

**4G FINANCIAL REGULATIONS**

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## **FINANCIAL REGULATION NO. 1**

### **General**

#### **Part 1 - Statutory Framework**

- 1.1. The Chief Finance Officer is the officer charged with responsibility for the proper administration of the financial affairs of the council in accordance with Section 151 of the Local Government Act 1972.
- 1.2. In accordance with Section 114 of the Local Government Finance Act 1988, the Chief Finance Officer has the duty, after first consulting with the Council's Monitoring Officer, to report to all members of the Council and the external auditor if it appears that:-
- a) the authority, a committee or officer of the authority, or a Joint Committee on which the authority is represented:-
    - i) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful
    - ii) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or
    - iii) is about to enter an item of account, the entry of which would be unlawful
  - b) the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 1.3. The Chief Finance Officer is the responsible financial officer in accordance with the Accounts and Audit Regulations. For the purpose of these regulations the following specific titles apply to South Ribble Borough Council:

<b>Regulatory Title</b>	<b>South Ribble equivalent</b>
Executive	Cabinet
Head of Paid Service	Chief Executive
Monitoring Officer	Director of Governance (or an authorised representative)
Chief Finance Officer	Director of Finance (or an authorised representative)
Chief Officers	Leadership Team (or an authorised representative)

## **Part 2 - Financial Administration**

- 1.4. The Chief Finance Officer administers the shared financial services on behalf of both South Ribble and Chorley Councils, as set out in the Shared Services Joint Agreement. The Deputy Director of Finance is also the deputy Section 151 officer for both the Councils.
- 1.5. The Financial Regulations exist to regulate the council's financial affairs, to provide a framework for proper financial management and to maintain an acceptable standard of financial administration for the council. Whilst specific in terms, these Regulations are intended to operate with proper consultations with relevant officers, especially where other professions and skills are required to give effect to them in relation to procedures and professional practice to be observed.
- 1.6. The Financial Regulations should be read in conjunction with the council's Standing Orders and Contract Procedure Rules, particularly in relation to ordering of goods and services and letting of contracts.
- 1.7. All accounts and prime financial records are to be kept in a form acceptable to, and shall be compiled by, or under the direction of, the Chief Finance Officer. They shall be retained in accordance with legislative and other requirements for audit and inspection purposes. All new accounting procedures and systems and amendments to existing procedures and systems shall only be implemented with the explicit approval of the Chief Finance Officer.
- 1.8. All employees must provide the Chief Finance Officer with any information requested concerning the financial operations of the Council and allow access at any time to the documents and records under their control.
- 1.9. The Chief Finance Officer is responsible for ensuring the provision of advice to the Council, Executive, committees/sub-committees and council employees on all aspects of Local Government Finance and the financial implications of the Council's policies and objectives.
- 1.10. The Chief Finance Officer shall be informed by the responsible officer of any matters which have significant financial implications for the Council before a report is submitted to the Council, Executive, committees/sub-committees. The Chief Finance Officer must be given adequate time to consider the matter before despatch of the agenda item.
- 1.11. Responsibility for maintaining financial control and ensuring that expenditure is incurred and income is raised in accordance with the council's policies rests with individual Chief Officers.
- 1.12. Any expenditure incurred as a result of the My Neighbourhood Community Hubs plans is subject to the requirements of these financial regulations.
- 1.13. The Council's Chief Officers must ensure that these Financial Regulations are observed throughout the authority.
- 1.15. Any breach of these Financial Regulations, unless they are made under the powers of urgent decisions outside of the budgetary framework, must be brought to the attention of the Chief Finance Officer and the Monitoring Officer, who may decide that disciplinary action should be brought against the individual(s) breaching the regulations.
- 1.16. The Chief Finance Officer may issue any instruction intended to secure proper financial administration, and this is to be effected by the responsible officer.

## **FINANCIAL REGULATION NO. 2**

### **Revenue Expenditure**

- 2.1 The Chief Finance Officer shall be responsible for co-ordinating the preparation of the Council's revenue estimates. Estimates of income and expenditure shall be prepared jointly by the Chief Finance Officer and Head of Paid Service for submission to the Executive, for such periods and at such times as it may determine ensuring that any proposed expenditure is appropriate to the aims, policies and objectives of the council.
- 2.2 Revenue expenditure is defined as day-to-day operational expenditure that will generally be spent in the next twelve months; e.g., purchases of equipment, salaries, materials, maintenance and repairs.
- 2.3 In association with the preparation of the annual revenue budget, Chief Officers should review the fees and charges levied for council services and make appropriate recommendations to the appropriate Executive member for approval by delegated decision. All fees and charges must be reviewed at least annually in line with the Fees and Charges strategy.
- 2.4 Estimates of income and expenditure as approved by the Executive shall be consolidated into a comprehensive report by the Chief Finance Officer for submission to the council. Once approved these shall be published annually in the form of a budget book.
- 2.5 Chief Officers shall be responsible for ensuring that the amount provided in any estimate approved by the Council shall not in whole or in part be used for any purpose other than that for which it is authorised, subject to the approved virement limits outlined below.
- 2.6 Chief Officers shall have the power to incur revenue expenditure to the limit of their budget allocation, subject to the Council's Financial and Contract Procedure Rules and Scheme of Delegation without further approval, except for:-
  - (a) any revenue expenditure which involves a variation from the Council's approved Policy Framework which must be approved by Council.
  - (b) any expenditure which would leave the Council with future commitments for which funding has not been identified. This would require Executive approval; and
  - (c) any expenditure which would trigger a key decision as defined by the Constitution (unless previously delegated to the Chief Officer).

### **Scheme of Virements**

- 2.7 The scheme of virement is intended to enable the Executive, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources.
- 2.8 Key controls for the scheme of virement are:
  - (a) it is administered by the Chief Finance Officer within the guidelines below. Any variation from this scheme requires the approval of the Full Council.
  - (b) the overall budget is agreed by the executive and approved by the Full Council. Chief officers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure.
  - (c) virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently.

- (d) any virement affecting an employee budgets can only proceed with the authorisation of the Chief Finance Officer.

#### Responsibilities of the Chief Finance Officer

- 2.9 To ensure the virement authorisation limits are understood and adhered to across the whole organisation
- 2.10 Any budget virements from or to staffing budgets must require joint approval by the Head of Paid Service, Chief Finance Officer and relevant Chief Officer(s).
- 2.11 Virements between revenue budget heads shall be authorised as follows:
- (a) up to £10,000 by Directors or Service Heads following the completion of a virement request form, checked by the Chief Finance Officer or his/her authorised representative;
  - (b) Any budget virements between £10,000 and £50,000 require joint approval by the Head of Paid Service, Chief Finance Officer and Chief Officer(s).
  - (c) Any budget virements between £50,000 and £100,000 require joint approval by the Head of Paid Service, Chief Finance Officer, Chief Officer(s) and the relevant Executive Member(s).
  - (d) The Executive may authorise budget virements up to £100,000
  - (e) Any budget virements greater than £100,000 require the approval of the Full Council in line with the Council's policy regarding key decisions.
- 2.12 Virements from employee budgets towards recurring non-pay expenditure will only be permitted in exceptional circumstances and can only proceed with the prior approval of the Chief Finance Officer.
- 2.13 The prior approval of the executive is required for any virement, of whatever amount, where it is proposed to:
- vire between budgets of different accountable executive members
  - vire between budgets managed by different Chief Officers.
- 2.14 Virement that is likely to impact on the level of service activity of another Chief Officer should be implemented only after agreement with the relevant Chief Officer.

#### Funded Budget Increase

- 2.15 Revenue budget increases supported by new or increased external funding shall be authorised in line with virement scheme outlined above.
- 2.16 At the end of the financial year, the Chief Finance Officer has discretion to reflect the rephasing of an approved revenue budget in future revenue budgets.
- 2.17 Chief Officers shall be responsible for ensuring that any proposed item of expenditure not included in the approved estimates or any likely overspending or reduction of estimated income which cannot be funded shall not be incurred without the prior consent of the council after considering the advice of the Executive. This shall form the subject of a request for a supplementary estimate.

- 2.18 No expenditure, capital or revenue, shall be incurred in connection with the adoption of any new policy or extension of existing policy without the prior approval of the council following a report from the Executive.

### **FINANCIAL REGULATION NO. 3**

#### **Capital Expenditure**

- 3.1 The Chief Finance Officer shall be responsible for co-ordinating the preparation of the council's capital programme. This shall comprise individual schemes and forms part of the Council's Budget and Policy Framework. The Chief Finance Officer shall submit the programme to the Executive annually for approval and at appropriate intervals as necessary in the year.
- 3.2 Programmes of capital expenditure as approved by the Executive shall be consolidated into a comprehensive report by the Chief Finance Officer for submission to Council.
- 3.3 The Capital Programme will generally contain expenditure on the acquisition of fixed assets or expenditure which adds to rather than maintains the value of fixed assets. In cases of doubt the Chief Finance Officer will determine whether a scheme will be treated as capital or revenue expenditure.
- 3.4 The programme of capital expenditure shall not automatically constitute the authority for incurring expenditure. Upon the approval by the Council of the Capital Programme, the relevant Chief Officer shall prepare a financial appraisal of each scheme over £100,000 in the Programme(s) for approval of expenditure by the Executive. Schemes up to £100,000 in value can be dealt with through the delegated powers procedure which includes the preparation of a financial appraisal by the relevant Chief Officer.

The financial appraisal shall include as a minimum:

- (a) a cost breakdown including maintenance costs and, if available, a spending profile of the scheme;
  - (b) an appraisal of the funding options/costs of financing the scheme;
  - (c) the future revenue costs and revenue budget implications;
  - (d) a risk assessment;
  - (e) an assessment of alternatives;
  - (f) if available, details of procurement path and delegations required (if any);
  - (g) details of objectives, outputs and outcomes;
  - (h) relevant drawings and plans;
- 3.5 Procedures for the creation of contracts are set out in the council's Standing Orders and contract procedure rules.
- 3.6 Projects are to be delivered in line with the corporate project management procedures.
- 3.7 The relevant Chief Officer shall be responsible for ensuring that an amount provided in any capital estimate approved by the Council shall not be used in whole or in part for any purpose other than that for which it is authorised.

#### **Capital Monitoring and Reporting Requirements**

- 3.8 Chief Officers are required to ensure that throughout the implementation period of a capital scheme, the specification remains consistent with the original overall objectives of the scheme and that expenditure continues to deliver best value for money for the Council.

- 3.9 Chief Officers must monitor and report capital expenditure and income for all schemes within the approved capital programme and identify any variations against the approved level of expenditure. Monitoring and reporting will be undertaken at intervals specified by the Chief Finance Officer.
- 3.10 Chief Officers must ensure that external funding has been secured for each scheme (if applicable). Reimbursements from third parties should be claimed promptly as expenditure is incurred and wherever possible in advance of expenditure being incurred so that cash flow costs are minimised.
- 3.11 Chief Officers are required to use the Council's financial information systems to maintain records of actual and committed expenditure, income for each capital scheme and records of the approved budget allocations.
- 3.12 Chief Officers must ensure that all information on the Council's financial system is accurate and up to date and is fully reconciled to any supporting records.

### **Capital Programme – Rephrasing**

- 3.13 If it becomes necessary to rephrase approved expenditure within a current or future year's Capital Programme, then the Chief Finance Officer may undertake such rephrasing and report it to the Executive Member for Finance and Resources. The impact of any rephrasing will be included in quarterly budget monitoring reports.

### **Capital Programme - Scheme Overspends**

- 3.14 The Chief Finance Officer will monitor any forecast under or overspends on capital schemes during each financial year and include their impact in any monitoring reports on the basis of information provided by Chief Officers.
- 3.15 The Chief Finance Officer, Head of Paid Service, Chief Finance Officer, Chief Officer(s) and the relevant Executive Member(s). may approve increased costs on an individual scheme to a maximum of £100,000 provided that it is funded by a virement of resources from another scheme in the Capital Programme or new external funding, through the Council's scheme of delegation.
- 3.16 Any increases to the capital programme in excess of £100,000 require the approval of Full Council in line with the Council's policy regarding key decisions
- 3.17 If it is unclear during the progress of a scheme as to its final outturn cost or the impact on the Capital Programme, the Chief Finance Officer will advise the Chief Officer as to the need and timing for a budget increase. In exercising this judgment, the Chief Finance Officer is authorised to consider the probability, size, and nature of the potential overspend and its impact on the capital programme.

### **New Capital Schemes**

- 3.18 The Head of Paid Service, Chief Finance Officer, Chief Officer(s) and the relevant Executive Member(s) may approve a new capital scheme to a maximum of £100,000, provided that it is funded by a virement of resources from another scheme in the Capital Programme or new external funding.
- 3.19 Approval above £100,000 for a new scheme must be made by Full Council.
- 3.20 Requests for approval to Council must be supported by a report including, as a minimum, the information requested in Paragraph 3.4.

## **FINANCIAL REGULATION No. 4**

### **Grants to External Organisations**

- 4.1 It is the responsibility of all Chief Officers to ensure that organisations in receipt of grant aid (either from the Council's own funds or through external funding) have (as a minimum):-
- (a) satisfactorily demonstrated that they are a competent and suitable organisation to receive public money; and
  - (b) ensure appropriate management and accountability procedures are in place to achieve their aims and objectives; and
  - (c) ensure that financial propriety is observed.
- 4.2 Where a grant is approved, there must be written confirmation of the grant offer and where appropriate a formal grant agreement before any payment is made. The offer letter/agreement should include:-
- details of the amount of grant approved;
  - the purpose and duration of the grant;
  - the arrangements for payment; and also, where appropriate;
    - the monitoring and evaluation arrangements; and
    - the circumstances when grant funding may be terminated.
- 4.3 Any grant offers (as a minimum) must require the recipient to keep appropriate records and ensure these are available for Council inspection and further the clause must require the organisation to demonstrate that the grant has been used for the agreed purpose.
- 4.4 All Chief Officers must ensure that the terms and conditions for any grants awarded are monitored for compliance.

## **FINANCIAL REGULATION No. 5**

### **External Funding**

- 5.1 All Chief Officers are required to ensure that the Chief Finance Officer is informed of all funding bids and subsequent grant offers.
- 5.2 Chief Officers are required to ensure that the acceptance of grant offers (i.e. terms and conditions) is approved by a representative of the Council's legal services and by the Chief Finance Officer or Deputy Chief Finance Officer.
- 5.3 Chief Officers and the Chief Finance Officer must consult internal audit services for advice when grant conditions are deemed complex, for example where delivery of grant conditions requires cooperation across different directorates, services or involves third party organisations.
- 5.4 Chief Officers are required to ensure that for any project where external grant funding has been accepted, the project(s) progresses in accordance with the bid and there is compliance with the Council's standing orders and contract procedure rules and financial regulations. Chief Officers are also responsible for ensuring compliance with the terms and conditions of the grant.
- 5.5 Chief Officers are responsible for ensuring the timely submission of any grant claims to recover money due to the Council.



## **FINANCIAL REGULATION NO. 6**

### **Treasury Management - Investments, borrowings and trust funds**

- 6.1 Treasury Management is defined as the management of the Council's investments and cash flows, its banking, money market and capital market transactions, the effective control of the associated risks and pursuit of the optimum performance consistent with those risks.
- 6.2 The council adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) publication *Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 5 of that Code. Accordingly the council will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, which sets out the policies objectives and approach to risk management of its treasury management activities;
  - Suitable treasury management practices (TMPs), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- 6.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the financial year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.
- 6.4 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Chief Finance Officer who will act in accordance with the Council's policy statement and TMPs and, if they are a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
- 6.5 This Council nominates the Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 6.6 All investments of money under its control shall be made in the name of the council or in the name of nominees approved by the Executive.
- 6.7 All property title deeds and any associated documentation shall be held in the custody of the Council's Monitoring Officer.
- 6.8 All borrowings shall be affected in the name of the Council.
- 6.9 The Chief Finance Officer shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- 6.10 All trust funds shall wherever possible be in the name of the Council.
- 6.11 All officers acting as trustees by virtue of their official position shall deposit all securities, etc., relating to the trust with the Chief Finance Officer unless the deed otherwise provides.

## **FINANCIAL REGULATION NO. 7**

### **Banking Arrangements**

- 7.1 All banking arrangements shall be made by, or be approved by, the Chief Finance Officer, who shall be authorised to operate such bank accounts as he may consider necessary for the making of payments on behalf of the council and for the deposit of monies receivable by the council.
- 7.2 All cheques and other orders for payment shall be ordered only on the authority of the Chief Finance Officer, who shall make proper arrangements for their safe custody.
- 7.3 Cheques drawn on the council's main bank accounts, shall bear the facsimile signature of the Chief Finance Officer, or be signed by them or other authorised officer in accordance with the council's bank mandate.
- 7.4 Authorisations for the direct debiting of the council's bank accounts shall be given only under the personal signature of the Chief Finance Officer or other authorised officer, and only under arrangements authorised by, the Chief Finance Officer or his authorised representative, who shall also satisfy themselves as to the arrangements for their control and recording in the Council's accounts.

## **FINANCIAL REGULATION NO. 8**

### **Income**

- 8.1 Arrangements for the safe and efficient collection/receipt of, and accounting for, all monies due to the council shall be under the supervision of or in accordance with arrangements approved by the Chief Finance Officer. All receipts shall be paid into the council's bank account by or under the direction of the Chief Finance Officer.
- 8.2 Each Chief Officer shall provide the Chief Finance Officer with all necessary information concerning work done, goods supplied or services rendered and of all other amounts due to enable the correct recording of all sums due to the council and to ensure the prompt raising of accounts for the recovery of income due.
- 8.3 The Chief Finance Officer shall be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the council and the Chief Finance Officer shall have the right to inspect any documents or other evidence in this connection as deemed necessary.
- 8.4 All receipt books, paying-in books and other such controlled stationery shall be ordered and supplied to services by, or under arrangements authorised by, the Chief Finance Officer or their authorised representative, who shall also satisfy himself as to the arrangements for their control.
- 8.5 All money received by an officer of the Council shall without delay be paid into the Council's bank account in the form in which they are received and in accordance with instructions issued by and at intervals agreed with the Chief Finance Officer. No deduction may be made from such money save to the extent that the Chief Finance Officer may specifically authorise. In any interim period between receipt and banking, the responsible officer must ensure that the money received is at all times kept secure in a safe or locked cabinet.
- 8.6 Personal cheques shall not be cashed out of money held on behalf of the Council.

- 8.7 In respect of credit income due to the Council, accounts shall be rendered promptly by the relevant Chief Officer, and appropriate and accurate information supplied for subsequent recovery action, as directed by the Chief Finance Officer.

## **FINANCIAL REGULATION NO. 9**

### **Income - Write-offs**

- 9.1 The Chief Finance Officer shall be authorised to write-off such amounts which are irrecoverable by the council up to a maximum of £25,000 in value. Evidence must be provided by Chief Officers to the Chief Finance Officer as to why these debts are irrecoverable. The write-off of individual amounts above £25,000 shall only be actioned with approval of the portfolio holder for Finance, Property and Assets.

## **FINANCIAL REGULATION NO. 10**

### **Petty Cash Imprests**

- 10.1 The Chief Finance Officer shall provide such imprest and advance accounts as he considers appropriate for such officers of the council as may need them for defraying petty cash and other expenses. The Chief Finance Officer, or his authorised representatives, shall issue the necessary instructions to imprest/advance account holders for the setting up and operation of these accounts.
- 10.2 Chief Officers shall be responsible for imprests provided to their Service Group including all petty cash purchases and arrangements for the management of the imprest. Chief Officers shall be responsible for specifying which officers are authorised to certify petty cash vouchers on their behalf.
- 10.3 No income received on behalf of the council may be paid into an imprest/advance account, nor must it be supplemented from any other source. Income received must be banked or paid to the authority as provided elsewhere in these regulations.
- 10.4 Payments shall be limited to minor items of expenditure and to such other items as the Chief Finance Officer may approve. Payment requests shall be supported by a completed petty cash voucher and appropriate receipts. Details must be maintained in a petty cash book, and promptly written up.
- 10.5 An officer responsible for a petty cash imprest/advance account must produce it for inspection to the Chief Finance Officer, or his authorised representatives, immediately upon request.
- 10.6 On leaving council employment or otherwise ceasing to be entitled to hold an imprest/advance account, an officer shall account to the Chief Finance Officer for any amount advanced.

## **FINANCIAL REGULATION NO. 11**

### **Salaries**

- 11.1 The assessment and payment of all salaries, superannuation payments, compensation and other emoluments or allowances to all employees or former employees of the council shall be made by the Chief Finance Officer or in a manner approved and controlled by them after consultation with the relevant Chief Officer.

- 11.2 Each Chief Officer shall notify the Chief Finance Officer and the Human Resources Manager as soon as possible and in a form or following procedures approved by them, of all matters affecting the payment of such emoluments, and in particular:
- appointments, resignations, dismissals, suspensions, secondments and transfers
  - absences from duty for sickness or other reason that may affect emoluments
  - changes in remuneration, other than normal incremental progression and pay awards and agreements of general application
  - information necessary to maintain records of service for the purposes of superannuation, income tax, national insurance and other statutory and voluntary deductions from pay.
- 11.3 All time sheets and other documents in support of payments to employees shall be in a form prescribed or approved by the Chief Finance Officer or an officer designated by them and submitted to them before the dates specified. All such time sheets and documents shall be certified by the relevant Chief Officer or a responsible designated officer. The names of officers authorised to certify such records shall be provided to the Chief Finance Officer by each Chief Officer together with specimen signatures and shall be amended immediately on the occasion of any change therein.
- 11.4 The Chief Finance Officer is authorised to direct the implementation of all nationally agreed pay awards, except for matters where the council is required to exercise its discretion, and to implement incremental salary progression in accordance with national and local schemes. The Council's pay policy will be submitted annually alongside the budget taken to Full Council.

## **FINANCIAL REGULATION NO. 12**

### **Travelling, Subsistence and Members' Expenses**

- 12.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted duly certified in a form approved by the Chief Finance Officer or an officer designated by them. These shall be made up to a specified day of each month and submitted within the agreed timescales.
- 12.2 Where appropriate, payments to members, including co-opted members of the council or its committees who are entitled to claim travelling or other allowances will be made by the Chief Finance Officer upon receipt of the prescribed form, duly completed and authorised, by the 10th working day of each calendar month.
- 12.3 The certification by or on behalf of the relevant Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the council in respect of officers' claims. In all cases claims must be supported by receipts and supporting documentation.
- 12.4 Members' and Officers' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Human Resources Manager acting on behalf of the Chief Finance Officer.

## **FINANCIAL REGULATION NO. 13**

### **Inventories and Stores Records**

- 13.1 Each Chief Officer shall be responsible for the care, safe custody and physical control of those items held within his/her Service.

- 13.2 Each Chief Officer shall be responsible for the maintenance of records in the form approved by the Chief Finance Officer. The records shall include such items as the Chief Finance Officer, in consultation with the relevant Chief Officer, consider necessary.
- 13.3 Each Chief Officer shall arrange periodic physical checks of stocks, stores and equipment against relevant records by officers other than those responsible for their custody and control and shall ensure that all stocks are checked at least once in every year.
- 13.4 Each Chief Officer shall be responsible for ensuring that stocks of equipment and materials are not excessive in relation to requirements.
- 13.5 The Chief Finance Officer shall be entitled to receive from each Chief Officer such information as he requires in relation to stocks, stores and equipment for the accounting, costing and financial records.
- 13.6 Surplus materials, stores or equipment, deemed to be in a safe and useable condition shall normally be disposed of in accordance with procedures as agreed with the Chief Finance Officer.
- 13.7 No employee of the council shall use council vehicles and plant, whether for private purposes or in connection with his employment, unless authorised by the Chief Officer. Each Chief Officer shall maintain such records as are in the opinion of the Chief Finance Officer necessary to determine the use of the council's vehicles and plant.

## **FINANCIAL REGULATION NO.14**

### **Insurance**

- 14.1 Subject to any direction from the Council, the Chief Finance Officer shall arrange all insurance cover and liaise with the Council's insurers to agree all claims by or against the Council in consultation with other officers where necessary.
- 14.2 The relevant Chief Officer shall give prompt notification to the Chief Finance Officer, or an officer designated by them, of all risks, liabilities, properties, vehicles or other assets which require to be insured and of any proposed alteration that may affect the risk or the level and amount of insurance cover in place.
- 14.3 The relevant Chief Officer shall immediately notify the Chief Finance Officer of any loss, liability or damage or any event likely to lead to a claim, and inform the police unless otherwise agreed with the Service Lead Audit and Risk.
- 14.4 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.
- 14.5 The Chief Finance Officer shall annually, or at such other period as is considered necessary, review all insurances in consultation with other officers as appropriate.
- 14.6 The relevant Chief Officer should consult the Chief Finance Officer and Service Lead Audit and Risk or the Monitoring Officer concerning the terms of any indemnity which the council is requested to provide.
- 14.7 The relevant Chief Officer should ensure that insurance policies or certificates are inspected annually in all cases where responsibility for providing insurance cover is written into a contract of agreement with a third party.

## **FINANCIAL REGULATION NO.15**

### **Security**

- 15.1 Each Chief Officer is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, vehicles, cash etc. under his/her control. They shall consult the Chief Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 15.2 Where an officer's employment with the council is terminated or a member's term of office ends, each Chief Officer is responsible for the safe and prompt return of all security badges, keys and equipment, as a matter of urgency to Human Resources. In addition, the Director Customer and Digital shall ensure that all ICT equipment has been accounted for and returned to the Council and that access to all systems has been cancelled.
- 15.3 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer and shall not be exceeded without his express permission. These must not exceed any limits set for insurance purposes and shall be held securely in a safe, or locked cabinet, with access limited to authorised officers.
- 15.4 Chief Officers shall ensure that adequate security of keys to safes and similar receptacles is maintained at all times. The loss of any such keys must be reported to the Chief Finance Officer forthwith.

## **FINANCIAL REGULATION NO.16**

### **Irregularities**

- 16.1 Any Chief Officer shall notify the Chief Finance Officer immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting assets, cash, stores, property, remuneration or allowances.
- 16.2 Any potential irregularities shall be dealt with in accordance with the Council's Anti-fraud and Corruption Strategy, Whistle-blowing and relevant Human Resources policies.

## **FINANCIAL REGULATION NO. 17**

### **Internal Audit**

- 17.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 17.2 The Council's statutory duty to maintain an adequate and effective system of internal audit in accordance with the Accounts & Audit Regulations is delegated to the Chief Finance Officer as part of the role's responsibilities for proper financial administration.
- 17.3 Internal Audit operates in accordance with the Public Sector Internal Audit Standards
- 17.4 Internal Audit should:
  - ☐ Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

- ☐ Review the systems established to ensure compliance with those policies, plans, procedures, laws, regulations and contracts which could have a significant impact on operations and reports, and should determine whether the council is in compliance.
  - ☐ Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
  - ☐ Appraise the economy, efficiency and effectiveness with which resources are employed.
  - ☐ Review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- 17.5 The Chief Finance Officer shall, to the extent it is considered necessary or desirable, conduct or arrange for the examination and audit of the accounts of the council and of its officers, members and agents.
- 17.6 Internal Audit and any authorised representative of the Chief Finance Officer shall have access for any necessary examination and audit, at all times, to all cash, property, documents, books of accounts and vouchers appertaining in any way to the finances of the Council, and shall be entitled to require such explanations as may be reasonably considered necessary to establish the correctness of any matter under examination.

## **FINANCIAL REGULATION NO.18**

### **Contracts and Purchasing**

- 18.1 Chief Officers are responsible for ensuring that any written contracts, agreements, awards and other instruments involving payment or receipt of money by the Council adhere to the Council's standing orders and contract procedure rules.
- 18.2 A contract must only be awarded and signed by a person authorised to do so, as set out in the Council's contract procedure rules. The authoriser must ensure that the appropriate budget holder has the funds in place to sustain the contract prior to award.
- 18.3 Each Chief Officer shall maintain his/her own record of all contracts entered into by his/her department. Chief Officers should also notify the Procurement Service of all contracts awarded for inclusion in the Council's Contracts Register.
- 18.4 Any Chief Officer is obliged to report to the Chief Finance Officer all significant variations in a contract during its course or any other factor, circumstances, event, etc. which may have an effect on the cost of a contract.
- 18.5 Purchase of equipment, goods and materials shall be affected through the most economical advantageous and practical means, making use of co-ordinated purchasing and contracting agreements, where these are available. To this end the Chief Finance Officer shall issue such general instructions as they deem necessary and shall be entitled to make such enquiries and to receive such information and explanations as they may reasonably require.
- 18.6 All requests for payments on account in respect of a contract are to be made by means of a certificate in a form agreed with the Chief Finance Officer and certified by an authorised Officer.

- 18.7 Invoices and claims for payment including final accounts of contracts shall be examined and verified by or on behalf of the Chief Officer before payment.

## **FINANCIAL REGULATION NO.19**

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

- 19.1 All official orders must be placed on the Authority's financial system and are to be electronically approved only by officers authorised by the relevant Chief Officer who shall be responsible for official orders issued from the relevant service.
- 19.2 Official orders shall be issued for all work, goods or services to be supplied to the Council prior to delivery of goods or services or completion of work to be done, except for supplies of public utility services, periodical payments, petty cash purchases or such other exemptions as the Chief Finance Officer may approve.
- 19.3 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
- 19.4 The Chief Officer of each service must notify the Chief Finance Officer of the names of all officers approved to electronically authorise official orders for goods and services identifying in each case the limits of their authority, and must also notify the Chief Finance Officer of any amendments to the authorised officers immediately any change takes place.
- 19.5 The Council's Standing Orders contain specific instructions relating to the letting of contracts, the issue of variation orders on contracts, and the purchase of goods and services, and these must be followed at all times.

## **FINANCIAL REGULATION NO. 20**

### **Payment of accounts**

- 20.1 Apart from petty cash and other payments from imprest accounts the preferred method of payment of money due from the council shall be by BACS, any exception to this shall be by agreement with the Chief Finance Officer.
- 20.2 The Chief Finance Officer shall issue such procedures and instructions as are necessary for the verification and passing for payment of invoices and claims.
- 20.3 Any Chief Officer issuing petty cash and other payments from imprest accounts is responsible for examining, verifying and certifying the related vouchers arising from sources in their service. Such certification shall be by or on behalf of the Chief Officer. The names of officers authorised to certify such records shall be provided to the Chief Finance Officer by each Chief Officer together with specimen signatures and shall be amended immediately on the occasion of any change therein.
- 20.4 Before certifying an account, the certifying officer shall satisfy themselves that:
- the work, goods or services to which the account relates have been received, carried out, examined and approved and a Goods Received Note entered into the financial system. This check should, where possible, be carried out by a different officer from the person who authorised the order;
  - the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;



- the relevant expenditure has been properly incurred, is within the relevant estimate provision;
- appropriate entries have been made in the inventories, stores records or stock books as required; and
- the account has not been previously passed for payment and is a proper liability of the council; and is in accordance with council Policy and Standing Orders.

20.5 Duly certified accounts will be reviewed by the Chief Finance Officer or an officer designated by them who shall examine them to the extent that they consider necessary, for which purpose they shall be entitled to make enquiries and to receive whatever information and explanations they may reasonably require to be satisfied as to the validity of accounts and claims presented for payment. The primary responsibility for ensuring the correctness of the account or claim for payment shall, however, remain with the certifying officer.

20.6 Each Chief Officer shall, as soon as possible after the 31<sup>st</sup> March and not later than the deadline specified in the annual closure of accounts timetable, notify the Chief Finance Officer of all outstanding expenditure relating to the previous financial year.