12 To ensure that the Council complies with Payment Card Industry Data Security Standards (PCI DSS) to ensure the Council is authorised to process Visa and MasterCard transactions
- E1.13 To comply with the copyright, designs and patents legislation and, in particular, to make sure that:
- only software legally acquired and installed by the Council is used on the Council's computers
 - employees are aware of the provisions of the legislation
 - in developing systems, due regard is given to the issue of intellectual property rights.

E2. Income

General

- E2.1 Income is derived both from the provision of supplies and services to customers and from contributions, grants, taxes and other revenues to finance services generally.

- E2.2 Income can be a vulnerable asset and effective collection systems are necessary to make sure that all of the income due is identified and collections are receipted, banked and accounted for properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.
- E2.3 All money received by an employee on behalf of the Council must be banked without delay. Invoices for goods and services supplied must be raised promptly to ensure proper accounting treatment, Vat recognition and to assist debt recovery.
- E2.4 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.

Responsibilities of Director of Finance

- E2.5 To agree arrangements for the collection of all money due to the Council and approve the procedures, systems and documentation for the collection of all income.
- E2.6 To order and supply to directorates all receipt forms, books or tickets and similar items subject to satisfactory arrangements being in place for their safe custody and control.
- E2.7 To agree the write-off of bad debts up to the approved limit in each case and to refer larger sums to the Council Cabinet (see Appendix 1), once it is considered that all reasonable steps have been taken to recover the sums due.
- E2.8 To ensure, in consultation with Chief Officers, that adequate provision is made for potential bad debts arising from uncollected income.
- E2.9 To ensure that money collected and banked is reconciled to the general ledger and bank account promptly.

Responsibilities of Chief Officers

- E2.10 To ensure arrangements for the collection of all money due to the Council, as advised by the Director of Finance are followed.
- E2.11 To notify the Director of Finance of new sources of income and to obtain the Director of Finance' approval for proposed changes to established procedures or systems for the collection of this and other income prior to making the commitment for such changes.

- E2.12 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, within corporate policies.
 - E2.13 To ensure there is an annual review of fees and charges and that proposals for the level of fees and charges are approved by the relevant Cabinet Member where these vary from an inflationary increase as notified by the Director of Finance.
 - E2.14 To segregate duties so as to ensure adequate internal controls and minimise the risk of fraud or other malpractice in relation to the receiving, recording banking and reconciliation of income.
 - E2.15 To make sure that invoices are raised as soon as possible and within 28 days of completion of the work/job, including agreed phased completion.
 - E2.16 To issue official receipts and maintain other documentation for income collection.
 - E2.17 To make sure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
 - E2.18 To retain securely receipts, tickets and other records of income, for the appropriate period.
 - E2.19 To receipt income on the day of receipt and lock away all income to safeguard against loss or theft.
 - E2.20 To make sure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an adequate audit trail.
- To safeguard against money laundering, payment in cash in excess of £5,000 for any single transaction will not be accepted from any source.**
- E2.21 To keep a record of every transfer of money whenever it changes hands. The receiving officer must sign immediately for the transfer and the transferor must retain a copy.
 - E2.22 To make sure income is not used to cash personal cheques or other payments.
 - E2.23 To supply the Director of Finance with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Director of Finance to record correctly the sums due to the Council and to make sure accounts are sent out promptly.
 - E2.24 To recommend to the Director of Finance all debts to be written off and keep a record of all sums written off up to the approved limit.
 - E2.25 To obtain the approval of the Director of Finance for writing off debts within the

approved limit and the approval of the Council Cabinet where required (see Appendix 1).

- E2.26 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

E3. Ordering and Paying for Work, Goods and Services

General

- E3.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to make sure that services can receive value for money in their purchasing arrangements. These Regulations should be read in conjunction with the Council's Contract Procedure Rules.
- E3.2 Every employee and member of the Council has a responsibility to declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- E3.3 Official orders must be in a form approved by the Director of Finance. Official orders must be issued for all work, goods or services to be supplied to the Council except for supplies of utilities, periodical payments such as rent or rates, petty cash purchases or other exceptions specified by the Director of Finance.
- E3.4 Each order must conform to the directions of the Council's Contract Procedure Rules and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Director of Finance.
- E3.5 Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment of money due from the Council will be by BACS. The use of direct debit or standing orders will require the prior agreement of the Director of Finance.
- E3.6 The use of e-business, e-commerce, credit/debit or purchasing cards, or other electronic means of purchasing goods or services, must be authorised by the Director of Finance.
- E3.7 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts

Responsibilities of Director of Finance

- E3.8 To ensure that the Council's financial systems, processes and procedures for

the ordering, purchasing and payment are sound, appropriately documented, properly authorised and well administered.

- E3.9 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- E3.10 To approve the format of official orders, and associated terms and conditions.
- E3.11 To provide advice and encouragement on making payments by the most economical means and within statutory deadlines.

Responsibilities of Chief Officers

- E3.12 Directors must ensure prior to placing an order the authorising officer acknowledges responsibility for ensuring:
 - authorisation limits are not exceeded
 - the expenditure is necessary and conforms to the Council's contract procedure rules
 - the order has been procured with an approved supplier
 - any budgetary issue resulting from the order has been properly addressed
- E3.13 To make sure that only those employees authorised to do so, electronically authorise or sign official orders. To maintain an up-to-date list of such authorised employees, including specimen signatures where appropriate, and identifying in each case the limits of their authority.
- E3.14 To provide for the separation of duties by ensuring that at least two members of staff are involved in the ordering, receiving and payment process.
- E3.15 To make sure that goods and services are checked on receipt to make sure they are in accordance with the order.. Appropriate entries should then be entered on the ordering system and relevant asset registers, inventories and where relevant appropriate insurance arrangements have been made.
- E3.16 To ensure payments are not to be made unless a proper invoice has been received, checked, and certified for payment. Authorising officers assume responsibility confirming:
 - receipt of goods or services (payment should not be made in advance of goods being received unless specific prior approval is given)
 - that the invoice has not previously been paid
 - that prices are correct and accord with quotations, tenders, contracts or catalogue prices
 - that the invoice is arithmetically correct
 - correct accounting treatment of tax
 - the invoice is appropriately coded

- E3.17 To ensure that the department maintains and reviews periodically a Scheme of Delegation which provides a list of employees approved to certify and authorise invoices. The Scheme of Delegation must include names of authorising officers together with specimen signatures if appropriate and details of the limits of their authority. This must be forwarded to the Director of Finance.
- E3.18 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. The Council's preferred method of payment is BACS. Payments should, however, not be made by direct debit unless essential and must have the prior approval of the Director of Finance.
- E3.19 To make sure that the directorate obtains best value for money and observes the Council's contract procedure rules. Particular notice should be given to the requirement to tender and the use of corporate contracts.
- E3.20 To make sure that no leasing or rental arrangements are entered into without prior agreement from the Director of Finance. This is because of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements and to make sure value for money is being obtained.
- E3.21 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance.
- E3.22 To notify the Director of Finance immediately of any expenditure to be incurred that cannot be contained within directorate budgets.
- E3.23 Employees should not make official purchases, excluding personal expenses, using personal credit cards for which they subsequently seek reimbursement from the Council as this circumvents the requirement for pre-authorisation by an independent party. Similarly, personal store account cards/loyalty cards held in the name of private individuals should not be used in connection with Council purchases.

E4. Payments to Employees and Members

General

- E4.1 Employee costs are the largest item of expenditure in most departments of the Council. It is therefore important that there should be controls in place to make sure that payments are made only where they are due for services to the Council and that payments accord with individual's conditions of employment. Provision should also be made to account for these transactions completely, accurately and promptly; and to comply with statutory and other corporate requirements.

E4.2 The key controls for payments to current and former employees and Members are to ensure that procedures and processes are in place which ensures that:

- payments are made at the appropriate time under secure , sound and reliable arrangements
- payment arrangements provide for the appropriate segregation of duties and authorisation procedures
- payments are in accordance with all statutory requirements as well as regulations and directions of the Council
- payments are accounted for completely, accurately and promptly
- payments are monitored regularly against approved budgets
- all appropriate payroll records and supporting documentation are retained for the appropriate period.

Responsibilities of Director of Finance

E4.3 To ensure arrangements are in place for returns of pension contributions and information to the administrators of the appropriate schemes, namely the Local Government Pension Scheme and Teachers' Pension Scheme.

Responsibilities of Director of Governance

E4.4 To make sure satisfactory arrangements and controls exist to provide secure and reliable payment of salaries, compensation or other payments to existing and former employees in accordance with procedures prescribed by the Director of Finance on the due date.

E4.5 To record, control and pay completely, accurately and promptly all tax, pensions and other statutory and voluntary payroll deductions.

E4.6 To ensure the secure and prompt payment of salaries by the most efficient means.

E4.7 To make arrangements for emergency/hardship payments to staff where required, and for the subsequent repayment of these amounts.

E4.8 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

E4.9 To make arrangements for paying Members' travel or other allowances upon receiving the prescribed form duly completed.

Responsibilities of Chief Officers

E4.10 To make sure appointments are made in accordance with the regulations of the Council and approved establishments, grades, and scale of pay, and that adequate budget provision is available.

- E4.11 To make sure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:
- payments are only authorised to bona fide employees and former employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
 - there is an effective system of checking and certifying payroll forms.
- E4.12 To make sure that payroll transactions are processed only through the payroll system. Strategic Directors should give careful consideration to the employment status of individuals employed on a "self employed consultant or sub contract" basis. The Inland Revenue applies a tight definition for employee status and, in cases of doubt, advice should be sought from the Director of Finance.
- E4.13 To certify travel and subsistence claims and other allowances, where certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred and allowances properly payable by the Council, making sure that cost-effective use of travel arrangements is achieved. Any claims should be submitted on a monthly basis.
- E4.14 To make sure that the details of any employee benefits in kind are notified to the Director of Finance to enable full and complete reporting within the Income Tax Self Assessment system.

Responsibilities of Members

- E4.15 To submit claims for Members' travel and subsistence allowances, which are compliant with Council policies and procedures, on a monthly basis.

E5. Taxation

General

- E5.1 Like all organisations, the Council is responsible for making sure it pays the right amount of tax at the right time - tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Chief Officers to be aware of their responsibilities
- E5.2 The key controls on taxation are that procedures are in place which ensure that:
- all taxable transactions are identified, the tax liability properly assessed, and accounted for within specified timescales

- all statutory and other returns are made to the appropriate authorities within the specified timescales
- all other statutory requirements are met

Responsibilities of Director of Finance

- E5.3 To provide and maintain up to date guidance for staff on all taxation issues, including detailed processes to be followed and records to be maintained.
- E5.4 To complete all HM Revenue and Customs statutory returns regarding PAYE, benefits in kind, VAT and Construction Industry Tax Deduction Scheme.
- E5.5 To make sure that the impact on taxation of key decisions and strategies are anticipated (including opt to tax) and that the financial implications are set out in reports to Council Cabinet and Council.
- E5.6 To investigate and engage relevant bodies regarding the opportunities to recover previously paid tax, including the determination of risk/reward arrangements

Responsibilities of Chief Officers

- E5.7 To make sure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Revenue and Customs Regulations.
- E5.8 To have procedures in place that can quickly identify VAT errors and where errors are discovered, to inform the Director of Finance in a timely manner so they can be disclosed to HM Revenue and Customs.
- E5.9 To make sure that, where construction and maintenance works are undertaken, accurate and timely information is provided to enable the Director of Finance to pay the contractor in accordance with the requirements of the Construction Industry Tax Scheme.
- E5.10 To make sure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona-fide self employed or are employed by a recognised employee agency.
- E5.11 To make sure that records are kept of all benefits in kind provided to employees that are relevant for taxation purposes.
- E5.12 To determine the employment status (employee or self employed) of all individuals engaged to provide a service before proceeding with the engagement.
- E5.13 To keep and preserve for a period of at least 6 years, records and accounts

in a manner that will enable HMRC to check easily that all taxes have been properly accounted for.

- E5.14 To consult with and seek advice from the Director of Finance on the potential tax implications of any new initiatives for the delivery of Council activity and services.

F. EXTERNAL ARRANGEMENTS

F1. Work for Third Parties

General

- F1.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable the unit to maintain economies of scale and existing expertise.

- F1.2 The key controls for working with third parties are that:

- proposals are costed properly, in accordance with guidance provided by the Director of Finance
- no process is started that might lead to the Council agreeing to do work for an outside body, whether public sector or otherwise, without first seeking the advice of the Director of Governance and Assurance as to whether this is within the Council's legal powers
- no process is started that might lead to the Council agreeing to do work for an outside body, whether public sector or otherwise, without first establishing and recording that there is a clear case why doing the work is in the Council's best interests
- contracts are drawn up using guidance provided by the Director of Governance and Assurance and that the formal approvals process is adhered to
- guidance is issued with regard to the financial aspects of third party contracts and the maintenance of the contract register
- responsibility for approving the contractual arrangements for any work for third party or external bodies is allocated in line with Appendix 1
- that the Council has insurance cover for any potential liabilities that could arise to the recipient of the service and any third party, and that the cost of this has been included within overheads when calculating fees to be charged.

Responsibilities of Chief Officers

- F1.3 To ensure that risks are identified, evaluated and appropriate arrangements made to manage those risks before any arrangements are concluded

- F1.4 To make sure that relevant approval is obtained, in line with the limits set out in Appendix 1 before any negotiations are concluded to work for third parties.
- F1.5 To ensure that the Council does not enter into any agreement that is beyond its legal authority, in consultation with the Director of Governance and Assurance.
- F1.6 To make sure that the approval of Council is obtained for the establishment of any company or incorporated body through which trading activities are to be undertaken.
- F1.7 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Finance (see Appendix 1).
- F1.8 To make sure that appropriate insurance arrangements are made.
- F1.9 To make sure that the Council is not put at risk from any bad debts.
- F1.10 To make sure that no contract is subsidised by the Council.
- F1.11 To make sure that, wherever possible, payment is received in advance of the delivery of the service.
- F1.12 To make sure that the department has the appropriate expertise to undertake the contract.
- F1.13 To make sure that such contracts do not impact adversely upon the services provided for the Council.
- F1.14 To make sure that all contracts are properly documented, including exit arrangements.
- F1.15 To consult with the Director of Finance where a service 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 Council. In general, such contracts should not be entered into unless they are capable of being terminated within the main contract period without penalty.
- F1.16 To observe all accounting requirements in relation to former DSOs trading accounts of other services or business units and work for third parties as directed by the Director of Finance. This includes an assessment on whether or not the service should be classed as DSO based on the relevant CIPFA guidelines.

F2. Partnerships, Accountable Body Arrangements and Joint Arrangements

General

- F2.1 Partnerships, joint ventures and pooled budgets are being increasingly used as a delivery mechanism for existing and new services and funding streams. In those cases or where the Council acts as Accountable Body the Council is responsible for the financial regularity, probity and value for money of the funding streams involved.
- F2.2 It is normal practice for the Council to enter into legal agreements on behalf of partnerships. It is important that appropriate procedures are put into place to protect the Council as far as is practicably possible.

Responsibilities of Director of Finance

- F2.3 To advise on the accounting implications of proposed arrangements effective controls which will ensure that resources are used effectively, efficiently and not wasted.
- F2.4 To ensure that appropriate internal and external audit requirements are in place.
- F2.5 To ensure that the accounting arrangements to be adopted relating to joint working arrangements are satisfactory.
- F2.6 To approve the Council acting as an accountable body or entering into partnerships and joint ventures in line with the limits set out in Appendix 1.
- F2.7 To ensure the financial risk and benefit of any arrangement are properly assessed and appropriate exit arrangements are in place regarding accountable body arrangements, including the distribution of any assets and liabilities.

Responsibilities of Chief Officers

- F2.8 To ensure a budget manager / accountable officer is identified.
- F2.9 To ensure that approval is sought before entering into any partnership agreements where the Council acts as Accountable Body in line with financial limits detailed in Appendix 1
- F2.10 To ensure satisfactory arrangements are in place to protect the Council from financial loss, reputational damage and unnecessary risk, by undertaking or determining:

- a financial appraisal of the viability of the proposed arrangement throughout its duration
- a risk appraisal is prepared before entering into any agreement
- the nature, level and timing of the Council's contribution and commitment
- the responsibility for undertaking, and the detail of, the project's accounting and financial reporting arrangements
- the arrangements for accommodating the inability of any of the proposed partners to meet their financial or other obligations under the arrangements
- the arrangements for dealing with any remaining assets or liabilities at the end of the arrangement
- the audit, security and other control arrangements which should all generally be in line with the requirements of the Council's Financial Procedure Rules
- that the arrangements will not impact adversely on the services provided by the Council

- F2.11 To ensure that appropriate management procedures are in place to enable the Council to fulfil the requirements of any agreements entered into on behalf of the partnership.
- F2.12 To prepare any financial estimates relating to partnership arrangements and to agree these with the Director of Finance.
- F2.13 To ensure that appropriate budget approval is sought before entering into a partnership arrangement that commits Council funding.
- F2.14 To ensure that monitoring arrangements are in place for both financial and non-financial performance measures.
- F2.15 To ensure that the arrangements for financial monitoring and control operate to the satisfaction of the Director of Finance.
- F2.16 To ensure that accurate and appropriate Asset Registers are maintained in line with funding body requirements.
- F2.17 To ensure that an exit strategy is formally agreed, documented and signed by all partners, to include reference to any distribution of assets and liabilities.
- F2.18 To ensure compliance with the Council's Contract Procedure Rules where the Council is the lead or accountable body of the partnership.

F3. External Funding

General

- F3.1 External funding is a very important source of finance, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.
- F3.2 Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external sources provide additional resources to assist the Council to deliver services to the local community.
- F3.3 The key controls for the use of external funding are that:
- funds are accepted only if they meet the priorities that have been approved by the Council
 - any match-funding requirements are given due consideration prior to entering into long-term agreements and that revenue budgets reflect these requirements.
 - to ensure that key conditions of funding and any statutory requirements are complied with, and that the requirements of the Funding Body and any Council responsibilities as the Accountable Body are clearly understood.
 - planned exit strategies are documented and maintained

Responsibilities of Director of Finance

- F3.4 To ensure that all funding notified by external bodies is received, controlled and properly recorded in the Council's accounts.
- F3.5 To ensure that procedures are in place so that all the financial implications, including long term issues, resulting from entering into external funding agreements are identified and where exceptions have been negotiated by partners these are documented
- F3.6 To maintain a record of expected grants in liaison with Chief Officers.
- F3.7 To investigate ways of maximising grant income.
- F3.8 To provide guidelines and advice to Chief Officers as to minimum standards for recording and evidencing grant expenditure in order to meet grant conditions and external audit requirements.

F3.9 To ensure that audit requirements are met.

Responsibilities of Chief Officers

F3.10 To ensure that funds are acquired only to meet the priorities that have been approved by the Council.

F3.11 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue funds are able to meet these requirements.

F3.12 To ensure that the impacts of any reducing external contributions or other liabilities are reflected at the appropriate time in the Council's medium term financial strategy.

F3.13 To ensure that the arrangements for dealing with income from external funding agencies, together with the relevant general requirements of the Financial Procedure Rules, are communicated to, understood and applied by staff involved in the process.

F3.14 To identify the cost of administration by the Council of the funding and where appropriate to recover these costs from the funding.

F3.15 To ensure that necessary approvals are obtained before external funding agreements are concluded.

F3.16 To ensure that the conditions of external funding agreements and any statutory requirements are complied with.

F3.17 To maintain a record of external funding agreements in place.

F3.18 To ensure any grant claims requiring signature of the Director of Finance are provided in a timely manner and accompanied by all relevant supporting documentation to enable the claim to be authorised by the required deadline.

F3.19 To liaise with the External Auditor as required during audit certification.

F3.20 To ensure the Director of Finance is notified of any grant bid, and final grant approvals, for incorporation into the Corporate Grants register.

APPENDIX 1

FINANCIAL LIMITS (OTHER THAN AS SET OUT IN THE SCHEME OF VIREMENT)

USE OF EARMARKED RESERVES

Chief Officer Group may approve the use of an earmarked reserves up to £100,000, per financial quarter, in line with the original intended use, including the general use of the budget risk reserve.

The relevant portfolio member may approve the use of an earmarked reserves up to £250,000, per financial quarterly period, in line with the original intended use.

Any use of Council reserves over £250,000 or where reserves are to be used for an alternative purpose to their original intention must be approved by Council Cabinet.

Movements in reserve balances are to be reported to cabinet on a quarterly basis.

USE OF CORPORATE CONTINGENCY BUDGETS

Director of Finance may approve the reallocation from contingency budgets to revenue budgets in line with the original intended use.

Reallocations where contingency budgets are to be used for an alternative purpose require Cabinet approval.

CAPITAL MONITORING CONTROL

New Schemes

Subject to funding being available any new schemes to be added to the capital programme must seek Council Cabinet approval for the addition.

Where new schemes are to be funded from borrowing Council approval must be sought to add the additional borrowing to the capital programme funding.

Existing Schemes

Subject to funding being available, approval to vary the cost and phasing between years of capital schemes within the overall capital programme should be obtained from Council Cabinet for changes over £250,000.

Variations between £100,000 - £250,000 can be approved by the Strategic

director in conjunction with the portfolio holder provided changes are contained within the approved funding.

For variations up to £100,000 the Strategic Director can approve and/or delegate to the relevant programme boards to the limits specified within the boards Terms of Reference providing it can be contained within the capital programme area.

CHIEF OFFICER APPROVED WRITE-OFF LIMIT

A Chief Officer may, with the written agreement of the Director of Finance, write-off:

- (a) individual bad debts or remit charges not exceeding £10,000 in any one case including current tenants' rent arrears and housing benefit or council tax benefit overpayments
- (b) council tax charges not exceeding £10,000 plus any associated court costs and distress fees of a charge payer in respect of any financial year.

Sums over £10,000 require the approval of the Council Cabinet.

The Director of Finance may initiate such write-off or remission after consultation, if necessary, with appropriate Chief Officers.

WRITE-OFF OF STOCK DISCREPANCIES, REDUNDANT STOCK AND EQUIPMENT

Chief Officer's approval limit is up to a maximum of £10,000 in any financial year.

All write-offs above the Chief Officer limit will be agreed by the Director of Finance.

IMPREST ACCOUNTS

Minor items of expenditure met from imprest accounts should not exceed £50, except in the following cases:

- The limit for schools is £100.
- The limit for residential children's homes is defined as the appropriate Christmas or birthday allowance limit for any year
- The limit for foster care emergency equipment purchases is £400.

WORK FOR THIRD PARTIES

- Approval of the Director of Finance and the relevant Strategic Director for agreements up to £100,000.
- Approval of the Director of Finance, the relevant Strategic Director and the relevant Cabinet Member for agreements up to £250,000
- Approval of Cabinet for agreements over £250,000

ACCOUNTABLE BODIES, POOLED BUDGETS AND JOINT AGREEMENTS

- Approval of the Director of Finance and the relevant Strategic Director for agreements with a Council interest up to £100,000.
- Approval of the Director of Finance, the relevant Strategic Director and the relevant Cabinet Member for agreements up to £250,000
- Approval of Cabinet for agreements over £250,000

GRANTS OR LOANS TO VOLUNTARY/EXTERNAL BODIES

- Director of Finance approval is required for loans made to inter group companies
- All other grants or loans made to external bodies require cabinet approval

SPECIAL ALLOWANCES OR GRANTS TO INDIVIDUALS

- Approval of the relevant Chief Officer for allowances or grants up to £15,000 per individual per year
- Cabinet approval is obtained for any decision involving the making of a grant or special allowance over £15,000 to any individual

NEW BIDS FOR / ACCEPTANCE OF EXTERNAL FUNDING NOT ALREADY INCLUDED IN APPROVED BUDGET

- Approval of the Director of Finance and the relevant Strategic Director for agreements up to £100,000.
- Approval of the Director of Finance, the relevant Strategic Director and the relevant Cabinet Member for agreements up to £250,000
- Approval of Cabinet for agreements over £250,000

SCHEME OF VIREMENT – REVENUE BUDGETS Purpose of the Scheme

The Council's Scheme of Virement and Carry Forward is administered by the Director of Finance within guidelines set by the Council. Any variation from this scheme requires the approval of the Council.

Normally, detailed budget heads are approved by the Council and Chief Officers are authorised to incur expenditure in accordance with those estimates. The rules below cover virement, i.e. switching resources between heads of expenditure and income, and carry forward, i.e. arrangements for the transfer of resources between accounting years.

The scheme of virement is intended to enable Chief Officers and their accountable employees to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the Council, so as to make optimum use of resources. Chief Officers are expected to exercise their discretion in budget management responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from 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.

Definition of Budget Heads

All budget heads are subject to the rules set out in this scheme of virement except where stated below.

A budget head will normally be defined as the standard service sub division line as defined by the CIPFA Service Reporting Code of Practice net controllable revenue budget for each service activity approved by Council in March prior to the financial year. Budget heads may be defined at a more detailed level if Chief Officers determine this and direct budget managers accordingly.

Although budgets heads are defined in terms of net not gross budgets, variations in controllable income budgets are subject to some additional provisions set out below.

Revenue budgets may be vired to support capital expenditure within the provisions of the Scheme of Virement. Other than this, capital budgets are outside of the provisions of the scheme and the treatment of variations in capital scheme costs is as set out in Appendix 1.

Revenue reserves are not treated as revenue budget heads but their use and monitoring is subject to other requirements set out in the Financial Procedure Rules.

The treatment of carried forward balances and deficits within delegated schools budgets will be as generally determined by School Financial Regulations together

with satisfying any specific conditions and limitations determined by the Council.

Virement

- (a) The financial limits on virements are that, subject to meeting other conditions:
- Chief Officers may exercise virements on budgets under their control for amounts up to £100,000 on any one estimate head during the year. Cross directorate virements will require approval from both Chief Officers.
 - Amounts above £100,000 and up to £250,000 additionally require the approval of the responsible Council Cabinet member. Cross portfolio virements will require approval from both cabinet members.
 - Amounts greater than £250,000 require approval of the Council Cabinet.

The making permanent of virements would be addressed as part of the budgetary process for the following year or where urgent through the approval of the Council Cabinet and Council.

- (b) Virement that is likely to impact on the level of service activity of another service area or Chief Officer should be implemented only with the agreement of the relevant Chief Officer or otherwise with the approval of Council Cabinet.
- (c) Governing bodies of schools may transfer budget provision between heads of expenditure within delegated schools' budgets according to the provisions of the Schools' Financial Regulations.
- (d) Where an approved budget head is a lump sum budget or contingency intended for allocation during the year, or where a reserve is intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- the amount is used in accordance with the purposes for which it has been established
 - the Council Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated.
- (e) A virement will be considered to be technical if it meets any of the criteria below:

The transfer of budget is required due to a reorganisation or transfer of service where funds are still expended in line with original approved budgets.

The virement is required to satisfy technical accounting requirements

The virement is required to align budgets with a previously approved proposal eg the creation of budgets to account for new grant funded projects.

APPENDIX 3

Glossary of Financial Terms and Abbreviations contained within the Financial Procedure Rules

| Term | Description |
|---|--|
| Accounting Policies | Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented. Accounting policies do not include estimation techniques. |
| Accrual | An accrual is an adjustment made at the end of the year to account for income and expenditure in the correct year, for example where goods or services have been received in one year but the invoice will be paid in the following year due to timing differences. |
| Asset | An asset is anything that is owed by the Council that has a value. |
| Bad Debt | Money owed to the Council that is unlikely to be paid. |
| Best Practice | The term used to describe the methods used by local government to share procedures and practices in order to learn and improve from each other. |
| Service Reporting Code of Practice (SeRCOP) | Produced by CIPFA and required to be followed by local authorities. Preparing accounts in line with the SeRCOP ensures consistency and allows comparison between authorities. |
| Budget | Sum of money allocated for a particular purpose. |
| Budgetary Control | The process of ensuring actual expenditure and income does not exceed the budget available and taking corrective action where variances are identified. |
| Budget Monitoring | The process of reviewing actual expenditure or income against the sum allocated for the year enabling action to be taken to reallocate budgets to or from other budget lines in a timely manner where variances are found. |
| Capital Expenditure | Money spent to either acquire or improve an asset owned by the Council which will be used over a period of years or money awarded to a third party towards an asset owned by them for example a grant to improve their property. |

| Term | Description |
|---------------------------|---|
| Capital Programme | The Council's capital expenditure plans for the next few years. The capital programme will show the anticipated cost, usually on a scheme by scheme basis, and how it intends to finance this. |
| Capital Receipts | Income received from the sale of Council land or other assets, the acquisition of which would meet the definition of capital expenditure. |
| CIPFA | The Chartered Institute of Public Finance and Accountancy. This body is responsible for interpreting accounting standards and recommending working practices to be followed by all local authorities. |
| Commitments | A commitment arises when an order is raised to purchase goods or services but the goods or services have not yet been received. |
| Cost Centre | An individual reference used within the Council's financial system to enable the allocation and monitoring of expenditure and income in a meaningful way. |
| Creditor | A person or organisation that delivers or supplies a service or product to the Council in exchange for cash. |
| Debtor | A person or organisation that receives a service or product from the Council in exchange for cash. |
| Earmarked Reserve | Money allocated for a specific purpose which will be spent in a future year. |
| Financial Procedure Rules | A written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial procedure rules set out rules on accounting, audit, administrative procedures and budgeting systems. |
| Financial Year | A Local Authority financial year runs from 1 April to 31 March. |
| Fixed Asset | An asset intended to be held for a period of more than one year, such as a machine or building. |
| Forecast | A prediction of spend for future months/years. |
| General Ledger | The general ledger is the main accounting record of the Council. It is basically a library of financial transactions. |
| Grants | Income received by the Council to support the undertaking of Council services or to support the capital programme. Grants may have terms and conditions as to use attached. |

| Term | Description |
|-------------------------------------|---|
| Imprest Account | This is a separate bank account, with a cheque book facility, to which an advance is made to facilitate quick payment for small items. |
| Internal Control | The system of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded. |
| Internal Recharge | A charge made by one council department to another for provision of a service. |
| Lease | An asset not owned by the Council but which the Council has an agreement to use in providing its day to day services in return for a regular cash payment. |
| Medium term Financial Plan/Strategy | A document outlining the Council's spending plans and forecast resources over the next three years. |
| Money Laundering | The term used where an individual uses legal payment routes to pass off income earned from illegal activities or to avoid the payment of Government taxes. In terms of the Council's activities this would include the payment of rents and council tax at the Council's payment counters with large cash payments. |
| Monitoring Officer | The Council is required to designate an officer as its monitoring officer. This Officer must possess a legal qualification and is responsible for promoting and maintaining high standards of overall conduct, for reporting any actual or potential breaches of the law, or instances of maladministration either to the Council directly or via the Cabinet. |
| Overspend | This is where the actual expenditure exceeds the budget for the same period. |
| Petty Cash | A small amount of cash held by departments and available to purchase minor items of expenditure such as postage stamps. |
| Private Finance Initiative (PFI) | The contracting of a private sector provider to build a new, or refurbish an existing, Council asset and then provide services on behalf of the Council. Contracts under the PFI are for a specified period of time and under an agreed service standard specification. The Council makes regular payments to the provider from its revenue budget over the contracted period. At the end of the contract period the asset may revert to the Council ownership. |

| Term | Description |
|---|--|
| Provisions | An amount set aside by the Council to meet a known item of expenditure but for which the actual timing and amount of the payment is not known. |
| Reserve | Money set aside for future policy initiatives. |
| Revenue Expenditure | Expenditure incurred by the Council on a day to day basis in the provision of services to the public. |
| Risk Management | The planned and systematic approach to the identification, evaluation and control of risk. |
| Strategic Asset Management Board (SAMB) | A working group of senior officers set up to oversee the capital programme. The SAMB reviews new expenditure plans before they are recommended for inclusion onto the capital programme, and monitors both the capital expenditure and the financing resources on schemes in the capital programme ensuring timely action is taken for any variances identified. |
| Section 151 Officer | Under section 151 of the Local Government Act 1972 each Council is required to have a nominated Officer with responsibility to ensure the proper administration of the Council's financial affairs. In Derby this role is undertaken by the Director of Finance. This Officer must be a member of a professional accountancy body. |
| Statement of Accounts | Council's are required to produce an annual Statement of Accounts which show how the Council has spent its money and what resources and reserves it has available. The Statement of Accounts includes the Council's statutory income and expenditure account, its balance sheet and a cash flow statement. |
| Support Service | The term used to describe those Council departments or services that do not provide a service direct to the public, but provide a back office function to support the staff directly working with the public. Support services include finance, IT, Human Resources, and legal services. |
| Treasury Management | The term used to describe the Council's management of its cash, investments and borrowing requirements. |
| Trust Fund | Money administered by the Council on behalf of another body, usually a charitable organisation, and usually arising from the donation of cash or assets. |
| Under-spend | A favourable variance. Actual expenditure including any commitments is less than the budget set for the same period. |

| Term | Description |
|-----------------------|---|
| Value Added Tax (VAT) | Tax levied on goods and services. |
| Variation | A variation is an increase or decrease in a budget after the budget has been approved at the start of the year. |
| Virement | A switch of resources between Cost Centres or budget lines within a Cost Centre. |



Financial Procedure – Delegated Approval

Summary

Financial Procedure Rules delegate authority to approve certain decisions below £250,000 to Chief Officers (CO), the Director of Finance (DoF), Chief Officer Group (COG) and Cabinet Members (CM).

Decisions of this type above £250,000 require Cabinet Approval.

Approval is given to:

| | |
|--|--------------------------|
| Transfer Budget | <input type="checkbox"/> |
| Bid for Funding | <input type="checkbox"/> |
| Accept Funding | <input type="checkbox"/> |
| Use Reserves | <input type="checkbox"/> |
| Accountable body/3 rd party | <input type="checkbox"/> |
| Allowances/Grants to Individuals | <input type="checkbox"/> |
| Write Off Stock/Equipment/Debt | <input type="checkbox"/> |

Supporting Information

Value of decision

Details of issue

[illegible]

| |
|-----------------|
| Approval |
|-----------------|

Director of Finance

1st Strategic Director

1st Cabinet Member

Name:
Date:

Name:
Date:

Name:
Date:

2nd Strategic Director
(Cross Directorate)

2nd Cabinet Member
(Cross Portfolio)

Name:
Date:

Name:
Date:

| Approval Requirements: | Below £10k | Below £15k | Below £100k | 100k - £250k |
|---|------------|------------|-------------|----------------|
| Transfer of Budgets | SD | SD | SD | SD and CM |
| Bid for Funding | DoF and SD | DoF and SD | DoF and SD | DoF, SD and CM |
| Accept Funding | DoF and SD | DoF and SD | DoF and SD | DoF, SD and CM |
| Use of Reserves (in line with intended use) | COG | COG | COG | CM |
| Accountable body/3 rd party | DoF and SD | DoF and SD | DoF and SD | DoF, SD and CM |
| Special Allowances/Grants to Individuals | CO | CO | Cabinet | Cabinet |
| Write off Stock / Equipment | CO | DoF | DoF | DoF |
| Write off Debt | DoF and SD | Cabinet | Cabinet | Cabinet |