

# **Financial Regulations**

(Updated January 2021)

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## PURPOSE AND INTRODUCTION

### 1. Purpose of the Financial Regulations

#### 1.1 Why do we have Financial Regulations?

- The Financial Regulations are our commitment to sound financial management so that we use our resources effectively and to help in our decision making.
- To make sure that Solihull MBC has a strong system of financial control.
- To make sure that Officers know what their financial responsibilities are and make them part of their daily work.
- The Council has a statutory responsibility to have in place arrangements for managing risks and the Local Government (Accounts and Audit) Regulations state that “A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk”

#### 1.2 Why do they matter to me?

- They provide rules for Officers and Members that must be complied with.
- They provide a clear basis on how to practice effective financial management.
- They are in line with best practice, adaptable to the changing world of local government.

#### 1.3 What is the format of the regulations?

- Easy to use with a defined layout.
- Each section contains Key Controls, providing the underlying principles.
- The Director of Resources and Deputy Chief Executive and individual Directors responsibilities are separated.
- Hyperlinks are provided to other key documents to enable completion of specific tasks or provide detailed guidance and support.

#### 1.4 How often are they reviewed?

- They are reviewed annually.

## **2. Introduction**

### **Purpose of the Regulations**

- 2.1 Financial Regulations provide the framework for the Council's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf including partner organisations. Financial Regulations form part of the Council's overall governance arrangements.
- 2.2 The Director of Resources and Deputy Chief Executive has a statutory duty to ensure the proper administration of the Council's financial affairs (Section 151 – Local Government Act 1972).

### **Scope of the Regulations**

- 2.3 The Financial Regulations identify the financial responsibilities of Full Council, its Members and Resources and Delivering Value Scrutiny Board Members, the Chief Executive, the Monitoring Officer, the Director of Resources and Deputy Chief Executive, other Directors and all Officers. Members and Directors should maintain a written record where decision making has been delegated to Officers, including seconded Officers. Where decisions have been delegated or devolved to other responsible officers, references to the Director in the Regulations should be read as referring to them.
- 2.4 Centrally managed schools budgets are subject to these Financial Regulations.

These Regulations apply to schools with delegated budgets in so far as there is no contradiction with the Scheme for the Financing of Schools, which shall take precedence (note that no document can take precedence over the Director of Resources and Deputy Chief Executive' Section 151 responsibilities as described in these regulations).

In terms of applicability, where this document refers to "Director" this shall be deemed to refer to the "Governing Body of the School or Head Teacher or other employee as described in the School's own scheme of delegation as permitted in the Scheme for the Financing of Schools".

- 2.5 The Regulations shall apply to all of the Council's activities (subject to Regulation 2.4 above) including any activities undertaken on behalf of third parties or under separate financial/funding regimes.
- 2.6 All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.

- 2.7 Directors are responsible for ensuring that all Officers in their Directorates comply with the Council's Financial Regulations and other internal regulatory documents.
- 2.8 All Officers should ensure that they are aware of the existence and contents of these Financial Regulations and how they apply them to their own role and responsibilities.
- 2.9 The Council may take disciplinary or other action against anyone to whom these Regulations apply but who fails to comply with them.

### **Structure of the Regulations**

- 2.10 In accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) these Regulations are structured in five main sections following this introduction:
- Section A - Financial Management
  - Section B - Financial Planning
  - Section C - Risk Management
  - Section D - Financial Systems and Procedures
  - Section E - External Arrangements

There is an additional Section F which brings together the key controls that are shown within Sections A – E.

2.11 This document sets out the broad framework and overview of the Council's Financial Regulations (as outlined above). The document contains links wherever appropriate/applicable to detailed procedural and policy documents which have been prepared by relevant teams/Officers and are held within the Councils intranet site. This enables these documents to be regularly updated independently of the annual review of the Financial Regulations.

### **Changes to the Regulations**

- 2.12 The Director of Resources and Deputy Chief Executive is responsible for maintaining an on-going review of the Financial Regulations and submitting any additions or changes necessary to Governance Committee for approval. The Director of Resources and Deputy Chief Executive is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Council and/or to the Members.
- 2.13 These Regulations shall not be changed, revoked or otherwise set aside without the prior agreement of the appropriate decision making body.

- 2.14 The Director of Resources and Deputy Chief Executive shall comment in writing upon any proposal to change, revoke or otherwise set aside any part of these Regulations, prior to any decision of the Council on this matter.

### **Interpretation of the Regulations**

- 2.15 The Director of Resources and Deputy Chief Executive is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, Officers and others acting on behalf of the Council are required to follow.
- 2.16 The Monitoring Officer (The Head of Legal and Democratic Services) shall determine any dispute as to the interpretation of these Regulations.

## **3. The Statutory Officers**

### **Chief Executive**

- 3.1 The Chief Executive is responsible for the corporate and overall strategic management of the Council as a whole. He or she must report to and provide information for the executive, Full Council, the Resources and Delivering Value Scrutiny Board and other decision making bodies. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Council.

### **The Section 151 Officer (Director of Resources and Deputy Chief Executive)**

- 3.2 The Director of Resources and Deputy Chief Executive has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Local Government Accounts and Audit Regulations 2015

- 3.3 These statutory responsibilities cannot be overridden.

- 3.4 The Director of Resources and Deputy Chief Executive is responsible for:

- i) Maintaining strong financial management underpinned by effective financial controls.
- ii) Contributing to corporate management and leadership.
- iii) Supporting and advising democratically elected representatives.

- iv) Supporting and advising Officers in their operational roles.
- v) Leading and managing an effective and responsive financial service.
- vi) Setting a balanced budget.

3.5 Section 114 of the Local Government Finance Act 1988 requires the Director of Resources and Deputy Chief Executive to report to Full Council, executive and external auditor if the Council or one of its Officers:

- i) Has made, or is about to make, a decision which involves incurring unlawful expenditure.
- ii) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council.
- iii) Is about to make an unlawful entry in the Council's accounts.

3.6 Section 114 of the 1988 Act also requires:

- i) The Section 151 Officer to nominate a properly qualified Member or Officer to deputise should he or she be unable to perform the duties under Section 114 personally.
- ii) The Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114.

### **The Monitoring Officer**

3.7 The Monitoring Officer (The Head of Legal and Democratic Services) is responsible for promoting and maintaining high standards of financial conduct by both Members and Officers. In conjunction with the Section 151 Officer (the Director of Resources and Deputy Chief Executive) he or she is responsible for advising the Cabinet or Full Council about whether a decision, or intended decision, is likely to be considered contrary to, or not wholly in accordance with, the Council's budget. Such decisions might include:

- i) Initiating a new policy without specific budget approval.
- ii) Committing expenditure in future years above the approved budget level.
- iii) Incurring expenditure in future years without proper approval of virement.
- iv) Causing total expenditure to increase beyond a given level.

## **Directors and Heads of Service**

- 3.8 Directors and Heads of Service are responsible for:
- i) Ensuring that Cabinet Portfolio Holders are advised of the financial implications of all proposals and that the financial implications have been agreed with the Director of Resources and Deputy Chief Executive.
  - ii) Ensuring that the [Rules for Contract](#) are referred to for guidance regarding the signing of contracts on behalf of the Council.
- 3.9 It is the responsibility of Directors to consult with the Director of Resources and Deputy Chief Executive and seek approval on any matters liable to affect the Council's finances materially, before any commitments are incurred.
- 3.10 Each Director shall consult with the Director of Resources and Deputy Chief Executive regarding any matter, within their responsibility, which is liable to materially affect the finances of the Council, before any provisional or other commitment is made and before reporting thereon to the appropriate Cabinet Portfolio Holder.

## **4. Budget Manager Responsibilities**

### **Budget Managers must:**

- 4.1 Ensure that they and all their Officers responsible for recruitment or incurring expenditure and managing income, comply with the requirements of these Regulations.
- 4.2 Ensure that every cost centre is administered by one named Budget Manager, as determined by the appropriate Director or Head of Service and must be a Council employee or an approved member of an agency or consultancy.
- 4.3 Recognise that they are responsible for all financial commitments, expenditure and income.
- 4.4 Review the regular budgetary information accessible throughout the year through the General Ledger to enable them to fulfil their budgetary responsibilities. Please see the Financial Systems and Control Portal.
- 4.5 Approve, validate and justify all expenditure.
- 4.6 Ensure that performance levels and activity are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.
- 4.7 Make themselves aware of their responsibilities regarding their budgets.

- 4.8 Monitor and manage their budgets (including actual expenditure and income plus commitments against budget).
- 4.9 Share information and meet with colleagues from Financial Operations through the monthly financial monitoring process, to ensure that an accurate forecast can be produced in a timely manner to report to Directorate Leadership Teams (DLT's), Corporate Leadership Team (CLT) and Cabinet Portfolios.
- 4.10 Adhere to the corporate Rules for Contract and Contract Management guidance.
- 4.11 Report variances to management and their Directorate Leadership Team (DLT) with reasons and possible mitigating actions to ensure the cash limited discipline is achieved.
- 4.12 Fully understand external funding regulations and accountable body status together with grant conditions in relation to finance.
- 4.13 Ensure spending is within their overall cash limited budget.
- 4.14 Ensure that they read and understand the requirements of these Regulations and other documentation relating to their role and comply with them.
- 4.15 Undertake and pass the mandatory finance training when becoming a new budget manager and every 3 years thereafter.
- 4.16 Report any changes in activities which will have a material effect on their budget, through their Directorate Leadership Team (DLT) for incorporation into Directorate budget decisions.

## **5. Non Compliance with and interpretation of the Financial Regulations**

- 5.1 The Director of Resources and Deputy Chief Executive shall if necessary after consultation with the Head of Audit Services (HOAS) and the relevant Director concerned report to the Audit Committee any non-compliance with the Financial Regulations. The Council may take disciplinary or other action against anyone to whom these Regulations apply but who fails to comply with them.
- 5.2 The attention of all employees and Members is drawn to the Local Government Accounts and Audit Regulations 2015 and the Audit Code of Practice.

## SECTION A FINANCIAL MANAGEMENT

### 6. Financial Management Standards

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

These Financial Regulations are written in the context of the CIPFA Financial Management Code (“the Code”). The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code therefore sets the standards of financial management for local authorities to ensure there is appropriate Leadership, Accountability, Transparency, Compliance with appropriate Standards, Assurance and Sustainability.

#### Key Controls

- It is the responsibility of management to promote financial management standards throughout the Council.
- Officers with a financial responsibility must read and understand Financial Regulations and any related documents. It is each Officer’s responsibility to clarify any areas that they do not understand with their Managers and the Officers referred to in this document.
- All Executive Members, Finance Officers and Budget Managers must operate within the required accounting standards and timetables as determined by Professional Accountancy Bodies and the Director of Resources and Deputy Chief Executive.

#### The Director of Resources and Deputy Chief Executive will:

- 6.1. Ensure the proper administration of the Council’s financial affairs.
- 6.2. Advise on the key strategic controls necessary to secure sound financial management.
- 6.3. Set the financial management standards and monitor compliance with them.
- 6.4. Ensure proper professional practices are adhered to and act as head of professional development in relation to the standards, performance and development of Finance Officers throughout the Council.
- 6.5. Determine and maintain an appropriate and effective system of budgetary control.

- 6.6. Ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 6.7. Ensure suitable accounting policies are selected and applied consistently.
- 6.8. Consult with the relevant Director and report to the Cabinet Portfolio Holder - Resources any case of non-compliance with either these regulations or the authorised accounting system.

**Directors will:**

- 6.9. Promote the financial management standards in their Directorates set by the Director of Resources and Deputy Chief Executive and monitor adherence to the standards and practices, liaising as necessary with the Director of Resources and Deputy Chief Executive.
- 6.10. Promote sound financial practices in relation to the standards, levels of performance and development of Officers in their Directorates.
- 6.11. Ensure that any Officer with a financial responsibility is made aware of the standards expected and that this will be reflected in the Council's performance management framework.
- 6.12. Maintain budgetary control within their Directorates, and ensure that all income and expenditure is properly recorded and accounted for.
- 6.13. Be responsible for ensuring that appropriate authorisation and approval procedures are established to ensure:
  - i) Management policies and plans are adhered to.
  - ii) Only legitimate activities are performed.
  - iii) The integrity of systems is maintained through the validation of data.
  - iv) The use of assets and systems are controlled.
  - v) The operation of the Council is documented and a clear audit trail is maintained.
  - vi) Value for Money is achieved. Our approach to Value for Money is contained within the [Medium Term Financial Strategy](#).

- 6.14. Have available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- 6.15. Ensure that all Officers who are responsible for committing expenditure comply with relevant guidance and these Regulations.

**Directors will also establish appropriate organisational structures to ensure:**

- 6.16. Work is organised to maximise efficiency in the use of resources, eliminate duplication of effort (including the adoption of lean approaches) and maintain a disciplined control environment whilst achieving service outcomes.
- 6.17. Appropriate communication takes place in all circumstances.
- 6.18. A framework for Officer development exists which fosters commitment to the Council, the outcomes, plans and the control environment.

## **7. Virements**

### **Key Controls**

- Expenditure is incurred in accordance with the estimates that make up the budget.
- Management of budgets is taken with a degree of flexibility within the overall budget framework determined by Full Council, and therefore optimises the use of resources.

### **The Director of Resources and Deputy Chief Executive will:**

- 7.1. Ensure that effective systems and controls are in place for the administration of virements.
- 7.2. Be entitled to comment on virement requests that require approval by Cabinet Portfolio Holders prior to any decision being taken on the issue.

**Revenue Virements (01 – Financial Codes)** for both temporary and permanent virements.

### **Directors will:**

- 7.3. Obtain the correct level of authorisation. For the purpose of this scheme, authorisation for both temporary and permanent virements is based upon the objective (by service) or subjective analysis (by expenditure type) within the Cabinet Portfolio budget book lines contained within the latest version of the [Medium Term Financial Strategy](#).
- 7.4. For budget movements **within** a budget book line –
- i) Up to £50,000 – Budget Managers may approve.
  - ii) Over £50,000 – The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) member.
- 7.5. For budget movements **between** budget book lines within the same Cabinet Portfolio:
- i) Up to £50,000 – The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) members.
  - ii) Over £50,000 and up to £100,000 - The Budget Manager must obtain approval from the appropriate Director.
  - iii) Over £100,000 – The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holder by way of a formal report.
- 7.6. For budget movements **between** Cabinet Portfolios:
- i) Up to £50,000 – The Budget Manager must obtain approval from the appropriate Directors.
  - ii) Over £50,000 and up to £100,000 - The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holders.
  - iii) Over £100,000 – A joint report must be submitted by the relevant Directors to the appropriate Cabinet Portfolio Holders and also the Cabinet Portfolio Holder - Resources.
- 7.7. Ensure that all virements are submitted to Financial Operations on a virement form and contain the correct level of authorisation. The regular quarterly financial monitoring report to the Full Cabinet will include a summary of all budget virements between Cabinets. Authorisation will be obtained as appropriate.

- 7.8. Ensure that virements to create new reserves for specific purposes or to amend the budgeted contribution to reserves are subject to a report by the relevant Director to the appropriate Cabinet Portfolio Holder and the Cabinet Portfolio Holder – Resources. See section 14 – Maintenance of Reserves for more information.
- 7.9. Allow for initial grants to be exempted from the authorisation rules above. However, any virements after the initial budget virement will be subject to the above rules.
- 7.10. Allow for certain technical accountancy adjustments to be exempted from the authorisation rules above. This is where:-
- i) Responsibility for a service/activity moves from one part of the Council to another, but the purpose of the service/activity remains the same.
  - ii) There are in-year changes in allocations to grant or funding arrangements.

These technical adjustments will be approved by the Head of Finance.

#### **Capital Virements (02 – Financial Codes)**

- 7.11. For budget movements between capital schemes within the **same Cabinet Portfolio**:
- iii) Up to £100,000 – The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team members and **notify** the Director of Resources and Deputy Chief Executive.
  - iv) Over £100,000 and up to £250,000 - The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team member and seek **endorsement** by the Director of Resources and Deputy Chief Executive.
  - v) Over £250,000 – The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holder and notify the Director of Resources and Deputy Chief Executive.
- 7.12. For budget movements **between** Cabinet Portfolios:
- i) Up to £250,000 – The Budget Manager must obtain approval from the appropriate Directors and **notify** the Director of Resources and Deputy Chief Executive.

- ii) Over £250,000 - The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holders and Cabinet Portfolio Holder - Resources and also **notify** the Director of Resources and Deputy Chief Executive.

## 8. Carry Forwards of unspent funds

### Key Control

- A consistent approach is adopted for carry-forwards.
- There are no automatic carry forward arrangements.
- There are strong governance processes in place for agreement of any carry forwards

8.1. The choice on whether there will be any carry forward of funding at year end will be made by the Corporate Leadership Team (CLT) when the Final Accounts report is presented to them in May of each year. This decision will then be taken to the Full Cabinet for approval when the Final Accounts report is presented in June each year.

## 9. Monitoring, Forecasting and Reporting

Monitoring is an important tool examining spending and income patterns and trends throughout the financial year.

Forecasting enables the Council to be made aware of key financial risks or opportunities, decide what appropriate action is required and take that action to address the financial risk or opportunity.

### Key Controls

- Monitoring and forecasting must be completed on a regular basis for it to be effective.
- It must focus on key financial issues and be accurate, timely and relevant.
- Variances from approved budgets are highlighted by reporting through the approved governance structure on key financial risks or opportunities by having an effective forecast position.
- Where forecast variances exist action is taken to ensure the Council's cash limit is not exceeded.

### Director of Resources and Deputy Chief Executive will:

9.1. Ensure that an effective monitoring, forecasting and reporting framework is in place for all key areas of revenue and capital income and expenditure. These are decided upon in conjunction with the criteria set in the [Risk Management Policy and Procedures](#).

- 9.2. Ensure that all savings under the Medium Term Financial Strategy are monitored and their progress reported and challenged through the agreed governance process to ensure long term financial sustainability.
- 9.3. In conjunction with Directors, submit financial monitoring reports regularly to the Directorate Leadership Teams (DLT's), Corporate Leadership Team (CLT), individual Cabinet Portfolios Decision Making Sessions, Scrutiny Boards as appropriate and the Full Cabinet.
- 9.4. Ensure that performance on proposed actions to maintain the cash limit is communicated to the appropriate decision making body on an accurate, complete and timely basis.

**Directors will ensure that:**

- 9.5. Expenditure can only be incurred where a budget has been identified at cost centre and/or subjective level. If the budget provision is not sufficient, a budget virement must take place.
- 9.6. Budgets and forecasts take account of spending and income trends through the year.
- 9.7. Early warning is provided of deviations from targets, savings, plans and budgets that require management attention.
- 9.8. Budget Managers are aware that monitoring of expenditure and income must take place on an on-going basis during the year.
- 9.9. Budget Managers report to Financial Operations and their respective Directorate Leadership Teams proposed corrective actions for forecast variances against their budget. Any significant financial risks (based on the criteria set in the [Risk Management Policy and Procedures](#)) and the resultant proposed mitigating actions should be reported to relevant management team and Directorate Leadership Team (DLT).
- 9.10. Mitigating actions on significant forecast variances are made available for the Director of Resources and Deputy Chief Executive to review and ensure that they are appropriate and effective throughout the year.
- 9.11. When there is no need for all or part of a budget for reasons beyond their control, for example, technical accounting measures, changes in the law, or demographic changes; Directors shall report this in accordance with virement rules.
- 9.12. Budget Managers are aware of their responsibilities.

## 10. Accounting Records and Returns

The Council needs to maintain accounting records as part of its statutory duties. This is supported by Section 151 of the Local Government Act 1972, which requires the Council to make 'arrangements for the proper administration of their financial affairs'. The Director of Resources and Deputy Chief Executive is the designated Section 151 Officer.

### Key Controls

- All the Council's transactions and other essential accounting information are accurately recorded and retained in line with appropriate retention periods (see section 30 – Retention Periods)
- Procedures are in place to enable accounting records to be maintained, held securely and reconstituted in the event of systems failure.
- Reconciliations of feeder and stand alone systems are carried out to ensure transactions are correctly recorded.
- Reconciliations should be completed regularly; however, the frequency will be dependent on the system (e.g. bank reconciliations at least monthly).
- Accounting records should be properly maintained and held securely.

### The Director of Resources and Deputy Chief Executive will:

- 10.1. Be responsible for the maintenance of the Council's accounts.
- 10.2. Define the authorised General Ledger and other system or process used for financial management information purposes.
- 10.3. Establish procedures for the secure and efficient processing of the receipt and issue of monies in line with [Cash Handling Procedures](#).
- 10.4. Ensure that guidance and advice is available to the Officers of the Council and will establish procedures necessary to secure the proper administration of the Council's financial affairs.
- 10.5. Be responsible for ensuring that financial controls operated by Directors are adequate by ensuring that detailed financial procedures and systems are prepared, documented and maintained, incorporating the principles of internal control.
- 10.6. Be responsible for ensuring that financial systems, processes and accounting arrangements comply with current accounting regulations (now under the International Financial Reporting Standards) and appropriate CIPFA guidance.

- 10.7. Prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Governance Committee to approve the Statement of Accounts in line with the dates set out in legislation.

**Directors will:**

- 10.8. Consult with and obtain the approval of the Director of Resources and Deputy Chief Executive before making any changes to accounting procedures or arrangements.
- 10.9. Maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.

**11. Revenue Budget Setting and Medium Term Planning**

**Key Controls**

- The Council needs to plan effectively to ensure resources are allocated in accordance with the Council's priorities.
- The budget format will:
  - Comply with all legal requirements.
  - Comply with CIPFA's Service Reporting Code of Practice.
  - Reflect the accountabilities of service delivery.
- All approved budgets will be cash limited and each relevant level of management will manage its functions within its approved cash limit.

**The Full Council will:**

- 11.1. Consider the budget recommendation submitted by the Full Cabinet, approve a balanced budget and set the council tax for the Council, before the 11<sup>th</sup> March in the financial year preceding that for which it is set.

**The Full Cabinet will:**

- 11.2. Consider the budget proposals prepared by the appropriate Cabinet Portfolio Holders in light of the comments from the Resources and Delivering Value Scrutiny Board and agree a budget and council tax recommendation to be considered by the Full Council.

**The Resources and Delivering Value Scrutiny Board will:**

- 11.3. Review the budget proposals relating to each of the Cabinet Portfolios, alongside comments from the relevant Scrutiny Boards, and provide comments to the Full Cabinet.

**The appropriate Scrutiny Board will:**

- 11.4. Review the budget proposals within their area of responsibility and provide comments to the Resources and Delivering Value Scrutiny Board.

**The appropriate Cabinet Portfolio Holder will:**

- 11.5. In consultation with the relevant service Director and the Director of Resources and Deputy Chief Executive and in accordance with the laid-down guidance and timetable, prepare detailed budget proposals in relation to their Cabinet Portfolio for consideration by any member working group created by the Full Cabinet, prior to those proposals being reported to Scrutiny Boards and the Full Cabinet.

**The Director of Resources and Deputy Chief Executive will:**

- 11.6. Periodically inform the relevant level of management e.g. Directorate Leadership Team (DLT), Corporate Leadership Team (CLT), of changes in policy, pay awards and other events and trends affecting budgets and advise on the financial and economic aspects of future plans and projects.
- 11.7. In conjunction with CLT, determine the timetable for the preparation of Cabinet Portfolio budget proposals, including savings options.
- 11.8. Update the Medium Term Financial Strategy to reflect the latest estimates of the Council's funding commitments and the resources available to fund them, and determine the level of any savings or other action required to deliver a balanced strategy over a three year period.
- 11.9. Prepare and submit reports to the Full Cabinet, or any member working group created by the Full Cabinet for the purpose of considering the medium term financial strategy, on the budget proposals and any savings plans put forward by each Cabinet Portfolio, identifying, where appropriate, the implications for the level of council tax to be levied.
- 11.10. Calculate the council tax for each band and each area of the borough, taking into account the level of precepts set by the relevant precepting authorities.
- 11.11. Report to the Council on the robustness of the estimates made for the purposes of the calculation of the council tax requirement, and on the adequacy of the proposed financial reserves.
- 11.12. Prepare and publish the Medium Term Financial Strategy document.
- 11.13. Determine the detailed form of revenue budgets and the methods for their preparation, consistent with the total budget approved by Full Council.
- 11.14. Always be represented in budget meetings at the Full Cabinet, CLT and DLT level.

11.15. Issue advice, guidance and procedures for Officers and others in relation to the income and expenditure of the Council with reference to value for money.

**Directors will:**

11.16. Encourage the best use of resources and value for money by working with the Director of Resources and Deputy Chief Executive to identify opportunities to improve economy, efficiency and effectiveness.

11.17. Work with Cabinet Portfolio holders and the Director of Resources and Deputy Chief Executive to identify savings options where required in accordance with the timetable and the guidance determined by the Director of Resources and Deputy Chief Executive in conjunction with CLT.

11.18. Encourage good practice in conducting financial appraisals of development or savings options and, in developing financial aspects of service planning, comply with any business case/[project management requirements](#).

11.19. Present all financial information for validation by Financial Operations on behalf of the Director of Resources and Deputy Chief Executive before presentation to Members or other decision making meetings.

11.20. Include the provision of all financial, statistical and other relevant information as is necessary for the compilation of budgets within the approved timetable.

11.21. When drawing up draft budget requirements, have regard to:

- i) Spending patterns and pressures revealed through the budget monitoring process.
- ii) Legal requirements.
- iii) Policy requirements as defined by Full Council in the approved policy framework.
- iv) Initiatives already under way and potential upcoming projects.

## **12. Final Accounts and the Accounting Statement**

### **Key Controls**

- Make arrangements for the proper administration of financial affairs and ensure that one of the Council's Officers has the responsibility for the administration of these affairs.
- To manage its affairs to ensure the economic, efficient and effective use of resources and safeguard its assets.

**The Director of Resources and Deputy Chief Executive will:**

- 12.1. Draw up the timetable for final accounts preparation and advise Officers and external auditors of the Final Accounts guidance.
- 12.2. Make judgements and estimates that are reasonable and prudent and in line with accounting principles and practice.
- 12.3. Ensure the Council's Statement of Accounts is prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.
- 12.4. Sign and date the Statement of Accounts, ensuring that it gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- 12.5. Ensure there are appropriate External Auditors appointed to carry out an independent review of the accounts and provide an audit opinion based on them.
- 12.6. Obtain full sign off of the Statement of Accounts through the agreed Governance process by the statutory deadline.

**Directors will:**

- 12.7. Notify the Director of Resources and Deputy Chief Executive of outstanding income and expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable and guidance determined by the Director of Resources and Deputy Chief Executive.
- 12.8. Ensure that all income and expenditure is recorded in the financial year in which the activity was incurred by fulfilling the requirements in the year end timetable determined by the Director of Resources and Deputy Chief Executive.
- 12.9. Comply with accounting guidance provided by the Director of Resources and Deputy Chief Executive and to supply the Director of Resources and Deputy Chief Executive with information as required.
- 12.10. Supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Director of Resources and Deputy Chief Executive.

### 13. Capital Strategy and Capital Programmes

#### Key Controls

- The Council is required to have a separate capital strategy, which sets out the Council's approach to the allocation of capital resources and how this links to strategic priorities and objectives at a corporate and service level.
- Effective systems exist for the approval of capital projects.
- The Capital Programme is updated and maintained.
- Systems and controls for application of Prudential Borrowing and 'Spend to Save' are established and applied consistently.
- Control over the disposal of assets is established and adopted.

13.1. The capital strategy sits alongside the revenue budget strategy and feeds into the annual revenue budget by informing on the revenue implications of capital funding decisions. The ongoing implications for the revenue budget strategy are fully considered before any capital funding decisions are confirmed. The Capital Strategy further sets out the Council's approach to the allocation of its capital resources and how this links to its strategic priorities and objectives at a corporate and service level.

13.2. As part of approving the Capital Strategy Members receive a rolling ten year capital programme which is regularly reviewed to ensure capital expenditure is sustainable in terms of available funding, to ensure its continued relevance and to update it for any significant changes in legislation or council policy, in line with the MTFS.

13.3. Capital expenditure includes:

- i) Acquisition, reclamation, enhancement or laying out of land.
- ii) Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- iii) Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

**NOTE:**

The cost of an item of property, plant and equipment shall be recognised (and hence capitalised) as an asset on a local authority Balance Sheet if, and only if:

- it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- the cost of the item can be measured reliably.

The Council has set a de-minimis level of £20,000. This means that any expenditure below this level that otherwise meets the definition of capital expenditure as outlined above should be charged to a revenue budget.

### **Estimating the Cost of the Asset:**

- 13.4. The fixed asset should be recognised at its cost (purchase price) plus any costs directly attributable to bringing it into working condition for its intended use. These costs can also be capitalised and would include the labour costs of the Council's own employees (e.g. site workers, in house architects and surveyors) arising directly from the construction or acquisition of the specific asset.
- 13.5. Capital expenditure excludes administration and general overheads along with costs that relate to activities that take place before the intention to acquire or construct a fixed asset has been confirmed, such as option appraisals and feasibility studies.
- 13.6. In addition all expenditure must comply with the Council's [Rules for Contracts](#).

### **Corporate Capital Programme**

The Corporate Programme includes all of those projects funded from:

- i) Capital expenditure supported from government grants.
- ii) Corporate capital receipts.
- iii) Prudential Borrowing.

- 13.7. Proposed expenditure on schemes included in the approved Capital Programme will only be incurred following the submission of an initial report to the relevant level of management.
- 13.8. All schemes on the Corporate Capital Programme require the completion of a Capital Update Programme Form. This information will be used to maintain, monitor and update the Capital Programme.

## **Capital Expenditure Supported from Government Grants**

- 13.9. The Government provide capital support in the form of capital grant only. The grants are announced by the relevant government department each year. Once the allocations have been announced the Full Cabinet will be asked to approve the allocations to each Cabinet Portfolio Holder.
- 13.10. Each individual Cabinet Portfolio Holder is then responsible for deciding which projects will receive funding. Any proposed projects must demonstrate a contribution towards the Council's priority outcomes. The Cabinet Portfolio Holder will consider the proposals and can only authorise expenditure within the approved allocation.
- 13.11. The Director should prepare a report, at least annually, to gain each Cabinet Portfolio Holder's approval for the schemes to be funded from this allocation.

## **Self Funded Capital Programme**

- 13.12. The Self Funded Programme comprises those projects funded from:

- i) Specific grants.
- ii) Contributions from revenue and reserves.
- iii) Third party contributions.

- 13.13. Where self funded projects have no impact on the Corporate Capital Programme or any revenue or match funding implications for the Council, the approval is delegated to Directors in conjunction with the Director of Resources and Deputy Chief Executive. This applies up to a limit of £250,000.
- 13.14. For schemes with a value greater than £250,000 Cabinet Portfolio Holder approval is required.
- 13.15. Where a project does have implications for the Corporate Capital Programme, match funding requirements or revenue implications then approval from the relevant decision making body will be required in accordance with the [virement rules](#).
- 13.16. To be included on the Self-Funded Capital Programme, Budget Managers will need to complete a Capital Programme Update Form. The level of approval will be in accordance with the virement rules.

## **Maintenance of Capital Programme**

13.17. For the rules governing capital virements, please go to section 7.11 (or follow this [link](#))

## **Capital Monitoring**

13.18. [See Section 9 of Financial Regulations for capital monitoring and forecasting.](#)

13.19. Once a capital scheme has been agreed, the delivery of the capital programme is delegated to Directors.

13.20. If required, a capital update report will be prepared for Full Cabinet to approve the re-phasing of the Capital Programme. If appropriate at the year end, Corporate Capital Programme schemes which are complete and where the budget is underspent will be made available for re-allocation by Full Cabinet.

## **Final Accounts – Capital**

13.21. The Director of Resources and Deputy Chief Executive will make a formal determination on the following capital matters for the end of the financial year:

- i) Capital expenditure reimbursed by a third party.
- ii) Use of Government grant allocations in funding capital expenditure.
- iii) Use of usable capital receipts to fund capital expenditure.
- iv) The amount set aside from the revenue account for debt redemption.
- v) The use of Prudential Borrowing.

13.22. Directors will provide the Director of Resources and Deputy Chief Executive with details of all leases and agreements under which the Council incurs any financial liability or obtains any financial gain.

13.23. Directors will ensure that they do not enter into arrangements for credit, such as leasing agreements, without first obtaining the consent of the Director of Resources and Deputy Chief Executive and, if applicable, approval of the scheme in the approved Capital Programme.

## **Spend to Save**

- 13.24. Spend to Save proposals are based on providing a lump sum to finance a project that should generate annual on-going revenue savings. These savings will then be used to pay back the investment with any surplus being made available to fund further service priorities.
- 13.25. All Spend to Save proposals must be reported to the Cabinet Portfolio Holder – Resources for approval. The report must include a thorough and robust business case setting out, among other things, a description of the project, the benefits it will achieve, an estimate of costs and the savings it will generate. Potential Spend to Save projects are subject to the following tests:

### **Specific Tests**

- i) A maximum payback period of 5 years.
  - ii) At the end of the payback period total savings exceed the upfront investment by at least 1.2 to 1 (20%).
- 13.26. Where a specific proposal fails to meet the minimum financial criteria outlined above, Members reserve the right to approve a project on the basis of service delivery benefits that will be achieved as a result of its implementation.
- 13.27. For projects involving Partners, the Council should obtain a written guarantee from the appropriate body that the repayments will continue to be met in the event that circumstances change with consequential adjustments to the management fee or contractual commitments.
- 13.28. These rules only apply to Spend to Save schemes. It is not appropriate to apply this methodology to major capital projects, the purchase of strategic assets or proposals where the annual debt repayments are either supported by government grant or explicitly built in to the Council's long term budget strategy.

## **Prudential Borrowing – For Capital Projects**

- 13.29. Since 1st April 2004 Local Authority borrowing for the purpose of capital expenditure has been governed by the CIPFA Prudential Code. The code replaces the previous borrowing regime and the Council is able to undertake further borrowing as long as it complies with the Code and can demonstrate that it is affordable, sustainable and prudent. Each year, Full Council is asked to approve parameters for borrowing as part of the Code.

13.30. The funding of any project from Prudential Borrowing is subject to there being sufficient headroom within the Council's prudential indicators. In the first instance project managers should seek early advice from Financial Operations to determine whether any resources are available. A number of broad principles have been developed which have been approved by the Full Cabinet:-

- i) Prudential Borrowing could be used (in part or potentially in full) to finance the capital costs of the scheme.
- ii) The borrowing would be based on a maximum repayment period of 50 years (or the estimated lifespan of the asset, whichever was the shorter).
- iii) This would be subject to:-
  - (a) the assets being maintained over that period to an agreed lifecycle standard,
  - (b) sufficient provision to cover these costs in the financial model presented as part of any business case.

The level of Prudential Borrowing required needs to be demonstrated to be 'affordable' with regard to the payback period and repayments. All new Prudential Borrowing Projects need to be reported and approved by the Cabinet Member for Resources or Full Cabinet.

### **Disposal of Capital Assets**

13.31. Procedures should be in place to demonstrate an informed decision has taken place to declare an asset surplus to requirements.

13.32. All land and property assets are a corporate resource. Directorates are, therefore, required to formally advise the Joint Asset Management and Co-location Project Board of any under-utilised or vacant properties that are surplus to requirements at the earliest opportunity. Assets may become under-utilised or surplus to requirements for a variety of reasons, i.e. new legislation, demographic changes, changes in service delivery arrangements, technological innovation, budget reductions etc.

13.33. A property is deemed to be surplus to the Council's requirements if it makes no contribution to the delivery of the Council's services, it has no potential for future strategic, regeneration or redevelopment purposes, or an alternative site has been identified which would achieve a more efficient and effective service delivery.

- 13.34. If the Joint Asset Management and Co-location Project Board is unable to identify an alternative use for a land or property asset that has been declared surplus to requirements the proposed disposal of the land or property asset will need to be endorsed by the relevant Cabinet Portfolio Holder. If it is decided that the land or property should be sold the Director responsible for the day to day management of the property and the Director of Resources and Deputy Chief Executive are required to submit a joint 'sale recommendation' report to the Cabinet Portfolio Holder – Resources, which should include a valuation of the asset(s) involved as provided by the Council's Strategic Land Advisor.
- 13.35. Land and/or property assets that are deemed to be surplus to the Council's requirements are disposed of at the most appropriate time, in the best interests of the Council and having regard to the obligation to achieve best consideration, bearing in mind other factors such as well-being and environmental issues.
- 13.36. For assets of significant value, disposal should be by competitive tender or public auction unless the Cabinet Portfolio Holder - Resources agrees otherwise.
- 13.37. The Strategic Land and Property Division act as the custodian of any properties that are declared surplus to requirements. The costs involved with maintaining, securing and disposing of a vacant property will be met from revenue budgets.
- 13.38. In order to assess whether assets to be disposed of are grant funded assets please refer to the additional requirements outlined in paragraphs 24.15 – 24.20 which must be adhered to.

### **Capital Receipts**

- 13.39. Capital receipts from the sale of an asset are to be treated as a corporate resource and can be used to repay debt or to finance further capital expenditure. If a Director wishes to 'link' a capital receipt to finance a particular capital scheme in the future then approval of the Full Cabinet is required.
- 13.40. The Full Cabinet is responsible for deciding how corporate capital receipts are to be utilised in line with Council priorities.

## 14. Maintenance of Reserves

### Key Controls

- Reserves are established for specific purposes.
- A clear identification of the purpose and use of the reserve is recorded.

### The Director of Resources and Deputy Chief Executive will:

- 14.1. Maintain reserves in accordance with CIPFA's "Code of Practice on Local Authority Accounting in the United Kingdom, A Statement of Recommended Practice" and other agreed accounting policies and record details on a central approved list held by Financial Operations and available for audit inspection.
- 14.2. Ensure that any amendments to the budgeted contribution or to the use of the Budget Strategy Reserve are reported to Full Cabinet for approval.
- 14.3. Advise Full Cabinet of the projected balance on the Budget Strategy Reserve over the period of the medium term financial strategy as part of the budget setting reports.

### Directors will:

- 14.4. Ensure that for all new reserves or amendments to the budgeted contribution to reserves, a report is submitted by the relevant Director to the appropriate Cabinet Portfolio Holder and the Cabinet Portfolio Holder – Resources. Approval at Full Cabinet would be sufficient to cover the requirement for two separate reports to be taken to the appropriate Cabinet Portfolio Holder and the Cabinet Portfolio Holder – Resources.
- 14.5. Ensure that, for each reserve established, they identify the purpose, use and basis of the reserve in the report to Members that creates the reserve.
- 14.6. Ensure expenditure from reserves is spent in accordance with paragraph 14.5 above.
- 14.7. Any reserves which are no longer required or required for a different purpose must be approved by the Director of Resources and Deputy Chief Executive and the Full Cabinet.
- 14.8. Advise Full Council in conjunction with the Director of Resources and Deputy Chief Executive on prudent levels of reserves for the Council, and will take account of the advice of the external auditor in this matter.

## 15. Financial Implications of Reports

### Key Controls

- Officers should take into account all the financial effects of the actions that they undertake or propose.
- To ensure that financial information presented in reports reflects the current and future implications of any actions.
- Robust presentation of financial implications will aid Members and Officers to make well informed decisions.

### The Director of Resources and Deputy Chief Executive will:

- 15.1. Be responsible for the agreement and signing off of financial implications in all Cabinet Reports, ensure that reports do not state any financial implications that are not agreed and ensure that the financial implications are complete, accurate and timely.
- 15.2. Provide information to the Cabinet Portfolio – Resources where financial implications have a corporate revenue or capital consequence.

### Directors will:

- 15.3. Ensure that all financial implications resulting from a proposed decision affecting cash limits currently or in future years are identified within all reports and that such financial implications are agreed by or on behalf of the Director of Resources and Deputy Chief Executive.
- 15.4. Ensure that where reports impact on other Directorates or have implications for corporate resources, details of the financial implications are requested from other Directorates and the Director of Resources and Deputy Chief Executive in advance of the deadline required to present the report.
- 15.5. Ensure that, in all circumstances, the financial implications referred to in reports are reflected in current budgetary provisions or the Medium Term Financial Strategy.

## **16. Contingent Liabilities and Contingent Assets**

Contingent liabilities are amounts that the Council may be liable for but the amount of which, or timing of, cannot be accurately determined. A prudent assessment of the possible financial impact is made. Items which could fall under this area include possible litigation costs, compensation, costs to reimburse faulty works, etc.

Contingent assets are amounts that the Council may receive if there is a likelihood of a transfer of economic benefit to the Council where the timing of the receipt is also uncertain.

### **Key Control**

- Financial accounts should reflect all liabilities that will or may fall on the Council and disclose potential financial assets that may benefit the Council.

### **The Director of Resources and Deputy Chief Executive will:**

- 16.1. Review at least annually in conjunction with the final accounts process and in consultation with Directors, the existing contingent liabilities and assess whether the financial risk has increased and whether the risk requires additional funds to be set aside in accordance with CIPFA guidance.
- 16.2. Take steps wherever possible, in consultation with the Chief Executive and Directors, to minimise the risk of contingent liabilities.
- 16.3. Identify potential contingent assets and decide on the appropriate disclosure requirements.

### **The Chief Executive and Directors are responsible for:**

- 16.4. Setting up procedures and processes to minimise the risk of creating contingent liabilities.
- 16.5. Reviewing their service areas at least annually for contingent liabilities.
- 16.6. Informing the Director of Resources and Deputy Chief Executive of any new contingent liabilities and of any changes in the circumstances of existing contingent liabilities, as they are identified.
- 16.7. Informing the Director of Resources and Deputy Chief Executive of any new contingent assets as and when they are identified.

**17. Risk Management**

**Key Controls**

- The Council recognises that there are risks involved in everything it does and that it has a duty to manage these risks in a balanced, structured and cost effective way. In doing so, the Council will better achieve its outcomes and enhance the value of the services it provides.
- The Council's overall Risk Management objectives are to:
  - Embed "sensible" risk management into the culture and decision making of the Council.
  - Integrate risk management into key business processes so that the whole range of business risks facing the Council are managed effectively.
  - Manage risk in accordance with best practice, whilst developing an approach tailored to meet the Council's local needs.
  - Continually identify new and future risks that may impact on the Council.
  - Work with partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management.

**The Chief Executive and Directors are:**

- 17.1. Responsible for managing strategic risks and operational risks in their individual areas of responsibility.

**The Governance and Risk Management Advisor is:**

- 17.2. The Council's lead Officer for risk management.

**Directors will ensure that:**

- 17.3. Heads of Service, Service Managers and Budget Managers have specific responsibilities to identify, evaluate and manage risk effectively in their job.
- The [Risk Management Policy and Procedures](#) provides the practical guidance and information needed to effectively implement the corporate risk management approach and must be complied with.

## 18. Internal Controls

### Key Controls

- The Council, through its Corporate Leadership Team (CLT) and senior managers, is responsible for ensuring there is an effective system of governance which incorporates appropriate internal controls. The Council must ensure that:
  - Business is conducted in accordance with legislation, regulations, internal policies and proper standards.
  - Significant risks are appropriately managed.
  - Assets are safeguarded from inappropriate use, loss and fraud.
  - Public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
  - Records and processes are properly maintained.
  - Effective arrangements are in place for timely, relevant and reliable internal and external reporting.
- The key elements of the internal control environment include the Council's Vision and its outcomes for the community, the roles and responsibilities of Members and Officers, ethical standards of conduct and behaviour, the decision making, scrutiny and risk management arrangements and transparent robust public accountability.
- The Council has responsibility to conduct, at least annually, a review of its governance arrangements (including the system of internal control) and publish the results in an Annual Governance Statement. This is a public statement of the Council's performance across all of its activities with a clear statement of the actions being taken to address any areas of concern.

### **The Director of Resources and Deputy Chief Executive will ensure that:**

- 18.1. The Annual Governance Statement is co-ordinated through the Governance and Risk Management Advisor. Assurance about the effectiveness of the system of internal control comes from a wide variety of sources across the Council including:
- i) Directors and Statutory Officers who provide personal assurance about the effectiveness of the controls operating in their respective areas of responsibility.
  - ii) Heads of Service and Corporate System Owners who provide assurance about the effectiveness of the controls operating in their respective areas of responsibility.

- 18.2. On the basis of these assurances, the Annual Governance Statement details any control weaknesses that are viewed as significant or as being in the public interest, together with actions for improvement.

**Directors and Heads of Service will:**

- 18.3. Ensure that effective processes are in place to complete the Annual Governance Statement

**19. Internal Audit**

**Key Controls**

- Good governance arrangements are key to successful organisations. The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems and operational procedures.
- The scope for Internal Audit includes all of the Council's operations, resources, services and responsibilities in relation to other bodies, and partner organisations.
- Internal Audit will produce a plan of work using a risk based approach that highlights the main areas where audit input would be effective.

**The Head of Audit Services (HOAS) will:**

- 19.1. Review, appraise and report on:
- i) The soundness, adequacy and application of internal controls.
  - ii) The suitability and reliability of financial and other management data, including aspects of performance measurement.
  - iii) The extent to which assets and interests are accounted for and safeguarded from loss.
- 19.2. Support and encourage improvements in the efficiency, economy and effectiveness of services.
- 19.3. Investigate fraud, corruption and other irregularities where appropriate.
- 19.4. Advise on internal control and risk implications to existing and new systems and projects.

- 19.5. Ensure that the HOAS has direct access to all Officers including the Chief Executive and the Audit Committee Chairman and reports periodically to the Audit Committee on internal activity, performance and planning.
- 19.6. Ensure that all Internal Auditors have rights of access to all records, assets, personnel and premises, including those of partner organisations. Internal Auditors are authorised to obtain such information and explanations, as they consider necessary to discharge their responsibilities.
- 19.7. Have direct access to the Council's Chief Executive and Director of Resources and Deputy Chief Executive where he or she believes this is appropriate.
- 19.8. Ensure that Solihull Audit Services is independent of all other functions of the Council enabling an objective review of all areas of the Council's business.
- 19.9. Ensure that Internal Audit adheres to the statutory requirement to work in accordance with "proper audit practices". The standards adopted are those issued by the Institute of Internal Auditors (IIA) in the form of the "Public Sector Internal Audit Standards" and the associated guidance.
- 19.10. Ensure where a manager does not accept or cannot implement an audit recommendation, this must be stated in the response given and the HOAS is responsible for assessing whether the manager's response is adequate. Where a response is deemed inadequate, the HOAS will initially raise the issue with the appropriate Director. If in the opinion of the HOAS the issue is still not resolved, this will be raised with the Chief Executive, and ultimately the Audit Committee.
- 19.11. Where a manager does not respond to an audit report within an acceptable timescale, the HOAS will report this initially to the appropriate Director and ultimately the Chief Executive and Audit Committee where a response is still not received.
- 19.12. Present any audits with an assurance level of 4 or 5 to Audit Committee.

**Directors will:**

- 19.13. Establish and maintain effective management and operational systems which will reduce the risk of any loss to the Council or its partners.
- 19.14. Ensure that Officers understand the reporting responsibility of Internal Audit with regard to the effectiveness of the internal control system established under the Director's control.

- 19.15. Reply to draft reports within suitable timescales and attend Audit Committee as requested to discuss actions taken in respect of level 4 or 5 audits.
- 19.16. Manage the risk of fraud and corruption through the promotion of effective systems of internal control.
- 19.17. Report all suspected or detected fraud, corruption or other improprieties to the HOAS.
- 19.18. Inform the HOAS immediately of any disciplinary matter or any loss or financial irregularity or suspected irregularity, or of any circumstances which may suggest the possibility of losses or irregularities, including those affecting cash, stores or other property of the Council.
- 19.19. Ensure that all staff are aware of the Council's Counter Fraud and Corruption Policy Statement.

## **20. External Audit**

It is management's duty to provide an appropriate control environment, and to assess the effectiveness of internal controls. External Audit has a wide ranging role, from expressing an opinion on the Financial Statements, verifying the accuracy of the accounting records, reviewing standards on corporate governance, assessing Value For Money (VFM) and auditing grant claims.

### **Key Controls**

- External Auditors are appointed by the Public Sector Audit Appointments Limited. The National Audit Office prepares a code of audit practice, which External Auditors follow when carrying out their audits.

### **The Director of Resources and Deputy Chief Executive will:**

- 20.1. Establish arrangements for the external audit of the Council's financial affairs.

### **Directors will:**

- 20.2. 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.

20.3. Ensure that all records and systems are up to date and available for inspection.

## **21. Separation of Duties**

### **Key Control**

- Adequate level of segregation of duties in all financial activities.

### **Directors will:**

21.1. Ensure separation occurs in relation to the duty of providing, calculating, checking and recording sums due to or from the Council and to dispersing those sums.

21.2. Ensure any Officer charged with the duty of examining and checking accounts or cash transactions shall not be engaged in any of those transactions.

21.3. This will help to ensure that:

- i) Clear lines of authority are established.
- ii) Unintentional errors have a higher chance of being detected by independent supervisory checks.
- iii) The risk of intentional errors or loss and collusion are reduced.
- iv) All areas of work are independently supervised, validated and reconciled.
- v) Competence and accountability are promoted.

## 22. Preventing Fraud and Corruption

### Key Control

- All fraud and corruption risks are identified and managed.
- Effective systems exist to minimise the risk of fraud and corruption.

### Directors will:

- 22.1. Manage and mitigate the risk of fraud and corruption through promotion of effective systems of internal control.
- 22.2. Ensure that safeguards and systems exist to reduce the risk of fraud. All Council's monetary transactions must be based on bona fide information and sound financial practices.
- 22.3. Report all suspected or detected fraud, corruption or other improprieties to the Head of Audit Services.
- 22.4. Inform the HOAS immediately of:
  - i) Any disciplinary matter.
  - ii) Any loss or financial irregularity.
  - iii) Any suspected irregularity.
  - iv) Any circumstances which may suggest the possibility of losses or irregularities, including those affecting cash, stores or other property of the Council.
- 22.5. Ensure that all Officers are aware of the [Whistleblowing Policy](#).
- 22.6. Comply with guidance produced on money laundering.
- 22.7. Ensure that all Officers, Members and partnership organisations are aware of and comply with [Counter-Fraud and Corruption Strategy](#) and other related policies.

- 22.8. Ensure Officers and Members are aware of the requirements for declaring gifts and hospitality and interests as detailed in the Employees Handbook Code of Conduct. Members.
- 22.9. Assisted by the work performed by Internal Audit build anti-fraud measures into systems to prevent fraud and corruption.
- 22.10. The Council is required to store, process and transmit payment card data (debit and credit card data) in a secure manner which meets the requirements as laid down by the Payment Card Industry in its Data Security Standard (PCI DSS). Card data includes but is not limited to, card numbers, expiry date, Issue date, CVC or CVV2 code (the number on the back of the card), and PIN numbers. You must follow the simple rules in the [Payment Card Industry Data Security Standard Policy document](#) when dealing with card data.

## 23. Insurance

### Key Controls

- Protection arrangements exist which adequately cover the Council from certain liabilities and financial losses.
- Consideration will be given to potential liabilities and financial loss that may arise from the risks that remain following the Corporate risk management process and the most suitable method of protection.
- If insurance cover is required it will be arranged at levels that are considered most economically advantageous from the insurance market and the Director of Resources and Deputy Chief Executive, where appropriate, will make arrangements for certain risks to be self-insured either in part or full and make appropriate provision within the accounts to meet the potential cost of these claims.
- Protection arrangements, whether insured or self-insured, will follow the terms and conditions of the overarching insurance policy(s) that the Council has in place at the time cover is to be provided.

### The Director of Resources and Deputy Chief Executive will:

- 23.1. Arrange suitable protection and keep appropriate records; in particular, they will arrange for fidelity guarantee insurance for the due performance of the duties of any Officer charged with the receipt, custody and/or disbursement of monies and property as required under the Local Government Act 1972.

- 23.2. Periodically review the level of self–insured retention, the level of provisions and reserves required for known and not yet known losses and the appropriate insured perils required for Council assets.
- 23.3. Periodically review the level of policy excess that must be met from service budgets based on exposure, claims experience and provision/reserve requirements.
- 23.4. Ensure procedures are in place to investigate claims within required timescales.

**Directors will:**

- 23.5. Ensure compliance of the Insurance Act 2015 and the Duty of Fair Presentation in respect of any request or alteration of insurance cover or assessment of exposure to risk for any service provision or asset during any period of insurance cover or at the request by the Director of Resources and Deputy Chief Executive upon renewal or alteration to insurance cover that may be required.
- 23.6. Ensure that any disclosure of risk is made in a manner which is reasonably clear and accessible and cooperate with any reasonable request for information that may be required by the Council’s Insurer(s).
- 23.7. Notify the Director of Resources and Deputy Chief Executive of new risks the Directorate will be undertaking by way of new activities or service provision or any alterations affecting existing risks, potential liabilities or insurance.
- 23.8. Notify the Director of Resources and Deputy Chief Executive of new assets such as property, vehicles or other valuable items regardless of whether insurance cover is anticipated to ensure that appropriate arrangements can be assessed and put in place as determined. Asset and major risks should be notified in advance of cover being required.
- 23.9. Notify the Director of Resources and Deputy Chief Executive immediately of any loss, liability or damage that may give rise to a claim against the Council, together with any information or explanation required by the Director of Resources and Deputy Chief Executive or the Council’s insurers.
- 23.10. Consult the Director of Resources and Deputy Chief Executive on the terms of any indemnity that the Council is requested to give.

- 23.11. Consult the Director of Resources and Deputy Chief Executive on any partnership or agreement for the provision of services that may be considered to ensure that any terms on indemnity, liability or insurance are appropriate and/or does not conflict with the terms and conditions of any Insurance Policy that the Council may have in place.
- 23.12. 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.
- 23.13. Ensure that employees, or anyone connected with the delivery of services covered by the Council's protection arrangements, do nothing that breaches the terms and conditions of these policies and would lead to the voiding of the cover or additional terms subsequently being applied.
- 23.14. Ensure that full cooperation and accessibility is provided upon the reasonable request of the Council's Insurance Services Team or insurer(s) regarding a service provision or assessment of an asset which may include physical surveys and / or discussion with the Insurer.
- 23.15. Ensure compliance of any policy terms, conditions or warranties of any policy of insurance that may be in force including any terms or requirements following additional review or survey by the Council's Insurance Services Team or insurer(s).

## **24. Security of Assets**

### **Key Controls**

- Resources are available for use when required.
- The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.
- Assets are:
  - Safeguarded.
  - Used efficiently and effectively.
  - Adequately maintained and recorded.

### **The Director of Resources and Deputy Chief Executive will:**

- 24.1. Ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

24.2. Maintain an asset register for land and buildings.

24.3. Provide a format for an asset register.

**Directors will:**

24.4. Ensure all Officers utilise resources efficiently and effectively to fulfil the Council's outcomes.

24.5. Ensure that Officers safeguard the Council's assets and information, including the requirements of the Data Protection Act 2018 and software copyright legislation and to act appropriately in respect of data confidentiality issues.

24.6. Ensure lessees and other prospective occupiers of Council land are not allowed to take possession of or enter the land until a lease or agreement, in a form approved by the Director in consultation with the Director of Resources and Deputy Chief Executive, has been signed by relevant parties.

24.7. Consult the relevant division/team, such as Human Resources, Internal Audit, Health and Safety or Insurance, in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

24.8. Ensure keys to safes, buildings, etc. are kept to a minimum and carried on the person of those responsible at all times. The loss of any such keys must be reported to the Director of Resources and Deputy Chief Executive as soon as possible.

24.9. Maintain inventories of equipment:

i) Where assets are identified, which records their location and ensures that they are visibly marked and insured.

ii) Which are reviewed and updated at least annually.

iii) Of assets which are purchased with grant monies on a separate inventory and are transferred to the main inventory if the assets do not need to be returned once the grant claim has been formally accepted as satisfactory.

24.10. Ensure assets funded from grants are used and disposed of in accordance with any grant conditions specified by the awarding Body.

24.11. Make arrangements for the care and custody of stocks and stores.

- 24.12. Ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check, at least annually. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 24.13. Assets (not land and/or property) and inventory items that are deemed to be surplus to the Council's requirements are disposed of at the most appropriate time, in the best interests of the Council and having regard to the obligation to achieve best consideration, bearing in mind other factors such as well-being and environmental issues.
- 24.14. Assets should be disposed of by seeking three quotations and by selecting the quotation which provides best value (i.e. highest price). Social value should be considered as part of the disposal of assets.

**Employees, Budget Managers and Directors will:**

- 24.15. Ensure assets funded from grants are used and disposed of in accordance with any grant conditions specified by the awarding Body.
- 24.16. Be aware that any assets that have been funded by external grants are subject to strict conditions relating to their use and retention (as non-compliance can result in the Council paying back all or part of the grant funding received).
- 24.17. Consult the Grant Funded Asset Register section of Solmaps available within the intranet as soon as they become aware of any plans to sell, dispose, lease or change the use of an asset. This facility details by location all identified grant funded assets and the conditions associated with their use and retention periods. To view follow the link: [Grant Funded Assets](#)
- 24.18. Consult with their contact within Financial Operations, for advice and further information, if they become aware of any change of use of assets before any decision on the change of use is formalised.
- 24.19. Adhere to the requirement that all disposals, transfers or change of use to an asset require approval from the Joint Asset Management and Co-location Project Board. For disposal, please specifically refer to Paragraphs 13.31 – 13.38 of the Financial Regulations which must be adhered to.
- 24.20. Ensure that if the asset is detailed within the relevant area of [Solmaps](#) and is therefore subject to conditions, that prior approval is obtained from the relevant funding body before any action is taken in relation to the asset in question.

## 25. Intellectual Property

### Key Control

- In the event that the Council decides to become involved in the commercial exploitation of inventions or intellectual property, the matter should proceed in accordance with the directions of the Director of Resources and Deputy Chief Executive and the relevant Director involved and in agreement as to the procedures that should be followed.

## 26. Treasury Management, including Banking, Investment, Borrowing and Bank Accounts

### Key Control

- Borrowings and investments of the Council comply with the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council's Approved Treasury Management Strategy Statement and Treasury Management Practices.

### The Director of Resources and Deputy Chief Executive will:

- 26.1. Create and maintain, as cornerstones for effective treasury management:
  - i) Suitable Treasury Management practices (TMP's) setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
  - ii) A treasury management strategy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- 26.2. Be responsible for the execution and administration of treasury management decisions and will act in accordance with;
  - i) the CIPFA Code of Practice on Treasury Management,
  - ii) the CIPFA Prudential Code for Capital Finance in Local Authorities, and
  - iii) the Councils approved policy statement and treasury management policies.

- 26.3. Produce reports for Audit Committee and Full Council 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 its treasury management policies.
- 26.4. Produce reports for Members of Audit Committee regarding the implementation, monitoring and scrutiny of treasury management policies and practices.
- 26.5. Be responsible for opening and closing bank accounts as necessary. Separate business bank accounts for service areas should not be necessary unless there are certain conditions that need to be satisfied. These exceptions can only be agreed by the Director of Resources and Deputy Chief Executive.
- 26.6. Operate such bank accounts and maintain the related bank mandates necessary for the efficient allocation of funds.
- 26.7. Ensure that all investments of money are made in the name of the Council or in the name of approved nominees.
- 26.8. Effect all borrowings in the name of the Council.
- 26.9. Act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing of money by the Council.
- 26.10. Be in control of all money in the hands of the Council aggregated for the purposes of treasury management.

**Directors will:**

- 26.11. Arrange for all trust funds to be held, wherever possible, in the name of the Council. All Officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Director of Resources and Deputy Chief Executive, unless the deed otherwise provides.
- 26.12. Ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Director of Resources and Deputy Chief Executive and any other additional approvals as may be required.
- 26.13. Ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Resources and Deputy Chief Executive.

## 27. Petty Cash, Till Floats and Cash Advances

### Key Controls

- Only minor expenditure is incurred.
- Floats are maintained at the level that has been authorised.
- Regular reconciliation of cash held is undertaken.
- All cash must be locked away to safeguard against loss or theft.
- Proper control is exercised over cash advances.

### Directors will:

27.1. Ensure the Petty Cash and Cash Advance Procedures are fully complied with.

## 28. Cash Handling

### Key Controls

- To safeguard cash assets and protect them from misappropriation.

### Directors will:

28.1. Ensure [Cash Handling Procedures](#) are fully complied with.

## SECTION D FINANCIAL SYSTEMS AND PROCEDURES

### 29. Computer Systems

Directorates are dependent on computer systems for financial management information. The information must therefore, be accurate and the systems and procedures effective and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

#### Key Controls

- Basic data exists to enable the Council's outcomes, targets, budgets and plans to be formulated.
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems, procedures, computer equipment and software are secure. See [ICT Security – a guide for employees](#).
- Effective contingency arrangements must be in place, including back-up procedures, for computer systems. For more information see the [ICT Strategy](#).

#### The Director of Resources and Deputy Chief Executive will:

- 29.1. Determine the accounting systems, form of accounts and supporting financial records required.
- 29.2. Approve any new financial systems to be introduced in conjunction with Internal Audit.
- 29.3. Maintain a scheme of delegation identifying Officers authorised to act upon the Directors behalf for payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 29.4. Approve any changes to be made to existing financial systems in conjunction with Internal Audit.

**The Head of ICT and Information Governance will:**

- 29.5. Ensure that central IT systems for the electronic processing of data/information enable the Council to carry out transactions as specified by and agreed with key users in an accurate, complete and timely manner.
- 29.6. Ensure that the security provisions of central computer services reasonably protect the Council and other persons from inappropriate use or misuse of any financial and other information held on the Council's computer files.

**Directors will:**

- 29.7. Ensure that systems are documented and Officers are fully trained in operations.
- 29.8. Supply authorised Officer signatories in accordance with the Council's expenditure authorisation hierarchy.
- 29.9. Ensure all input is genuine, complete, accurate, timely and not previously processed.
- 29.10. Ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document and vice versa, is maintained.
- 29.11. Ensure Officers adhere to [Information Governance - Policies & Procedures](#)
- 29.12. Ensure Officers adhere to [ICT Policies](#).
- 29.13. In relation to computer systems other than those operated under ICT, be responsible for ensuring that:
  - i) Adequate data controls exist to provide for the security of applications during data processing.
  - ii) The requirements of the Data Protection Act 2018 (General Data Protection Regulations) are met.
  - iii) Access is restricted to authorised Officers.

### 30. Retention Policy

#### Key Control

- Prime documents are retained in accordance with legislative and other requirements.

#### Directors will:

Ensure the proper creation, management, storage and disposal of financial documents in accordance with the requirements set out in [SMBC's Retention Schedule](#) and [SMBC's Records Management Policy](#)

### 31. Income Collection

#### Key Control

- All income due to the Council is identified.
- All income due to the Council is collected and monitored.
- All income is banked in a timely manner.
- Income is not offset against the same subjective code as expenditure.
- Compliance with the corporate [fees and charges framework](#)

#### The Director of Resources and Deputy Chief Executive will:

- 31.1. Agree arrangements for the identification and collection of all income due to the Council.
- 31.2. Approve procedures, systems and documentation relating to income collection and subsequent banking of income. Any changes to these systems must be agreed with Internal Audit.
- 31.3. Establish a corporate [fees and charges framework](#) for the supply of goods or services and review it regularly.

#### Directors will:

- 31.4. Ensure that all income streams within their Directorate are identified.
- 31.5. Allocate responsibility for the collection, banking and monitoring of income streams as appropriate.

- 31.6. Establish service specific charging policies where appropriate and review them regularly in line with the corporate [fees and charges framework](#).
- 31.7. Provide receipt books, tickets, and other forms or documents (electronic or otherwise) to be used to officially acknowledge or record amounts received or receivable.
- 31.8. Ensure income is not used to cash personal cheques or make other payments. All income received must be banked in full.
- 31.9. Ensure systems are in place to prevent staff from 'borrowing' income with the intention of replacing it at a later date.
- 31.10. Ensure systems are in place to reconcile income due with income banked. Local management must investigate any variances and significant variances must be reported to Internal Audit for investigation. Small regular variances should be monitored by local management and reported to Internal Audit, where necessary.
- 31.11. Use Internal Remittance pads to record all internal cash transactions (these are available from Financial Operations).
- 31.12. Only use the Accounts Receivable system for raising debts owed to the Council.
- 31.13. Where practical, ensure every sum of money received by any Officer is immediately acknowledged by the issue of an official receipt, ticket or voucher (electronic or otherwise).
- 31.14. Ensure that every transfer of monies from one Officer to another is immediately acknowledged by their signatures on an appropriate record.
- 31.15. Ensure all monies (including cheques) received on behalf of the Council in any Directorate are deposited either with Solihull Connect, directly with the Council's bankers or via the Council's appointed security company. All monies must be deposited daily, except where the weekly receipts do not exceed £500, in these instances bankings should be made each week.
- 31.16. Ensure that all bankings prepared for collection by the Council's appointed security company are checked by two people. The paying-in-slip must be signed to that effect prior to sealing the security company's banking bag.
- 31.17. Ensure that all banking bags are handed to and signed for by genuine security company employees.

- 31.18. Ensure that all Officers who bank cheques enter a reference on the paying-in-slip that connects the cheque to the debt or debts against which it was received. Where the cheque does not relate to a discharge or partial discharge of a debt, details of the payee and all relevant information must be entered on a paying-in-slip.
- 31.19. Ensure that for all bankings made there is a check by an Officer independent of the paying-in-process to ensure that all income is posted correctly on the General Ledger.
- 31.20. Review potential risks in relation to the collection of income.
- 31.21. Should refunds be required against payment made by credit card, such refund should only be made by a refund to the same card (i.e. not by cash or cheque).

**Bad Debts:**

**Directors will:**

- 31.22. Maintain a record of all outstanding debts through the use of the Accounts Receivable system or debtor income systems (e.g. Northgate) and follow up all unpaid debts to ensure they are resolved as quickly as possible. Where appropriate, amounts due should be collected in advance of provision of goods or services to minimise the risk of bad debt.
- 31.23. Notify Financial Operations of any potential for bad debts.
- 31.24. Ensure adequate provision is made for bad debts.
- 31.25. Ensure effective action is taken to pursue non-payment within defined timescales.

**Raising Sundry Income Accounts**

**Directors will:**

- 31.26. Provide the Director of Resources and Deputy Chief Executive with all relevant information required to raise Sundry Income accounts via the Accounts Receivable system. The Director of Resources and Deputy Chief Executive can approve arrangements for Sundry Income accounts to be raised by the spending Directorates, where appropriate.

- 31.27. Ensure that VAT on Sundry Income accounts, including Sundry Income accounts raised by individual Directorates, is applied at the appropriate rate. Financial Operations can give advice relating to VAT.

### **Write offs**

#### **Directors will:**

- 31.28. Ensure that formal approval for any debt write-off is obtained in accordance with the latest Officer delegations or obtain approval from the Cabinet Portfolio Holder – Resources where the write off exceeds that level delegated to appropriate Officers.
- 31.29. Ensure that assistance is provided to the Director of Resources and Deputy Chief Executive in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

### **Fees and Charges**

#### **In line with the Council's [fees and charges framework](#), Budget Managers will:**

- 31.30. Review the charges in their service area each year as part of the preparation for the following year's budget process. This includes considering the potential for any new charges.
- 31.31. Consult with service users and stakeholders about any significant changes proposed to charges in their service area.
- 31.32. Seek approval for new charges or variations to existing charges in line with the Council Leader's delegation scheme.
- 31.33. Ensure reports to Members seeking approval for charging decisions include all the information required by the Framework.
- 31.34. Ensure that where charging proposals reported to Members do not meet the principles outlined in the framework the reasons for this are explicit in the report.

## 32. Orders for Work, Goods and Services - The Procure to Pay process

### Key Controls

- All goods and services are ordered by authorised Officers and only to facilitate the operations of the Council.
- All orders are raised (in advance) only with an approved supplier or contractor.
- Refer to [Rules for Contract](#) for further details.

### The Director of Resources and Deputy Chief Executive will:

- 32.1. Agree the form of official orders and associated terms and conditions.
- 32.2. Define the requirements for approving the requisitioning of orders through the expenditure authorisation hierarchy which sets out who can approve purchase requisitions across the Council. Generally the expenditure authorisation hierarchy will allow the following officers to approve requisitions up to the following values:

|  |            |
|--|------------|
| Budget Manager level   | £50,000    |
| Senior Officer level (relevant to a particular job role/project) | £250,000   |
| Head of Service  | £1,000,000 |
| Assistant Director   | £2,500,000 |
| Director   | £5,000,000 |
| Chief Executive  | £5,000,000 |

- 32.3. Inform the Director of Resources and Deputy Chief Executive of changes to the expenditure authorisation hierarchy. The expenditure authorisation hierarchy will be maintained by the Financial Operations division but responsibility for reviewing and updating it is with the Directorate Leadership Teams (DLT) on a quarterly basis in conjunction with the Financial Operations division.
- 32.4. There may be circumstances where the limits are agreed to be lower or higher, depending on the specific business need at the time. These will need to be agreed and regularly reviewed with the Directorate Leadership Team (DLT) and in conjunction with the Financial Operations division.
- 32.5. Ensure that there are adequate arrangements for the subsequent validation, checking and certification of invoices prior to payment to confirm that the goods or services have been ordered, receipted, are correctly priced and passed for payment by the nominated Budget Manager.

- 32.6. Provide advice on making payments by the most cost effective means.
- 32.7. Make payments from the Council's funds on a Director's authorisation ensuring that the expenditure has been duly incurred in accordance with these Regulations.
- 32.8. Make payments to suppliers or contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified. All final accounts for capital projects must be validated prior to the final payment.
- 32.9. Withhold payment of any sums due to any person where the requirements of any Standing Order, Rule or Regulation of the Council have not been fully observed. Payment can be held up until the matter has been resolved.
- 32.10. Agree, where appropriate and in consultation with Directors, any changes to existing financial systems and give approval to any new systems before they are introduced.

**Directors will:**

- 32.11. Ensure that the Council's corporate financial systems are used for the requisitioning, ordering, receipting and payment of work, goods and services except where specialist systems are used in agreement with the Director of Resources and Deputy Chief Executive.
- 32.12. Where specialist (third party) systems are used following the agreement of the Director of Resources and Deputy Chief Executive they should be used in conjunction with Oracle and they should replicate the requisitioning, ordering and receipting stages of the Oracle Procurement 'procure to pay' process. The third party system must fully align to and interface with Oracle and accurately reflect the requisitioning, ordering and receipting stages in order to evidence the correct authorisation process and ultimately to generate the correct payment from Oracle.
- 32.13. Ensure that official orders are only used for goods and services provided to their Directorates. Individuals must not use official orders to obtain goods or services for their private use.
- 32.14. Ensure there is budget provision for all orders raised.
- 32.15. For payment requests without an invoice, ensure that the [Non invoiced payment request \(T13\) guidance](#) is followed and the T13 is prepared by a trained Finance Administration person and approved by a relevant Budget Manager within their authorisation limits.

- 32.16. For payment schedule requests, ensure that the schedule is prepared by a trained Finance Administration person and approved by a relevant Budget Manager within their authorisation limits.
- 32.17. Ensure that only those Officers authorised by the Chief Executive or Directors approve orders electronically.
- 32.18. Ensure that goods and services are independently checked on receipt to verify that they are in accordance with the order.
- 32.19. Ensure that payment is only made after a VAT invoice has been received, checked, and certified for payment. Faxed and scanned copies of invoices are acceptable.
- 32.20. Ensure that payments are not made in advance of goods being supplied, work done or services rendered to the Council except with the prior approval of the Director of Resources and Deputy Chief Executive. . In most cases, the approval for any payments in advance should be secured through the Procure to Pay process.
- 32.21. Ensure that all undisputed invoices are paid within 10 days to Small and Medium Size Enterprises and 28 days to other organisations from the receipt of the invoice, or other such target as may be set by the Council.
- 32.22. Ensure that all service areas can demonstrate Value for Money from contractors and suppliers by obtaining competitive prices and appropriate quality using guidance contained in the Council's Procurement Strategy, utilising the purchasing procedures outlined in the Council's [Rules for Contract](#).
- 32.23. Ensure that once contracts have been approved that there are robust arrangements in place for on-going Contract Management in line with guidance issued by the [Corporate Procurement Team](#).

Guidance on how to process invoices can be viewed at the Payments Team web page.

### **33. Purchase Cards**

#### **Key Controls**

- All goods and services are only procured for the operations of the Council.
- Purchase cards are used only by authorised Officers.
- Should not be used for suppliers where corporate contracts already exist
- Transactions are correctly coded.

**The Director of Resources and Deputy Chief Executive will:**

- 33.1. Provide guidelines in relation to the use of purchase cards.
- 33.2. Sanction the withdrawal of cards in the event of non-compliance with the Financial Regulations or in accordance with the criteria as set out in the Purchase card iExpenses escalation policy.
- 33.3. Require that anyone who has been a cardholder who has had their card withdrawn due to non-compliance will not be able to re-apply for a card.

**Directors will:**

- 33.4. Ensure that Officers sign and comply fully with the [guidelines](#) and the Employee Agreement for the security and administration of purchase cards.
- 33.5. Ensure that the issue of purchase cards is recommended by Officers as detailed in each Directorate's Scheme of Delegation.
- 33.6. Ensure that Officers provide adequate budget to cover the use of purchase cards and that the cards are used for appropriate purchases, as defined by the Director of Resources and Deputy Chief Executive.
- 33.7. Ensure that purchase cards are retained securely by the card holder at all times (i.e. not to be kept in a safe or locked drawer within your working environment).
- 33.8. Ensure that the card holder takes responsibility for making sure a reconciliation of the Purchase card iExpenses is completed ~~by the card holder~~ monthly upon receipt and that any errors are identified and followed through to a satisfactory conclusion.
- 33.9. Ensure that the reconciled Purchase card iExpenses is authorised by the Budget Manager (including Head Teacher) (as detailed in the Directorate's Scheme of Delegation) on a monthly basis.
- 33.10. Ensure that the Officers supply VAT receipts and correctly reconcile to ensure that VAT can be claimed on purchase card transactions.

33.11. Notify Internal Audit of any fraudulent transactions.

## **34. Expense Claims**

### **Key Controls**

- All expenses claimed through Oracle iExpenses must be approved electronically by the relevant Budget Manager.
- All expense claimed using a paper claim form must be approved the relevant Budget Manager.
- All expense claims must be accompanied with a valid VAT receipt to allow the claim to be processed

### **The Director of Resources and Deputy Chief Executive will:**

34.1. Provide guidelines in relation to claiming expenses.

### **Directors will:**

34.2. Ensure that employees use the appropriate method of claiming depending on the expense that has been incurred. This will either be through Oracle i-Expenses or the paper claim form. See the [Pay and Expenses](#) page on the Intranet and ensure the employee seeks appropriate and correct approval. If their supervisor is not their Budget Manager then they must also go to their Head of Service/Budget Manger for approval.

34.3. The supervisor and the Budget Manager need to ensure that they are satisfied with the content of the claim before signing it. If they are not satisfied they will need to query the content with the claimant before approving it.

## **35. Staffing**

### **Key Controls**

- A staffing strategy and policy exists, in which staffing requirements and budget allocations are matched annually.
- HM Revenue & Customs regulations are complied with.

### **The Director of Resources and Deputy Chief Executive will:**

- 35.1. Ensure Members' allowances are authorised in accordance with the scheme adopted by Full Council [Members Allowances](#).

**The Head of Human Resources will:**

- 35.2. Ensure that all appointments are made in accordance with the Council's procedures and legal requirements, approved establishments, grades and scales of pay.
- 35.3. Be responsible for the general control and payment of all salaries and pensions and will prescribe, in consultation with the appropriate Director, the detailed procedure for the preparation and certification of time sheets.
- 35.4. Be responsible for the arrangements for the correct allocation of these costs within the Council's accounts.
- 35.5. Make arrangements for the recording and the accurate and timely payment of Income Tax, National Insurance, pensions and all other statutory and non-statutory payroll deductions.
- 35.6. Act as an advisor, where appropriate to Directors on payroll issues, including Income Tax, National Insurance pension contributions.
- 35.7. Make arrangements for paying Member's and Officer's travel and/or other allowances upon either receipt of the required form, duly completed and authorised or a properly authorised on-line claim.
- 35.8. Ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the [document retention schedule](#).
- 35.9. Be responsible for the timely and reasonable checking of payroll and recovery of outstanding overpaid payroll.
- 35.10. Ensure the accurate and timely production of all statutory returns to HM Revenue and Customs, particularly in respect of the financial year-end and the declaration of employee taxable benefits.

**Directors will:**

- 35.11. Be responsible for the notification of the cost code to which employees are to be charged.

- 35.12. Monitor Officer activity to ensure adequate control over such costs as sickness, training and temporary staff.
- 35.13. Comply with the Council's Severance Scheme for Early Retirements & Redundancies. Information about this can be obtained from HR and Financial Operations.
- 35.14. Notify the Head of Human Resources of all appointments, resignations and absences (due to sickness or unpaid holidays/leave) or any other circumstances affecting the remuneration of employees. Such notifications should be signed by an authorised Officer. This signature confirms the validity of the amendment and certifies that all relevant Council procedures have been complied with.
- 35.15. Notify Payroll of any amendments to authorised Officer signatures immediately.
- 35.16. Ensure that adequate and effective systems and procedures are operated, so that:
- i) Payments are only made to bona fide employees where there is a valid entitlement.
  - ii) Conditions and contracts of employment are correctly applied.
  - iii) Employees' names and contact details listed on the payroll are checked at regular intervals to verify accuracy and completeness.
  - iv) Payroll transactions are processed only through the Council's payroll system.
  - v) Staff are not engaged on a self-employed basis. Where Directorates consider doing this, they should contact HR to ensure all relevant regulations are met regarding their employment status and any required returns submitted to the appropriate Government department(s).
  - vi) The Appointment of Consultants form is completed for all consultants and approved by the Directorate's Finance Manager and the Corporate Procurement Manager before appointment.

## **36. Taxation**

### **Key Controls**

- Budget Managers are provided with relevant information and kept up to date on tax issues.
- Officers must reclaim VAT where possible.
- Budget Managers are issued with guidance on record keeping.

- All taxable transactions are identified, properly carried out and accounted for within stipulated timescales. Advice can be obtained on tax issues from Financial Operations. Guidance is also available on the Intranet – [VAT Manual](#)

**The Director of Resources and Deputy Chief Executive will:**

- 36.1. Be responsible for the timely submission of all appropriate returns to HM Revenue and Customs.
- 36.2. Maintain up-to-date guidance for Council employees on taxation issues (see above for links to VAT Manual).

**Directors will:**

- 36.3. Ensure that the correct rate of VAT is applied to all income and that the VAT recoverable on purchases complies with HM Revenue and Customs Regulations.
- 36.4. Ensure that all methods of payment are conducted with VAT rules and regulations in mind, including, but not limited to, requesting and retaining appropriate receipts/invoices.
- 36.5. Ensure records are maintained in accordance with instructions.

**37. Construction Industry Scheme**

**Key Controls**

- The Construction Industry Scheme (CIS) criteria are upheld.
- The CIS Officer will maintain a list of contractors listed under CIS.

**The Director of Resources and Deputy Chief Executive will:**

- 37.1. Ensure the appropriate VAT treatment of CIS registered companies as part of the Domestic Reverse Charges legislation.

**Directors will:**

- 37.1-37.2. Ensure that where construction and maintenance works are undertaken, the contractor fulfils the necessary CIS criteria and is registered on the list of sub-contractors held by the CIS Officer.

37.2-37.3. Ensure payments for 'construction operations' are not made to subcontractors who are not registered with HM Revenue and Customs and that income tax deductions from subcontractors' payments must be made where necessary by the CIS Officer.

37.3-37.4. Adhere to CIS regulations since failure to do so could lead to financial penalties being incurred by the Council.

## **38. Internal Recharges**

### **Key Control**

- Internal Recharges must reflect the internal resources utilised in delivering the service.

### **The Director of Resources and Deputy Chief Executive will:**

- 38.1. Recharge for support services in accordance with the latest CIPFA Accounting Code of Practice for both budget and final accounts purposes.
- 38.2. Effect Internal Recharges in accordance with laid down timetables.
- 38.3. Arbitrate on disputed recharges where these cannot be satisfactorily resolved between Directorates.

### **Directors will:**

- 38.4. Notify and/or respond to disputed recharges in accordance with the timescales laid down.
- 38.5. Monitor the processing of recharges in accordance with the timetable agreed with the Director of Resources and Deputy Chief Executive.

## SECTION E EXTERNAL ARRANGEMENTS

### 39. Partnerships

#### Key Controls

- To ensure that effective governance arrangements are in place.
- To ensure that risk management processes are in place to identify and assess all known risks in line with the [Risk Management Policy and Procedure](#).

#### The Director of Resources and Deputy Chief Executive will:

- 39.1. Advise on an appropriate financial framework.
- 39.2. Ensure that appropriate controls are in place so that resources are used effectively.

#### Directors will:

- 39.3. Comply with their responsibilities under the Council's Financial Regulations, [Rules for Contracts](#) and [Principles of Good Governance for Partnerships in Solihull](#) when undertaking any form of partnership arrangement and/or legislation agreement e.g. Section 31 the Partnership Agreement must be adhered to.
- 39.4. Inform the Director of Resources and Deputy Chief Executive about any proposed partnerships.
- 39.5. Maintain a register of contracts entered into with external bodies in accordance with procedures specified by the Corporate Procurement Manager.
- 39.6. Ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Director of Resources and Deputy Chief Executive in line with the [Partnership Risk Management](#) guidance. This should include, where appropriate, an early meeting of key stakeholders, including relevant Members, financial and legal representatives to assess risks.

- 39.7. Ensure that such agreements and arrangements do not impact adversely upon the services provided or planned to be provided by the Council.
- 39.8. Ensure that all agreements and arrangements are properly documented including a final agreed copy signed by all connected parties.
- 39.9. Provide appropriate information to the Director of Resources and Deputy Chief Executive to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- 39.10. Not engage in partnership arrangements that result in the Council becoming the "Accountable Body" without securing endorsement from the Director of Resources and Deputy Chief Executive.
- 39.11. Where budget implications exceed £1m an early meeting of key stakeholders, including relevant Members, financial and legal representatives, is required to assess risks.

#### **40. External Funding**

##### **Key Controls**

- Ensure that funds are acquired only to meet the Council's priorities.
- Ensure that grant conditions are met to avoid the risk of claw back.

Guidance on External Funding is available from the [Financial Operations Guides and Information](#).

##### **The Director of Resources and Deputy Chief Executive will:**

- 40.1. Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 40.2. Ensure that any audit requirements are met and that only eligible expenditure is claimed.

##### **Directors will:**

- 40.3. Ensure that the mandatory procedures for Externally Funded Projects are followed, including completion of a Bid Assessment Form, and obtain appropriate levels of approval as set out in SMBC External Funding Procedures prior to submitting an expression of interest or applying for external funding.

- 40.4. Obtain the appropriate level of approval as set out in SMBC External Funding Procedures prior to accepting an offer of funding where the Council is the accountable body.
- 40.5. Ensure that any match-funding requirements are identified and approved prior to entering into long-term agreements and that future budgets reflect these requirements.
- 40.6. Ensure grant expenditure is incurred in accordance with the grant conditions specified by the awarding body.
- 40.7. Ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded in accordance with external funding conditions or corporate policy and procedure, whichever is the more detailed.
- 40.8. Ensure all required claims and returns are completed on time, verified by their contact in Financial Operations and that all terms and conditions of funding are met. Claims and returns must be signed off by the Section 151 Officer or an authorised Financial Operations signatory.
- 40.9. Ensure that the retention period of documents relating to external funding are complied with or apply the Council's retention policy, whichever is the longer. For further guidance please contact your representative within Financial Operations.

#### **41. Work for Third Parties and Shared Services**

##### **Key Controls**

- The contract/provision of service is in line with corporate outcomes.
- Proposals are costed fully and properly approved by the Director of Resources and Deputy Chief Executive.
- Contracts are drawn up following the [Rules for Contract](#).

##### **Directors will:**

- 41.1. Ensure that the Council is not put at risk from any bad debts.
- 41.2. Ensure that appropriate insurance arrangements are made.
- 41.3. Ensure that no contract is subsidised by the Council.

- 41.4. Ensure that the approval of the appropriate level of management is obtained before any negotiations are concluded to work for third parties.
- 41.5. Ensure that the department/unit has the appropriate expertise to undertake the contract.
- 41.6. Ensure that such contracts do not impact adversely upon other services provided by the Council.
- 41.7. Ensure that all contracts are properly documented.
- 41.8. Provide appropriate information to the Director of Resources and Deputy Chief Executive to enable a note to be entered into the statement of accounts under "Related Parties" transactions and to ensure the correct treatment of VAT on the arrangements.
- 41.9. Ensure that the contract/provision of service is in line with the corporate outcome.

## SECTION F SUMMARY OF KEY CONTROLS

### 6. Financial Management Standards

- It is the responsibility of management to promote Financial Management Standards throughout the Council.
- Officers with a financial responsibility must read and understand Financial Regulations and any related documents. It is each Officer's responsibility to clarify any areas that they do not understand with their managers and the Officers referred to in this document.
- All Executive Members, Finance Officers and Budget Managers operate within the required accounting standards and timetables as determined by Professional Accountancy Bodies and the Director of Resources and Deputy Chief Executive.

### 7. Virements

- Expenditure is incurred in accordance with the estimates that make up the budget.
- Management of budgets is taken with a degree of flexibility within the overall budget framework determined by Full Council, and therefore optimises the use of resources.

**Revenue Virements (01 – Financial Codes)** for both temporary and permanent virements.

For budget movements **within** a budget book line

| Amount           | Authorisation Approval   |
|------------------|--|
| Up to<br>£50,000 | Budget Managers  |
| Over<br>£50,000  | The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) member |

For budget movements **between** budget book lines within the same Cabinet Portfolio:

| Amount                                   | Authorisation Approval  |
|--|---|
| Up to<br>£50,000                         | The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) Members |
| Over<br>£50,000 and<br>up to<br>£100,000 | The Budget Manager must obtain approval from the appropriate Director   |
| Over<br>£100,000                         | The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holder by way of a formal report   |

For budget movements **between** Cabinet Portfolios:

| <b>Amount</b>                            | <b>Authorisation Approval</b>   |
|--|---|
| Up to<br>£50,000                         | The Budget Manager must obtain approval from the appropriate Directors  |
| Over<br>£50,000 and<br>up to<br>£100,000 | The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holders  |
| Over<br>£100,000                         | A joint report must be submitted by the relevant Directors to the appropriate Cabinet Portfolio Holders and also the Cabinet Portfolio Holder - Resources |

### Capital Virements (02 – Financial Codes)

For budget movements between capital schemes within the **same Cabinet Portfolio**:

| <b>Amount</b>                             | <b>Authorisation Approval</b>  |
|---|--|
| Up to<br>£100,000                         | The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) members and <b>notify</b> the Director of Resources and Deputy Chief Executive             |
| Over<br>£100,000<br>and up to<br>£250,000 | The Budget Manager must obtain approval from the appropriate authorised Directorate Leadership Team (DLT) member and seek <b>endorsement</b> by the Director of Resources and Deputy Chief Executive |
| Over<br>£250,000                          | The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holder and <b>notify</b> the Director of Resources and Deputy Chief Executive   |

For budget movements **between** Cabinet Portfolios:

| <b>Amount</b>     | <b>Authorisation Approval</b>   |
|-------------------|---|
| Up to<br>£250,000 | The Budget Manager must obtain approval from the appropriate Directors and <b>notify</b> the Director of Resources and Deputy Chief Executive   |
| Over<br>£250,000  | The Budget Manager must obtain approval from the appropriate Cabinet Portfolio Holders, Cabinet Portfolio Holder – Resources and <b>notify</b> the Director of Resources and Deputy Chief Executive |

## **8. Carry Forwards of unspent funds**

- A consistent approach is adopted for carry-forwards.
- There are no automatic carry forward arrangements.
- There are strong governance processes in place for agreement of any carry forwards

## **9. Monitoring, Forecasting and Reporting**

- Monitoring and forecasting must be completed on a regular basis for it to be effective.
- It must focus on key financial issues and be accurate, timely and relevant.
- Variances from approved budgets are highlighted by reporting through the approved governance structure on key financial risks or opportunities by having an effective forecast position.
- Where forecast variances exist action is taken to ensure the Council's cash limit is not exceeded.

## **10. Accounting Records and Returns**

- All the Council's transactions and other essential accounting information are recorded on an accurate basis and retained in line with appropriate retention periods (see section 30 – Retention Periods)
- Procedures are in place to enable accounting records to be maintained, held securely and reconstituted in the event of systems failure.
- Reconciliations of feeder and stand alone systems are carried out to ensure transactions are correctly recorded.
- Reconciliations should be completed regularly; however, the frequency will be dependent on the system (e.g. bank reconciliations at least monthly).
- Accounting records should be properly maintained and held securely.

## **11. Revenue Budget Setting and Medium Term Planning**

- The Council needs to plan effectively to ensure resources are allocated in accordance with the Council's priorities.
- The budget format will:
  - Comply with all legal requirements.
  - Comply with CIPFA's Service Reporting – Code of Practice.
  - Reflect the accountabilities of service delivery.
- All approved budgets will be cash limited and each relevant level of management will manage its functions within its approved cash limit.

## **12. Final Accounts and the Accounting Statement**

- Make arrangements for the proper administration of financial affairs and ensure that one of the Council's Officers has the responsibility for the administration of these affairs.
- To manage its affairs to ensure the economic, efficient and effective use of resources and safeguard its assets.

## **13. Capital Programmes**

- The Council is required to have a separate capital strategy, which sets out the Council's approach to the allocation of capital resources and how this links to strategic priorities and objectives at a corporate and service level.
- Effective systems exist for the approval of capital projects.
- The Capital Programme is updated and maintained.
- Systems and controls for application of Prudential Borrowing and 'Spend to Save' are established and applied consistently.
- Control over the disposal of assets is established and adopted.

## **14. Maintenance of Reserves**

- Reserves are established for specific purposes.
- A clear identification of the purpose and use of the reserve is recorded.

## **15. Financial Implications of Reports**

- Officers should take into account all the financial effects of the actions that they undertake or propose.
- To ensure that financial information presented in reports reflects the current and future implications of any actions.
- Robust presentation of financial implications will aid Members and Officers to make well informed decisions.

## **16. Contingent Liabilities and Contingent Assets**

- Financial accounts should reflect all liabilities that will or may fall on the Council and disclose potential financial assets that may benefit the Council.

## **17. Risk Management**

- The Council recognises that there are risks involved in everything it does and that it has a duty to manage these risks in a balanced, structured and cost effective way. In doing so, the Council will better achieve its outcomes and enhance the value of the services it provides.
- The Council's overall Risk Management objectives are to:
  - Embed "sensible" risk management into the culture and decision making of the Council.
  - Integrate risk management into key business processes so that the whole range of business risks facing the Council are managed effectively.
  - Manage risk in accordance with best practice, whilst developing an approach tailored to meet the Council's local needs.
  - Continually identify new and future risks that may impact on the Council.
  - Work with partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management.

## **18. Internal Controls**

- The Council, through its Corporate Leadership Team (CLT) and senior managers, is responsible for ensuring there is an effective system of governance which incorporates appropriate internal controls. The Council must ensure that:
  - Business is conducted in accordance with the laws, regulations, internal policies and proper standards.
  - Significant risks are appropriately managed.
  - Assets are safeguarded from inappropriate use, loss and fraud.
  - Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
  - Records and processes are properly maintained.
  - Effective arrangements are in place for timely, relevant and reliable internal and external reporting.
- The key elements of the internal control environment include the Council's Vision and its outcomes for the community, the roles and responsibilities of Members and Officers, high standards of conduct and behaviour, the decision making, scrutiny and risk management arrangements and robust public accountability.

- The Council has responsibility to conduct, at least annually, a review of its governance arrangements (including the system of internal control) and publish the results in an Annual Governance Statement. This is a public statement of the Council's performance across all of its activities with a clear statement of the actions being taken to address any areas of concern.

#### **19. Internal Audit**

- Good governance arrangements are key to successful organisations. The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems and operational procedures.
- The scope for Internal Audit includes all of the Council's operations, resources, services and responsibilities in relation to other bodies, and partner organisations.
- Internal Audit will produce a plan of work using a risk based approach that highlights the main areas where audit input would be effective.

#### **20. External Audit**

- External Auditors are appointed by the Public Sector Audit Appointments Limited. The National Audit Office prepares a code of audit practice, which External Auditors follow when carrying out their audits.

#### **21. Separation of Duties**

- Adequate level of segregation of duties in all financial activities.

#### **22. Preventing Fraud and Corruption**

- All fraud and corruption risks are identified and managed.
- Effective systems exist to minimise the risk of fraud and corruption.

#### **23. Insurance**

- Insurance arrangements exist to adequately cover the Council from financial losses or liabilities.
- Consideration will be given to the financing of losses that may arise from the risks that remain following the risk management process.

- Such cover will be arranged at levels that are considered most economically advantageous from the insurance market and the Director of Resources and Deputy Chief Executive, where appropriate, will make arrangements to self insure certain risks and make appropriate provision within the accounts to establish reserves and provisions to meet the expected cost of these claims.
- Insurance arrangements, whether insured or self-insured, will follow the terms and conditions of the overarching insurance policy(s) that the Council has in place at the time cover is to be provided.

#### **24. Security of Assets**

- Resources are available for use when required.
- The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.
- Assets are:
  - Safeguarded.
  - Used efficiently and effectively.
  - Adequately maintained and recorded.

#### **25. Intellectual Property**

- In the event that the Council decides to become involved in the commercial exploitation of inventions or intellectual property, the matter should proceed in accordance with the directions of the Director of Resources and Deputy Chief Executive and the relevant Director involved, and in agreement as to the procedures that should be followed.

#### **26. Treasury Management including Banking, Investment, Borrowing and Bank Accounts**

- Borrowings and investments of the Council comply with the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council's Approved Treasury Management Strategy Statement and Treasury Management Practices.

#### **27. Petty Cash, Till Floats and Cash Advances**

- Only minor expenditure is incurred.
- Floats are maintained at the level that has been authorised.
- Regular reconciliation of cash held is undertaken.
- All cash must be locked away to safeguard against loss or theft.

- Proper control is exercised over cash advances

## **28. Cash Handling**

- To safeguard cash assets and protect them from misappropriation

## **29. Computer Systems**

- Basic data exists to enable the Authority's outcomes, targets, budgets and plans to be formulated.
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems, procedures, computer equipment and software are secure. See [ICT Security – a guide for employees.](#)
- Effective contingency arrangements must be in place, including back-up procedures, for computer systems. For more information see the [ICT Strategy.](#)

## **30. Retention Policy**

- Prime documents are retained in accordance with legislative and other requirements.

## **31. Income Collection**

- All income due to the Council is identified.
- All income due to the Council is collected and monitored.
- All income is banked in a timely manner.
- Income is not offset against the same subjective code as expenditure.
- Compliance with the corporate [fees and charges framework.](#)

## **32. Orders for Work, Goods and Services**

- All goods and services are requisitioned and ordered by authorised Officers and only to facilitate the operations of the Council.
- All orders are raised **(in advance)** only with an approved supplier or contractor.
- Refer to [Rules for Contract](#) for further details.

## **33. Purchase Cards**

- All goods and services are only procured for the operations of the Council.

- Purchase cards are used only by authorised Officers.
- Should not be used where corporate contracts already exist
- Transactions are correctly coded.

#### **34. Expense Claims**

- All expenses claimed through Oracle iExpenses must be approved electronically by the relevant Budget Manager.
- All expense claimed using a paper claim form must be approved by the relevant Budget Manager.
- All expense claims must be accompanied with a valid VAT receipt to allow the claim to be processed

#### **35. Staffing**

- A staffing strategy and policy exists, in which staffing requirements and budget allocations are matched annually.
- HM Revenue & Customs regulations are complied with.

#### **36. Taxation**

- Budget Managers are provided with relevant information and kept up to date on tax issues.
- Officers must reclaim VAT where possible.
- Budget Managers are issued with guidance on record keeping.
- All taxable transactions are identified, properly carried out and accounted for within stipulated timescales. Advice can be obtained on tax issues from Financial Operations. Guidance is also available on the Intranet – [VAT Manual](#).

#### **37. Construction Industry Scheme**

- The Construction Industry Scheme (CIS) criteria are upheld.
- The CIS Officer will maintain a list of contractors listed under CIS.

#### **38. Internal Recharges**

- Internal Recharges must reflect the internal resources utilised in delivering the service.

#### **39. Partnerships**

- To ensure that effective governance arrangements are in place.
- To ensure that risk management processes are in place to identify and assess all known risks in line with the [Risk Management Policy and Procedure](#).

#### **40. External Funding**

- Ensure that funds are acquired only to meet the Council's priorities.
- Ensure that grant conditions are met to avoid the risk of claw back.

#### **41. Work for Third Parties and Shared Services**

- The contract/provision of service is in line with corporate outcomes.
- Proposals are costed fully and properly approved by the Director of Resources and Deputy Chief Executive.
- Contracts are drawn up following the [Rules for Contract](#).