

# **London Borough of Hammersmith & Fulham**

# **FINANCIAL REGULATIONS 2021**

Authorised by:

Director of Finance (Section 151 Officer)  
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## Contents

|   |           |
|---|-----------|
| <b>1. Status of Financial Regulations</b>   | <b>4</b>  |
| <b>2. Financial Management Roles and Responsibilities</b>                               | <b>4</b>  |
| <b>3. Financial Planning</b>  | <b>4</b>  |
| <b>4. Managing Expenditure and the Scheme of Virement</b>                               | <b>7</b>  |
| <b>5. Financial Management and Accounting</b>   | <b>10</b> |
| <b>6. Risk Management and Internal Control</b>  | <b>10</b> |
| <b>7. Systems and Procedures</b>  | <b>13</b> |
| <b>8. External arrangements</b>   | <b>15</b> |
| <b>Appendix A: Roles and Responsibilities Regarding the Council's Financial Affairs</b> | <b>17</b> |
| <b>Appendix B: Financial Planning</b>   | <b>22</b> |
| Budget Preparation and Business Planning  | 22        |
| Format of the Budget  | 22        |
| Revenue Budget Preparation and Medium-Term Financial Strategy (MTFS)                    | 23        |
| Revenue Budget Monitoring and Control   | 24        |
| Resource Allocation   | 26        |
| Capital Programme   | 27        |
| Maintenance and use of Reserves   | 29        |
| Managing Expenditure and Scheme of Virement   | 29        |
| <b>Appendix C: Financial Management</b>   | <b>31</b> |
| Financial Management and Accounting   | 31        |
| Treatment of Year-End Balances  | 32        |
| Accounting Policies   | 33        |
| Accounting Records and Returns  | 33        |
| The Annual Statement of Accounts  | 35        |
| Contract Management – Financial Aspects   | 36        |
| <b>Appendix D: Risk Management And Internal Control</b>                                 | <b>37</b> |
| Risk Management   | 37        |
| Insurance   | 38        |
| Internal Control  | 39        |
| Audit Requirements  | 40        |
| External Audit  | 42        |
| Preventing Fraud and Corruption   | 43        |
| Assets  | 44        |
| Intellectual Property   | 45        |
| Asset Disposal  | 46        |
| Treasury Management, Banking and Cash   | 47        |
| Staffing  | 48        |

|  |           |
|--|-----------|
| <b>Appendix E: Financial Systems And Procedures.....</b> | <b>50</b> |
| General.....   | 50        |
| Income and Expenditure.....                              | 51        |
| Payments to Employees and Members .....                  | 56        |
| Taxation.....  | 58        |
| Trading Accounts and Business Units .....                | 59        |
| <b>Appendix F: External Arrangements .....</b>           | <b>60</b> |
| Partnerships .....                                       | 60        |
| External / Grant Funding.....                            | 61        |
| Work for Third Parties / Trading.....                    | 62        |
| Grants to Voluntary and Community Organisations.....     | 63        |
| <b>Appendix G: Schedule Of Financial Authority.....</b>  | <b>65</b> |

## **1. Status of Financial Regulations**

- 1.1 Financial regulations provide the framework for managing the council's financial affairs. They apply to every member and officer of the council and anyone acting on its behalf. The regulations apply to the control of both the General Fund finances (except for schools) and the Housing Revenue Account.
- 1.2 The Director of Finance is required to maintain and review the financial regulations and to request that any changes are approved by Full Council. The Director of Finance must also report, breaches of the financial regulations, where these occur, to the council.

## **2. Financial Management Roles and Responsibilities**

- 2.1 A transparent framework of financial management responsibilities is essential to the effective management of the council's financial affairs.
- 2.2 Full Council is responsible for approving the council's overall policy framework and budget within which the Cabinet operates.
- 2.3 Cabinet is responsible for proposing the policy framework and budget to Full Council and discharging executive functions in accordance with it.
- 2.4 The Director of Finance has statutory and delegated duties in relation to the administration of the council's financial affairs and stewardship of financial assets including arrangements for financial planning, financial control, accounting, taxation, payment of creditors, income and debt, insurance, treasury management and management of pension and trust funds.
- 2.5 All officers are expected to exercise due care in relation to resources, assets, income and expenditure within their care and control and comply with these regulations and associated financial procedures and guidance, manage service delivery within agreed budgets and to ensure that the financial impact of all proposals are properly reflected in decision making reports.
- 2.6 The detailed financial roles and responsibilities of Full Council, Cabinet, Committees, Statutory Officers and Strategic Leadership Team (SLT) directors regarding the council's financial affairs are set out in **Appendix A**.

## **3. Financial Planning**

- 3.1 Budgets enable the council to plan, authorise, monitor and control the way money is allocated and spent to achieve the council's objectives.

- 3.2 Full Council is responsible for agreeing the policy framework and budget, which will be recommended by the Cabinet. In terms of financial planning, the key elements are:
- the annual revenue budget and medium-term financial plan
  - the capital programme and strategy
  - the treasury management strategy.
- 3.3 It is unlawful for the Council to budget for a deficit, meaning that expenditure proposed to be incurred in a financial year should not exceed the resources available to it to meet that expenditure. Section 114 of the Local Government Finance Act 1988 requires the Director of Finance (as Section 151 Officer) to report to Full Council, Cabinet and the external auditor if the council or one of its officers has made, or is about to make, a decision which involves incurring unlawful expenditure.
- 3.4 The overall annual budget requirement and capital programme is recommended by the Cabinet and approved by Full Council. SLT directors and their budget managers are subsequently authorised to incur expenditure in accordance with the estimates that make up the budget.
- 3.5 To enable informed and transparent decision making, all Cabinet, Cabinet Member and Committee decision reports must incorporate a separate Finance Impact section which will be prepared by the departmental finance team and verified by the Director of Finance or his or her nominated deputies.

### **Budget format**

- 3.6 The format of the budget will be approved by Full Council and recommended by the Cabinet on the advice of the Director of Finance. The budget will include the council's proposals regarding:
- council tax levels
  - investment in services, inflation and savings proposals
  - budget risks, reserves and balances
  - Equalities Impact Assessments.
- 3.7 The budget report will include a statement from the Director of Finance, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates.

### **Budget preparation**

- 3.8 The Director of Finance is responsible for ensuring, after consultation and review by SLT, that a revenue budget is prepared on an annual basis, and a general revenue plan on a four-yearly basis and presented for consideration to the Cabinet. Full Council may amend the budget recommended by Cabinet, or ask Cabinet to reconsider it, before approving it.

### **Budget monitoring and control**

- 3.9 The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively and to report to the Cabinet on the overall position on a regular basis.
- 3.10 It is the responsibility of SLT directors to control income and expenditure within their area and to monitor performance. They should report on variances and mitigating actions within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

### **Resource allocation**

- 3.11 The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Full Council's policy framework. SLT directors are authorised to implement their service spending plans in accordance with the recommendations of the budget report and the council's Contract Standing Orders, Financial Regulations, relevant Schemes of Delegation and to undertake any further consultation required (including the Equalities Impact Assessment).

### **Preparation of the capital programme**

- 3.12 The Director of Finance is responsible for ensuring that a four-year rolling capital programme and capital strategy is prepared jointly with SLT directors. This must be submitted on an annual basis for consideration by Cabinet before approval by Full Council.
- 3.13 The Council is required by the CIPFA Prudential Code for Capital Finance (2017) to agree a capital strategy when developing the capital programme. The capital strategy sets out the long-term context in which capital investment decisions are made and the governance for those decisions. It supports the development of a capital programme that is affordable, prudent, and sustainable whilst giving due consideration to risk, reward and delivery of the council's business plan.
- 3.14 The Director of Finance is responsible for ensuring that all relevant prudential indicators (as set out in the CIPFA Prudential Code for Capital Finance) are taken account of within the capital programme. The Director of Finance is also responsible for ensuring that the capital programme informs the treasury management strategy and Minimum Revenue Provision policy.

### **Maintenance and use of reserves**

- 3.15 It is the responsibility of the Director of Finance to advise the Cabinet and Full Council on prudent levels of reserves.
- 3.16 Any call on reserves will need to first be authorised by the Director of Finance, in consultation with the Chief Executive and Cabinet Member for Finance and

Commercial Services and will be clearly identified in the Finance Impact section of the decision making report.

- 3.17 Further details on financial planning standards are set out in **Appendix B** to these regulations.

## **4. Managing Expenditure and the Scheme of Virement**

### **In-year capital and revenue budget amendments**

- 4.1 It may be necessary to amend the capital or revenue budget, previously approved by Full Council, during a financial year, because, for example:
- a) The creation of income and expenditure budgets may be required following the receipt of any third-party funding not anticipated in the budget report, such as new specific grant funding.
  - b) Virements between budget heads within departments or between departments (which do not increase the council's overall net budget requirement) to allow for operational changes such as a restructuring of services or change in service demand.
  - c) Use of a contingency provision or reserve to address an urgent spending pressure or deliver a policy change.
- 4.2 Budget amendments made during the course of the year in respect of grant funding not anticipated in the budget report and that have no overall net budget impact on the Council's revenue budget or capital programme may be approved by the Director of Finance and will be reported in the next Cabinet monitoring report for revenue or capital. Any requirement for match funding without any provision in the approved revenue budget or capital programme will require approval in line with the scheme of virement.

### **Why is the scheme of virement important?**

- 4.3 The scheme of virement is administered by the Director of Finance. It is intended to enable the Cabinet, SLT directors and their staff to manage budgets with a degree of flexibility within the limits set out within these regulations.
- 4.4 The virement scheme rules are set out in the Table 1.

**Table 1: Scheme of virement - revenue and capital budgets in-year amendments**

| <b>Threshold</b>   | <b>Decision maker</b> | <b>Responsibility of the Director of Finance: authorisation, consultation, reporting</b>                                    |
|--|-----------------------|---|
| Below £100,000<br><br>Virements between two or more departments                      | SLT directors         | Director of Finance to authorise following a written request from the responsible SLT directors and comment if appropriate. |
| Below £100,000<br><br>Virements within a department                                  | SLT director          | Director of Finance to be notified, approval is not required.   |
| Between £100,000 and below £300,000<br><br>Virements between two or more departments | Cabinet Members       | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.               |
| Between £100,000 and below £300,000<br><br>Virements within a department             | Cabinet Member        | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.               |
| Between £300,000 and £20,000,000 (REVENUE)   | Cabinet               | Director of Finance to comment in Financial Impact section of decision report or include in Corporate Revenue Monitor.      |
| Between £300,000 and £50,000,000 (CAPITAL)   | Cabinet               | Director of Finance to comment in Financial Impact section of decision report or include in Capital Monitor.                |
| Above £20,000,000 (REVENUE)<br>Above £50,000,000 (CAPITAL)                           | Full Council          | Director of Finance to comment in Financial Impact section of decision report.  |



| Threshold  | Decision maker   | Responsibility of the Director of Finance: authorisation, consultation, reporting  |
|--|--|--|
| Special arrangements   |  |  |
| Government grant income and external funding – no threshold          | Director of Finance – where matching income and expenditure budgets are required following the award of new specific grant or other external funding.          | Director of Finance will report virements relating to grant income to Cabinet within the Corporate Revenue or Capital Monitoring reports.  |
| New income opportunities up to £1,000,000 (gross)                    | Commercial Revenue Committee or Cabinet  | Director of Finance to comment in Financial Impact section of decision report.   |
| New Income opportunities between £1,000,000 and £20,000,000 (gross)  | Cabinet  | Director of Finance to comment in Financial Impact section of decision report.   |
| S106 and Community Infrastructure Levy allocations                   | Director of Finance in consultation with the Chief Planning Officer, the Cabinet Member for the Economy and the Cabinet Member Finance and Commercial Services |  |
| Use Financial Reserves   | In line with thresholds above  | Director of Finance to authorise any use of reserves, whatever value, in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.                     |
| Use of Contingency Budgets   | In line with thresholds above  | Director of Finance to authorise any use of contingency budgets and report virements relating to contingency budget to Cabinet within the Corporate Revenue or Capital Monitoring reports. |
| Increase to borrowing requirements in respect of capital expenditure | In line with thresholds above  | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.  |

## 5. Financial Management and Accounting

### Accounting policies

- 5.1 The Director of Finance is responsible for selecting appropriate accounting policies and ensuring that they are applied consistently.

### Accounting records and returns

- 5.2 The Director of Finance is responsible for determining the accounting procedures and records for the council.

### Annual statement of accounts

- 5.3 The Director of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).
- 5.4 To facilitate the prompt closing of the statement of accounts a number of actions which normally require prior Cabinet approval, for example use of reserves, budget virements, level of bad debt provision etc will need to be made in advance of the Cabinet timetable and cycle.
- 5.5 Authority is delegated at the financial year-end to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, to take the decisions necessary to close and publish the statement of accounts in line with the statutory deadline. This will include the treatment of year-end balances including any carry-forward and realignment of reserves. The revenue and capital outturn position, reflecting the outcome of these decisions, is reported to Cabinet.
- 5.6 Further details on financial management standards are set out in **Appendix C** to this report.

## 6. Risk Management and Internal Control

- 6.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks. This should include the proactive participation of all those associated with planning and delivering services.

### Risk management

- 6.2 The Director of Finance is responsible for preparing the risk management strategy statement, for promoting it throughout the council.
- 6.3 Directors, managers and staff, through their departmental management teams, are responsible for identifying, assessing and taking action to manage

risks and monitor, review and escalate these as necessary. SLT is responsible for reviewing and corporate risks and the risk management strategy statement. The Audit Committee is responsible for approving the council's risk management strategy statement and for reviewing the effectiveness of risk management.

- 6.4 Insurance cover protects the Council from financial claims arising from unforeseen events such as damage to property or injury to employees or the public. The Director of Finance is responsible for ensuring that proper insurance exists where appropriate and for negotiating claims with insurers. SLT directors must advise the Insurance Service of any change to their activities and any loss, liability or damage covered by insurance.

### **Internal control**

- 6.5 Internal control refers to the systems of control devised by management to help ensure the council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the council's assets and interests are safeguarded.

### **Audit**

- 6.6 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit.
- 6.7 The Local Audit and Accountability Act 2014 requires relevant authorities to appoint a local auditor to audit its accounts for a financial year and allows the Public Sector Audit Appointments (PSAA) to appoint an auditor to relevant local government bodies that opt into its national scheme.
- 6.8 The Code of Audit Practice is prepared and maintained by the National Audit Office and sets out what local auditors are required to do to fulfil their statutory responsibilities including work on both the financial statements and value for money arrangements.
- 6.9 The council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

### **Preventing fraud and corruption**

- 6.10 The Director of Finance is responsible for the development and maintenance of an anti-fraud and anti-corruption strategy and whistleblowing policy.
- 6.11 The Council has nominated the Audit Committee to be responsible for the effective scrutiny of anti-fraud arrangements and activities.

### **Assets**

- 6.12 SLT directors should ensure that assets are properly recorded, maintained and securely held. Assets should be safeguarded from loss or harm, utilised effectively and disposals undertaken in a controlled manner. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### **Treasury management**

- 6.13 The council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities which ensure proper processes for investment of cash balances and borrowing.
- 6.14 Full Council is responsible for approving the annual treasury management strategy and Minimum Revenue Provision policy. The Director of Finance, as Section 151 officer, has delegated responsibility for implementing and monitoring the strategy.
- 6.15 All money in the hands of the council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Financial Officer (CFO), at Hammersmith & Fulham, the Director of Finance or in his or her absence, his or her deputies.
- 6.16 The Director of Finance is responsible for reporting to Cabinet the proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- 6.17 All executive decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 6.18 Other than loans and investments made as part of the council's day to day treasury management and cash balances, loans made to third parties and interests acquired in companies, joint ventures or other enterprises (non-specified investments) will require the approval of Cabinet, following consultation with the Director of Finance.
- 6.19 The Director of Finance is responsible for reporting not less than two times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. The council has nominated the Audit Committee to be responsible for the effective scrutiny of the treasury management strategy and policies.

### **Banking**

- 6.20 The Director of Finance is responsible for the operation of the council's bank accounts and the opening or closing any bank account shall require the approval of the Director of Finance.
- 6.21 Further details on risk management and internal control are set out in **Appendix D**.

## 7. Systems and Procedures

- 7.1 The council's accounting system provides the main source of data for management and financial accounts and government returns. These records must comply with legislation and proper accounting practice ensuring information is complete and recorded accurately in a timely manner with errors detected promptly and rectified.
- 7.2 The Director of Finance is responsible for the operation of the accounting and other financial systems, the form of accounts and the supporting financial records and issuing relevant guidance. Sound systems and procedures are essential to an effective framework of accountability and control. The key roles and responsibilities are set out in **Appendix E**.
- 7.3 Any changes made by SLT directors to the existing financial systems or the establishment of new systems must be approved by the Director of Finance. However, SLT directors are responsible for the proper operation of financial processes in their own departments. Any changes to agreed procedures by SLT directors to meet their own specific service needs should be agreed with the Director of Finance.

### **Income and expenditure**

- 7.4 It is the responsibility of SLT directors to ensure that a proper scheme of authorisation (delegation) has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the SLT director's behalf, or on behalf of Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 7.5 SLT directors, as advised by the Director of Finance, should put in place and appropriate charging policy and effective income collection systems to ensure that all income due is identified, collected, receipted and banked properly. Where possible SLT Directors should seek to obtain income in advance of supplying goods or services.
- 7.6 Debts should only be written off once all reasonable venues have been exhausted or where they are considered uneconomical to pursue. Any write offs shall be on accordance with the following authorities.

### **Table 2: write-off authorities**

| <b>Limit<br/>(individual debts)</b> | <b>Decision-maker</b>                                    | <b>Notification/ Reporting</b>   |
|-------------------------------------|--|--|
| £10,000                             | SLT Director   | Director of Finance  |
| £100,000                            | Director of Finance                                      |  |
| £300,000                            | Cabinet Member for<br>Finance and Commercial<br>Services | Cabinet via Corporate<br>Revenue Monitor   |
| Unlimited                           | Cabinet  | Director of Finance via<br>verification of the Finance<br>Impact section of the<br>decision report |

7.7 SLT directors are responsible for recommending to the Director of Finance any debts that are to be written off and to keep a record of all sums written off up to the relevant approved limit. Write-offs that exceed the departmental approved limits must get approval in accordance with the limits set out in Table 2.

7.8 The council's procedures, including the Contract Standing Orders and payments processes, help to ensure value for money is achieved when spending public money. The Director of Finance should ensure that the financial systems and procedures are sound and properly administered to ensure expenditure and commitments are properly recorded and authorised on the financial systems and suppliers are paid for the provision of their goods and services. SLT directors should ensure that purchases are properly recorded, authorised and receipted in line with those procedures on the council's financial systems.

### **Payments to employees and members**

7.9 The Director of Resources is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members through the council's payroll processes and the proper calculation of National Insurance, pension contributions, income tax and other deductions.

7.10 The Director of Finance is responsible for making emergency payments to staff in exceptional circumstances such as payroll failure.

7.11 SLT directors should ensure that appointments are made in accordance with council policy and that adequate budget provision is available. Directors should ensure that changes effecting pay are promptly recorded on the Hampshire Integrated Business Centre (IBC) system to ensure the accuracy of payroll expenditure.

### **Taxation**

- 7.12 Effective systems are required to ensure tax liabilities and obligations are properly accounted for and reported and that losses, fines and penalties are avoided.
- 7.13 The Director of Finance is responsible for advising SLT directors on all taxation issues. SLT directors should seek advice on potential tax implications of any new initiatives (especially property acquisitions or sales) at the planning stage and comply with the guidance issued by the Director of Finance.
- 7.14 The Director of Finance is responsible for maintaining the council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

#### **Trading accounts/ business units**

- 7.15 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading accounts and business units.

## **8. External arrangements**

- 8.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 8.2 Further details on systems and procedures are set out in **Appendix F** to this report.

#### **Partnerships**

- 8.3 In conjunction with the Chief Executive and the Director of Resources, the Director of Finance must also consider the overall corporate governance arrangements, risk and legal issues when arranging contracts with external bodies. All partnership governance arrangements must be underpinned by clear and well documented financial controls.
- 8.4 The Director of Finance must ensure that the accounting arrangements to be adopted relating to local authority trading companies, partnerships and joint ventures are satisfactory.
- 8.5 In conjunction with SLT directors, the Director of Finance must ensure that risks have been fully appraised before agreements are entered into with external bodies and that effective controls are in place to economy, efficiency and effectiveness.
- 8.6 Loans to any third parties, the establishment or acquisition of interests in companies, joint ventures or other enterprises (unspecified investments) will

require the approval of Cabinet, following consultation with the Director of Finance to consideration of the business case.

### **External / grant funding**

- 8.7 External funding is an important source of income but funding conditions must be considered before entry into any agreement is entered into.
- 8.8 It may be necessary to amend the capital or revenue budget during a financial year following the receipt of any third party funding not anticipated in the budget report. The Director of Finance can approve the creation of income and expenditure budgets that do not increase the Council's approved net budget due to new external funding. These will be reported within the Corporate Revenue or Capital Monitoring reports to Cabinet.
- 8.9 The Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.

### **Contracts with third parties/ trading**

- 8.10 Cabinet and SLT directors are responsible for approving the contractual arrangements for any work for/ with third parties or external bodies in line with the Contract Standing Orders and the scheme of virement. New income opportunities up to £1m (gross) can be approved by the Commercial Revenue Committee.
- 8.11 The decision report for a new trading arrangement must include a business case including an assessment of the vires, risks and financial benefits and must include comment from the Director of Finance in Financial Impact section.

## **APPENDICES**



## **APPENDIX A: ROLES AND RESPONSIBILITIES REGARDING THE COUNCIL'S FINANCIAL AFFAIRS**

### **Full Council**

- A.1 Full Council is responsible for approving the policy framework and budget within which Cabinet operates.

### **The Executive (Cabinet)**

- A.2 Cabinet is responsible for proposing the policy framework and budget to Full Council, and for discharging executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee of Cabinet, an individual Cabinet member, an officer or a joint committee.
- A.3 Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

### **Committees of Cabinet**

#### **Policy and Accountability Committees**

- A.4 The Policy and Accountability Committees are responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding Cabinet to account. They are also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the council.

#### **Audit Committee**

- A.5 The Audit Committee considers the council's annual accounts and audits, the council's risk management, and anti-fraud functions. It is an advisory body and reports to the full council. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report.

#### **Pension Fund Committee**

- A.6 The Pension Fund Committee is responsible for the management of the Pension Fund, exercising the powers and duties of the council in relation to its functions as Administering Authority of the London Borough of Hammersmith and Fulham Pension Fund.

### **Standards Committee**

- A.7 The Standards Committee is established by the Full Council and is responsible for promoting and maintaining high standards of conduct (including financial conduct) amongst councillors.

### **Commercial Revenue Committee**

- A.8 The Commercial Revenue Committee has the power to approve new income opportunities and income generating business cases with a value of up to £1m.

### **The Statutory Officers**

#### **The Chief Executive (Head of Paid Service)**

- A.9 The Chief Executive (as Head of Paid Service) 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 Cabinet, the Full Council, the policy and accountability committees and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the Full Council's decisions (see below).

#### **The Director of Resources (Monitoring Officer)**

- A.10 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The monitoring officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full council and/or to Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A.11 The monitoring officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by Cabinet and of those made by officers who have delegated executive responsibility. The monitoring officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.12 The monitoring officer is responsible for advising Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A.13 The monitoring officer (together with the Director of Finance) is responsible for advising Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- initiating a new policy
- committing expenditure in future years to above the budget level
- incurring interdepartmental transfers above virement limits
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

A.14 The monitoring officer is responsible for maintaining an up-to-date constitution.

### **Director of Finance (Chief Finance Officer/ Section 151 Officer)**

A.15 The Director of Finance <sup>1</sup> has statutory and delegated duties in relation to the financial administration and stewardship of the council. The statutory responsibilities cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2015
- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016
- Public Service Pensions Act 2013
- The Local Authorities Goods and Services Act 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011.

A.16 The Director of Finance is responsible for:

- the proper administration of the council's financial affairs, including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurance, investments, banking, bonds, loans, leading, borrowing, trust and pension funds, payment of creditors, salaries, wages and pensions
- setting and monitoring compliance with financial management standards, financial procedures and financial regulations
- preparing the revenue budget and capital programme
- ensuring accurate and timely financial information to enable effective budget monitoring and reporting and that effective action is taken to address variances
- advising on key financial controls necessary to secure sound financial management and decision making and to ensure that public funds and assets are properly safeguarded and used economically, efficiently and effectively
- maintaining and adequate and effective internal audit function and effective anti-fraud and corruption strategy

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<sup>1</sup> See A Statement on the Role of the Director of Finance in Local Government (CIPFA, 1999)

- preparing the council's risk management strategy and advising on the management of strategic, financial and operational risks
- preparing the council's annual statement of accounts and governance statement in accordance with the applicable codes of practice and legislative requirements
- preparing and implementing the treasury management strategy, including monitoring and reporting prudential indicators
- managing pension fund investments
- advising on risks and financial implications associated with joint working, external funding and trading opportunities.

A.17 Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to the Full Council, Cabinet and external auditor if the council or one of its officers:

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

A.18 Section 114 also requires:

- the Director of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the council to provide the Director of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

A.19 The Director of Finance may allocate his or her day-to-day responsibilities to an appropriate officer.

### **Strategic Leadership Team (SLT)**

A.20 SLT provide strategic direction and leadership to the organisation as managed by the Chief Executive.

A.21 SLT's agenda includes:

- any reports which set or review strategy affecting more than one service<sup>2</sup> and which will have an impact beyond the current year;
- at least quarterly revenue and capital budget monitor;
- progress reports on H&F vision, annual delivery plan, S106 allocation etc.;
- space for strategic thinking and discussion;
- taking forward the budget strategy and capital programme.

### **SLT directors**

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<sup>2</sup> Inclusion of single service strategies to be based on judgement on wider impact beyond that service.

A.22 Whilst the Director of Finance has overall responsibility for the finances of the council, SLT directors and their budget managers are responsible for the management of their departments. Responsibilities relating to financial management include:

- Ensuring that all staff in their services are aware of the existence and content of the council's Financial Regulations and other internal regulatory documents and strategies and that they comply with them. They must also ensure that managers and staff are aware of these policies and know how to access them.
- Ensuring compliance with the financial management standards set by the Director of Finance in their services and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance.
- Maintaining sound systems of financial controls, ensuring all financial transactions are recorded in the council's finance system and system controls are followed.
- Ensuring prompt billing and collection of income.
- Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial impact has been agreed by the Director of Finance.
- Managing service delivery and containing expenditure within agreed revenue and capital budgets.
- Approving contracts on behalf of the council in line with the Contract Standing Orders and approved budgets.
- Ensuring proper security and safe custody of assets under their control.
- Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated and not entered without necessary approvals.
- Ensuring authorities are operated in accordance with delegated limits and written records of decisions are maintained.

A.23 It is the responsibility of SLT Directors to consult with the Director of Finance and seek approval on any matter liable to affect the council's finances materially, before any commitments are incurred.

## **APPENDIX B: FINANCIAL PLANNING**

### **BUDGET PREPARATION AND BUSINESS PLANNING**

- B.1 The budget represents the expression in financial terms of the council's policies and constitute a statement of intent against which judgements can be formed. Budgets are needed to enable the council to plan, authorise, monitor and control the way money is allocated and spent.
- B.2 The Director of Finance in consultation with each SLT Director must prepare a revenue budget for scrutiny prior to consideration by Cabinet and approval by Full Council. SLT directors may then spend within the amounts shown in the relevant budgets as long as the spending relates to the Council's existing policies. It is illegal for the council to budget for a deficit.
- B.3 The Director of Finance must collate capital estimates jointly with SLT Directors to submit them as a capital programme to Full Council. Capital expenditure involves acquiring or enhancing property, plant and equipment which will have a long term value to the council.
- B.4 To enable informed and transparent decision making, all Cabinet, Cabinet Member and Committee decision reports must incorporate a separate Finance Impact section which will be prepared by the departmental finance team and verified by the Director of Finance, or his or her nominated deputies. This section will identify costs, funding (including approved budget provision), level of savings, future commitments, financial risks and tax implications.

### **FORMAT OF THE BUDGET**

- B.5 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

#### **Key controls**

- B.6 The key controls for the budget format are:
- the format complies with all legal requirements
  - the format complies with CIPFA's Service Reporting Code of Practice
  - the format reflects the accountabilities of service delivery.

#### **Responsibilities of the Director of Finance**

- B.7 To advise Cabinet on the format of the budget that is approved by the Full Council.
- B.8 To ensure that estimates are accurately reflected on the Council's financial system (by 1 April or as soon as possible thereafter).

### **Responsibilities of SLT directors**

B.9 To comply with budgeting guidance provided by the Director of Finance.

### **REVENUE BUDGET PREPARATION AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS)**

- B.10 The revenue budget strategy or medium-term financial strategy (MTFS) approved by Full Council, sets out the Council's financial plan over four years with the revenue budget in year one, including:
- the way in which corporate priorities are considered as part of the Council's revenue budget process;
  - the level of balances and reserves as approved by the Director of Finance
  - the management of financial risks.
- B.11 The revenue budget will be recommended by Cabinet to Full Council for approval by the start of each financial year. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the council. It is a legal requirement that the annual budget put forward to Full Council for approval is balanced and not in deficit.
- B.12 The Council's MTFS involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the MTFS. This ensures that the council is always preparing for events in advance.

### **Key controls**

- B.13 The key controls for budgets and medium-term planning are:
- budget approval for all expenditure
  - budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability for their budgets and the level of service to be delivered
  - a monitoring process is in place to review the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

### **Responsibilities of the Director of Finance**

- B.14 To prepare and submit reports on budget prospects for Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- B.15 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Full Council, and after consultation with the Cabinet and SLT directors.

- B.16 To prepare and submit reports to the Cabinet on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- B.17 To advise on the medium-term implications of spending decisions.
- B.18 To encourage the best use of resources and value for money by working with SLT directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- B.19 To advise the Full Council on Cabinet proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

### **Responsibilities of SLT Directors**

- B.20 To prepare estimates of income and expenditure, in consultation with the Director of Finance to be submitted to Cabinet.
- B.21 To prepare budgets that are consistent with any cash limits, with the council's annual budget cycle and with guidelines issued by Cabinet. The format should be prescribed by the Director of Finance in accordance with the Full Council's general directions.
- B.22 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B.23 In consultation with the Director of Finance and in accordance with the guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.
- B.24 When drawing up draft budget requirements, to have regard to:
- spending patterns and pressures revealed through the budget monitoring process
  - legal requirements
  - policy requirements as defined by the Full Council in the approved policy framework
  - initiatives already under way.

### **REVENUE BUDGET MONITORING AND CONTROL**

- B.25 Budget management ensures that once the budget has been approved by the Full Council, resources allocated are used for their intended purposes and are properly accounted for. The approval of the budget and estimates constitutes authority to incur expenditure. Budgetary control is a continuous process, enabling the review and adjustment of budgets during the financial year. It also provides the mechanism that calls managers to account for the elements of the budget for which they are responsible.



- B.26 Budget holders, supported by finance officers, identify changes in trends and resource requirements and are held to account for variances against budgets. The council operates within an annual cash budget approved by Full Council. To ensure that the council does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it. Any forecast revenue overspends or income shortfalls should be mitigated by compensating underspends or over achievement of income elsewhere.
- B.27 A budget is normally the planned income and expenditure for a service. Budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

### **Key controls**

- B.28 The key controls for managing and controlling the revenue budget are:
- there is a nominated budget manager for each cost centre
  - budget managers are responsible only for income and expenditure that they can influence
  - budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
  - budget managers follow an approved authorisation process for all expenditure
  - income and expenditure are properly recorded and accounted for
  - performance levels/ levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

### **Responsibilities of the Director of Finance**

- B.29 To establish an appropriate framework of budgetary management and control that ensures that:
- budget management is exercised within annual cash limits
  - each SLT director has timely information on income and expenditure which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
  - expenditure is recorded on the financial systems and committed only against an approved budget head
  - all officers responsible for committing expenditure comply with guidance and the financial regulations
  - each cost centre has a single named manager, determined by the relevant SLT director
  - significant variances from approved budgets are investigated and reported by budget managers regularly.
- B.30 To administer the scheme of virement.
- B.31 To prepare and submit reports to the Cabinet on the forecast income and expenditure compared with the budget on a regular basis.

### **Responsibilities of SLT directors**

- B.32 To maintain budgetary control within their departments and to ensure that all income and expenditure is properly recorded and accounted for.
- B.33 To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the SLT director (grouped together in a series of cost centres).
- B.34 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B.35 To ensure that a monitoring process is in place to review performance levels/ levels of service in conjunction with the budget and is operating effectively.
- B.36 To prepare and submit to the Cabinet reports on the department's forecast expenditure compared with its budget, and financial risks, in consultation with the Director of Finance.
- B.37 To ensure prior approval by the Full Council or Cabinet (as appropriate) for new proposals that:
- create financial commitments in future years
  - change existing policies, initiate new policies or cease existing policies
  - materially extend or reduce services.
- B.38 To ensure compliance with the scheme of virement.
- B.39 To agree with the relevant SLT director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or SLT director's level of service activity.

## **RESOURCE ALLOCATION**

- B.40 A mismatch often exists between available resources and required resources. It is important that spending plans are carefully prioritised and resources are fairly allocated to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

### **Key controls**

- B.41 The key controls for resource allocation are:
- resources are acquired in accordance with the law and using an approved authorisation process
  - resources are used only for the purpose intended, to achieve the approved policies and objectives and are properly accounted for
  - resources are securely held for use when required
  - resources are used with the minimum level of waste, inefficiency or loss for other reasons.

### **Responsibilities of the Director of Finance**

- B.42 To advise on methods available for the funding of resources, such as grants and borrowing requirements.
- B.43 To assist in the allocation of resources to budget managers.

### **Responsibilities of SLT Directors**

- B.44 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- B.45 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

### **CAPITAL PROGRAMME**

- B.46 Capital expenditure involves acquiring or enhancing assets with a long-term value to the council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- B.47 The council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Government (2017) when agreeing its financing capacity. This means that a capital strategy is required that sets out the long-term context in which capital investment decisions are made and the governance for those decisions. The strategy supports the development of a capital programme that is affordable, prudent, and sustainable whilst giving due consideration to risk and reward and delivery of the Council's business plan.

### **Key controls**

- B.48 The key controls for the capital programme are:
- Approval by the Full Council for the programme of capital expenditure and capital strategy.
  - The setting, and monitoring of the capital programme must pay due regard to the relevant prudential indicators regarding affordability; prudence and sustainability; value for money; stewardship of assets.
  - The presentation of regular monitoring reports to Cabinet.
  - Approval and expenditure on capital schemes needs to comply with the Council's guidance on being ruthlessly financial efficient.
  - Amendments and additions to the capital programme must be made in accordance with the scheme of virement.
  - Proposals for improvements and alterations to buildings must be approved by the appropriate SLT directors.
  - Schedules for individual schemes within the overall budget approved by the Full Council must be submitted to the relevant decision maker for approval.
  - The development and implementation of asset management plans.

- Accountability for each proposal is accepted by a named project manager.
- Monitoring of progress including expenditure against approved budget.

### **Responsibilities of the Director of Finance**

- B.49 To prepare, jointly with SLT directors, an annual four-year rolling capital programme and capital strategy for consideration by Cabinet before approval by Full Council including expenditure and sources of funding.
- B.50 To prepare and submit reports to Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- B.51 To issue and monitor compliance with guidance concerning capital schemes and controls, for example, on business case requirements and project appraisal techniques and other project/ programme management requirements.
- B.52 To ensure revenue implication of the programme are included within the revenue budgets and MTFS.
- B.53 To ensure any schemes requiring in-year approval are approved in line with the scheme of virement.

### **Responsibilities of SLT Directors**

- B.54 To comply with guidance concerning capital schemes and controls issued by the Director of Finance.
- B.55 To ensure that all capital proposals have undergone a project appraisal and established a business case in accordance with guidance issued by the Director of Finance.
- B.56 To undertake robust financial management of the project and prepare quarterly forecast of schemes in the approved capital programme for submission to the Director of Finance. Approval for forecast overspends should be requested at the earliest opportunity.
- B.57 To ensure that adequate records are maintained for all capital contracts.
- B.58 To proceed with projects only when there is adequate provision in the capital programme.
- B.59 To prepare and submit reports, jointly with the Director of Finance, to Cabinet, on completion of all projects where the final expenditure exceeds the approved contract sum and set out what action was taken to maintain expenditure within budget.
- B.60 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the capital programme.

- B.61 To consult with the Director of Finance where the SLT director proposes to bid for additional government grant to support expenditure that has not been included in the current year's capital programme.

### **MAINTENANCE AND USE OF RESERVES**

- B.62 The council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as to fund transformation.

#### **Key controls**

- B.63 To maintain reserves in accordance with the Code of Practice on Local Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.
- B.64 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- B.65 Any requests for use of reserves must be made by the appropriate SLT director in consultation with the Chief Executive, the Director of Finance and the Cabinet Member for Finance and Commercial Services.
- B.66 A reserves strategy is approved by the Cabinet with regular monitoring updates and agreement of relevant action plans.

#### **Responsibilities of the Director of Finance**

- B.67 To advise Cabinet and/or the Full Council on prudent levels of reserves for the council and to take account of the advice of the external auditor in this matter.
- B.68 To present a reserves strategy to the Cabinet, as necessary.
- B.69 To present regular monitoring updates on the level of reserves to Cabinet and implement agreed action plans.

#### **Responsibilities of SLT directors**

- B.70 To ensure that reserves are used only for the purposes for which they were intended.

### **MANAGING EXPENDITURE AND SCHEME OF VIREMENT**

- B.71 The terms virement refers to transfers of budgets between or within cost centres. They are used for specific circumstances and can relate to transfers within a department (between expenditure types or between services) or between departments (such as in the case of a corporate restructure or

transfer of responsibility for services) or use of centrally held budgets including contingency or reserves.

**Key controls**

- B.72 The scheme is administered by the Director of Finance within guidelines set by Full Council in the financial regulations. Any variation from this scheme requires the approval of the Full Council.
- B.73 SLT directors are expected to manage their budgets responsibly and prudently. For example, they should avoid funding recurring expenditure from one-off savings / income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.
- B.74 Any call on reserves will need to first be agreed by the Director of Finance in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.

**Responsibilities of the Director of Finance**

- B.75 To control and administer the scheme of virement in line with these regulations.
- B.76 To record approved virements (whether permanent or temporary) on the council's financial systems and report these in monitoring reports to Cabinet.

**Responsibilities of SLT directors**

- B.77 To ensure all proposed virements comply with these regulations.
- B.78 To notify the Director of Finance of all proposed virements.

## **APPENDIX C: FINANCIAL MANAGEMENT**

### **FINANCIAL MANAGEMENT AND ACCOUNTING**

- C.1 Financial Management covers all financial accountabilities in relation to the running of the council, including the policy framework and budget.
- C.2 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

#### **Key Controls**

- C.3 The key controls and control objectives for financial management standards are:
- their promotion throughout the council
  - a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to Cabinet and Full Council.

#### **Responsibilities of the Director of Finance**

- C.4 To ensure the proper administration of the financial affairs of the council.
- C.5 To set the financial management standards and to monitor compliance with them.
- C.6 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the council.
- C.7 To advise on the key strategic controls necessary to secure sound financial management.
- C.8 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

#### **Responsibilities of SLT Directors**

- C.9 To promote the financial management standards set by the Director of Finance in their departments and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance.
- C.10 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

## **TREATMENT OF YEAR-END BALANCES**

- C.11 The Director of Finance is responsible for final carry forward of any under- and over-spending on budget headings and any realignment of reserves as part of the accounts closure process and reporting these to Cabinet.

### **Key controls**

- C.12 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

### **Responsibilities of the Director of Finance**

- C.13 To administer the scheme of carry-forward:
- To consider the year-end treatment of departmental underspends and overspends to taking account of the Council's overall budget strategy (revenue and capital) and financial performance.
  - To ensure any carry forward shall not exceed the net total departmental underspending for the year and will not be carried forward whatsoever in the event of net departmental overspend at the year end.
  - In the event of net council overspending not to carry forward any departmental underspends.
  - To report all year-end overspends and underspends to Cabinet in the outturn report.

### **Responsibilities of SLT Directors**

- C.14 Net underspends on service estimates under the control of the director must be used in the first instance to offset any overspendings under their control. In exceptional cases, directors may make an application to the Director of Finance for the carry forward of underspends.
- C.15 All internal business unit surpluses shall be retained for the benefit of the council.

### **Responsibilities of Schools**

- C.16 Schools may carry-forward surplus balances from one financial year to the next. Schools may also carry forward deficit balances which will be deducted from the school's budget share in the following financial year at the discretion of the Local Authority. Schools budget plans must include provision to recover any deficit from the previous year.
- C.17 Schools may not plan for a budget deficit except in exceptional circumstances. A school that wishes to operate a deficit will be required to obtain in advance the agreement of the Director of Children's Services and the Director of Finance. The Director of Children's Services and Director of Finance shall jointly have the authority to agree a licensed deficit of £50,000 or less. Deficits above this level require the prior approval of members, in line with the Scheme of Delegation. Proposals shall be accompanied by a detailed plan setting out how the



arrangement is to be accommodated as the first call on the next year's budget share.

## **ACCOUNTING POLICIES**

- C.18 The Director of Finance is responsible for the preparation of the council's statement of accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

### **Key controls**

- C.19 The key controls for accounting policies are:
- systems of internal control are in place that ensure that financial transactions are lawful
  - suitable accounting policies are selected and applied consistently
  - proper accounting records are maintained
  - financial statements are prepared which give a true and fair view of financial position of the council and its expenditure and income.

### **Responsibilities of the Director of Finance**

- C.20 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year and covers such items as:
- separate accounts for capital and revenue transactions
  - the basis on which debtors and creditors at year end are included in the accounts
  - details on substantial provisions and reserves
  - property, plant and equipment
  - depreciation
  - capital charges
  - stocks
  - accounting for value added tax
  - government grants
  - leasing
  - pensions.

### **Responsibilities of SLT Directors**

- C.21 To adhere to the accounting policies and guidelines approved by the Director of Finance.

## **ACCOUNTING RECORDS AND RETURNS**

- C.22 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to give a true and fair view of its operations during the year. These are subject to external audit.

This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the council's resources.

### **Key controls**

- C.23 The key controls for accounting records and returns are:
- all Cabinet members, finance staff and budget managers operate within the required accounting standards and timetables
  - all the council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
  - procedures are in place to enable accounting records to be reconstituted in the event of systems failure
  - reconciliation procedures are carried out to ensure transactions are correctly recorded
  - prime documents are retained in accordance with legislative and other requirements.

### **Responsibilities of the Director of Finance**

- C.24 To determine the accounting procedures and records for the council. Where these are maintained outside the finance department, the Director of Finance should consult the SLT directors concerned.
- C.25 To arrange for the compilation of all accounts and accounting records under his or her direction.
- C.26 To comply with the following principles when allocating accounting duties:
- separating the duties of providing information about sums due to or from the council and calculating, checking and recording these sums from the duty of collecting or disbursing them
  - employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- C.27 To make proper arrangements for the audit of the council's accounts in accordance with the Local Audit and Accountability Act 2014.
- C.28 To ensure that all claims for funds including grants are made by the due date.
- C.29 To prepare and publish the audited accounts of the council for each financial year, in accordance with the statutory timetable.
- C.30 To administer the council's arrangements for under- and overspendings to be carried forward to the following financial year.
- C.31 To ensure the proper retention of financial documents in accordance with the requirements set out in the council's document retention schedule.

### **Responsibilities of SLT directors**

- C.33 To consult and obtain the approval of the Director of Finance before making any changes to accounting records and procedures.
- C.34 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- C.35 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Director of Finance.

### **THE ANNUAL STATEMENT OF ACCOUNTS**

- C.36 The council has a statutory responsibility to prepare its own accounts that give a true and fair view of its operations during the year. The Audit and Pensions Committee is responsible for approving the statutory annual statement of accounts.

### **Key controls**

- C.37 The key controls for the annual statement of accounts are:
- the council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this council, that officer is the Director of Finance.
  - the council's statement of accounts must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC)*.

### **Responsibilities of the Director of Finance**

- C.38 To select suitable accounting policies and to apply them consistently.
- C.39 To make judgements and estimates that are reasonable and prudent.
- C.40 To comply with the SORP.
- C.41 To sign and date the statement of accounts, stating that 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 ending 31 March of each year.
- C.42 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

### **Responsibilities of SLT Directors**

- C.43 To comply with accounting guidance provided by the Director of Finance and to supply the Director of Finance with information when required.

## **CONTRACT MANAGEMENT – FINANCIAL ASPECTS**

- C.44 During the life of a contract, SLT directors must ensure that the Council's approved processes for contract management, as set out in the Contract Standing Orders are adhered to.
- C.45 To ensure continuous improvement and value for money is achieved, SLT directors must ensure those responsible for managing contracts have sufficient training and expertise so that:
- the Council maintains its approach to being ruthless financially efficient
  - Contract performance and key performance indicators are suitably developed, monitored and enforced with any reduction in performance acted upon and recorded
  - there is compliance with specification and contract terms, ensuring the Director of Finance is informed where there is a significant breach of contract values or terms
  - robust cost management / budget monitoring is in place including ensuring a purchase order is placed before goods or services are ordered, reconciliation of payments against work done, supplies or services delivered meet the Council's requirements and payment is only made after goods or services have been properly receipted.

## **APPENDIX D: RISK MANAGEMENT AND INTERNAL CONTROL**

### **RISK MANAGEMENT**

- D.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. It is an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- D.2 Risk Management is the responsibility of all employees, members and partners and they are required to give due regard to risk as part of their working practice.

### **Key controls**

- D.3 The key controls for risk management are:
- all officers are aware of their responsibility for the adequate management of their risks.
  - members are actively involved in the scrutiny of the risk management process and arrangements.
  - officers promote a culture of risk management awareness.
  - corporate, departmental, programme/ project and where appropriate service risk or themed registers are produced, maintained and updated periodically.
  - suitable contingencies are made for risks that may be triggered resulting in financial or non-financial losses or harm.
  - formal business continuity plans are prepared and tested for implementation in the event of a disaster that results in significant loss or damage to its assets, business, or resources.

### **Responsibilities of the Director of Finance**

- D.4 Preparation and promotion of the risk management strategy statement.
- D.5 To establish a risk management arrangements and culture across the council with the objective self-identification, assessment, prevention, treatment or containment of risks.

### **Responsibilities of SLT Directors**

- D.6 To take responsibility for risk management, having regard to advice from the Director of Finance and other specialist officers (eg crime prevention, insurance, fire prevention, health and safety).

- D.7 To champion and support the use of risk management in their departments and be responsible and accountable for the risk management arrangements, including the maintenance, update and review of risk registers and risk strategies relative to their operational services on a periodic basis.
- D.8 To report on such risks in their department that may affect the strategic objectives of the council to the Strategic Leadership Team.
- D.9 To consult the Director of Finance and the head of legal services on the terms of any indemnity that the council is requested to give.
- D.10 To notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the council, together with any information or explanation required by the Director of Finance or the council's insurers.
- D.11 To notify the Director of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- D.12 To ensure that employees, or anyone covered by the council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- D.13 To ensure business continuity plans are maintained and regularly tested.

## **INSURANCE**

- D.14 The Council affects insurance for high level risks, where it is economic to do so, in order to protect its taxpayers against the impact on local charges, should a catastrophe occur.
- D.15 It is essential that departments advise the Insurance service of any change to their activities which insurance underwriters might consider could materially affect risk. Failure to do so might vitiate the insurance cover.

### **Key controls**

- D.16 The key controls for insurance are to some extent linked to risk management, and they are that:
- procedures are in place to identify, assess, prevent or minimise material known risks, and these procedures are operating effectively throughout the council
  - monitoring and regular review of risk reduction strategies takes place
  - procedures are in place to identify and record all insurances and the property or risk covered
  - procedures are in place to notify and record the occurrence of any incident or loss that may give rise to a claim by the Council for recovery from insurance companies of the loss
  - procedures are in place to notify the Insurance Service of any claim

- against the Council
- procedures are in place to investigate claims within required timescales.

### **Responsibilities of the Director of Finance**

- D.17 In consultation with SLT directors, to effect a long-term strategy to meet the Council's insurance requirements.
- D.18 To affect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with relevant officers, where necessary.
- D.19 To include all appropriate employees in a suitable fidelity guarantee insurance.
- D.20 To undertake a review of requirements to support the annual renewal of insurance contracts.
- D.21 To ensure that insurance provisions are adequate to meet anticipated claims.
- D.22 To develop and maintain a claims and risk management database including the identification of claims trends and areas of risk.
- D.23 To continually monitor requirements and ensure that insurance covers are appropriate and cost effective.
- D.24 To maintain insurance cover, including Public Liability Insurance and offer insurance cover to schools.

### **INTERNAL CONTROL**

- D.25 Sound systems of internal control as essential to the proper economic, efficient and effective use of resources, the achievement of objectives and the safeguarding of public funds.
- D.26 The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations
  - reliable financial information and reporting
  - compliance with laws and regulations
  - risk management.

### **Key controls**

- D.27 The key controls and control objectives for internal control systems are:

- key controls should be reviewed on a regular basis and the council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
- managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action
- financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- an effective internal audit function that is properly resourced and which operates in accordance with the Public Sector Internal Audit Standards and with any other statutory obligations and regulations.

### **Responsibilities of the Director of Finance**

- D.28 To advise on an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- D.29 To conduct an annual review of effectiveness of the system of internal control and report the results in the council's Annual Governance Statement.

### **Responsibilities of SLT directors**

- D.30 Maintain effective systems of internal control, check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- D.31 To review existing controls and to establish and implement new or remove unnecessary/ not cost effective controls as necessary in line with guidance from the Director of Finance.
- D.32 To ensure staff have a clear understanding of the consequences of lack of control.

## **AUDIT REQUIREMENTS**

### **Internal audit**

#### **Why is this important?**

- D.33 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit.
- D.34 Internal audit is an independent and objective appraisal function established for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control in securing the proper, economic, efficient and effective use of resources.



### **Key controls**

- D.35 The key controls for internal audit are:
- that it is independent in its planning and operation
  - the head of internal audit has direct access to the head of paid service, all levels of management and directly to elected members
  - the internal auditors comply with the Public Sector Internal Audit Standards.

### **Responsibilities of the Director of Finance**

- D.36 To maintain an adequate and effective internal audit service.
- D.37 To ensure that internal auditors have the authority to:
- access council premises at reasonable times
  - access all assets, records, documents, correspondence and control systems
  - receive any information and explanation considered necessary concerning any matter under consideration
  - require any employee to account for cash, stores or any other asset under his or her control
  - access records belonging to third parties, such as contractors, when required
  - directly access the head of paid service, Cabinet and Audit Committee.
- D.37 To consider the annual audit plans prepared by the head of internal audit, which take account of the characteristics and relative risks of the activities involved and are reported to the Audit Committee.
- D.38 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

### **Responsibilities of SLT directors**

- D.39 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and provided with information and explanations they seek.
- D.40 To consider and implement promptly to recommendations in audit reports.
- D.41 To notify the Director of Finance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the council's property or resources. Pending investigation and reporting, the SLT directors should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- D.42 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the head of internal audit prior to implementation.

## **EXTERNAL AUDIT**

- D.43 The Local Audit and Accountability Act 2014 requires relevant authorities to appoint a local auditor to audit its accounts for a financial year and allows the Public Sector Audit Appointments (PSAA) to appoint an auditor to relevant local government bodies that opt into its national scheme. The external auditor has rights of access to all documents and information necessary for audit purposes.
- D.44 The basic duties of the external auditor are defined in the Local Government Act 1999 and the Local Audit and Accountability Act 2014. The Code of Audit Practice is prepared and maintained by the National Audit Office and sets out what local auditors are required to do to fulfil their statutory responsibilities including work on both the financial statement and value for money arrangements.
- D.45 The council's accounts are scrutinised by external auditors who must be satisfied that the statement of accounts gives a true and fair view of the financial position of the council and its income and expenditure for the year in question and complies with the legal requirements.

### **Key controls**

- D.46 External auditors are appointed by the PSAA. The National Audit Office prepares a code of audit practice, which external auditors follow when carrying out their audits.

### **Responsibilities of the Director of Finance**

- D.47 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- D.48 To ensure there is effective liaison between external and internal audit.
- D.49 To work with the external auditor and advise the Full Council, Cabinet, Audit Committee and SLT directors on their responsibilities in relation to external audit.

### **Responsibilities of SLT Directors**

- D.50 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- D.51 To ensure that all records and systems are up to date and available for inspection.

### **PREVENTING FRAUD AND CORRUPTION**

- D.52 The council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the council.
- D.53 The council's expectation of propriety and accountability is that members and staff at all levels act with integrity and with due regard to matters of probity and propriety and comply with legal requirements, rules, procedures and practices.
- D.54 The council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act with integrity and without thought or actions involving fraud and corruption.

### **Key controls**

- D.55 The key controls regarding the prevention of financial irregularities are:
- an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
  - all members and staff act with integrity
  - senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the council or who are corrupt
  - high standards of conduct are promoted amongst members by the Standards Committee
  - the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
  - whistle blowing procedures are in place and operate effectively
  - legislation including the Public Interest Disclosure Act 1998 is adhered to.

### **Responsibilities of the Director of Finance**

- D.56 To develop and maintain an anti-fraud and anti-corruption strategy and whistleblowing policy.
- D.57 To advise on controls require for fraud prevention and detection.
- D.58 To ensure that all suspected irregularities are reported to the chief internal auditor, the head of paid service, Cabinet and Audit Committee.

### **Responsibilities of SLT directors**

- D.59 To comply with the council's policy and strategies.
- D.60 To ensure that all suspected irregularities are reported to the chief internal auditor.
- D.61 To instigate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- D.62 To ensure that where financial impropriety is discovered, the Director of Finance is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

## **ASSETS**

### **Security**

- D.63 The council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper accounting and sound asset management.

### **Key controls**

- D.64 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- resources are used only for the purposes of the council and are properly accounted for
  - resources are available for use when required
  - resources no longer required are disposed of in accordance with the law and the regulations
  - an asset register is maintained, assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset
  - all staff are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation
  - all staff are aware of their responsibilities with regard to safeguarding the security of computer systems, including maintaining restricted access to the information held on them and compliance with the computer and internet security policies.

## **Responsibilities of the Director of Finance**

- D.65 To ensure that an asset register is maintained and valuations obtained in accordance with accounting requirements.
- D.66 To ensure assets acquisitions and disposals are properly recorded.
- D.67 To receive the information required for accounting, costing and financial records from each SLT director.

#### **Responsibilities of SLT directors**

- D.68 To ensure that lessees and other prospective occupiers of council property are not allowed to take possession or enter the land until a lease or appropriate agreement has been established as appropriate.
- D.69 To ensure the proper security of all buildings and other assets under their control and for vacant premises to undertake risk assessments.
- D.70 To review land or buildings surplus to requirements.
- D.71 To ensure that no asset is subject to personal use by an employee without proper authority.
- D.72 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the council.
- D.73 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- D.74 To consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- D.75 To ensure cash holdings on premises are kept to a minimum.
- D.76 To ensure that keys to safes are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Finance as soon as possible.
- D.77 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Director of Finance that best practice under s123 Local Government Act 1972 or other Act of Parliament is followed and Cabinet agrees otherwise.
- D.78 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the council in some way.

#### **INTELLECTUAL PROPERTY**

D.79 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee.

D.80 Certain activities may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

#### **Key controls**

D.81 In the event that the council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the approved intellectual property procedures.

#### **Responsibilities of the Director of Finance**

D.82 To develop and disseminate good practice through intellectual property procedures.

#### **Responsibilities of SLT Directors**

D.83 To ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

#### **ASSET DISPOSAL**

D.84 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and council policies and procedures.

#### **Key controls**

D.85 Assets for disposal are identified and are disposed of at the most appropriate time and only when it is in the council's best interests and the best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction. Procedures protect staff involved in the disposal from accusations of personal gain.

#### **Responsibilities of the Director of Finance**

D.86 To issue guidelines representing best practice for disposal of assets.

D.87 To ensure appropriate accounting entries are made to remove the value of disposed assets from the accounting records and to include the sale proceeds if appropriate.

#### **Responsibilities of SLT directors**

- D.88 To seek advice from advisors on the disposal of surplus or obsolete materials, stores or equipment.
- D.89 To ensure that income received for the disposal of an asset is properly banked and coded.

### **TREASURY MANAGEMENT, BANKING AND CASH**

- D.90 Many millions of pounds pass through the council's books each year. Codes of practice aim to provide assurances that money is properly managed in a way that balances risk with return but with the overriding consideration being given to the security of the capital sum.

#### **Key controls**

- D.91 That the council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the council's treasury management strategy.

#### **Responsibilities of Director of Finance**

- D.92 To prepare and present an annual treasury management strategy to Cabinet, prior to submission to Full Council for approval.
- D.93 To arrange the borrowing and investments in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the treasury management strategy through maintenance and adherence to treasury management practices.
- D.94 To report at least twice a year on treasury management activities.
- D.95 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Director of Finance.
- D.96 To provide cash or bank imprest accounts where necessary and to prescribe rules for operating these accounts.
- D.97 To determine petty cash limits and to maintain a record of all transactions, and periodically to review the arrangements for the safe custody and control.
- D.98 To ensure that all investments and borrowing are made in the name of the council.
- D.99 To ensure that all securities that are the property of the council or its nominees and the title deeds of all property in the council's ownership are held in the custody of the appropriate SLT director.
- D.100 To act as the council's registrar of stocks, bonds and mortgages and to maintain records of all money borrowed by the council.

### **Responsibilities of SLT directors**

- D.101 To follow the instructions on banking issued by the Director of Finance.
- D.102 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of Cabinet, following consultation with the Director of Finance.
- D.103 To 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 Finance, unless the deed otherwise provides. To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.
- D.104 To arrange, where funds are held on behalf of third parties, for their secure administration and to maintain written records of all transactions.
- D.105 To ensure that employees operating an imprest account:
- obtain and retain vouchers to support each payment including VAT invoices where appropriate
  - make adequate arrangements for the safe custody of the account
  - produce upon demand by the Director of Finance, cash and all vouchers to the total value of the imprest amount
  - record transactions promptly
  - reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
  - provide the Director of Finance with a certificate of the value of the account held at 31 March each year
  - ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
  - on leaving the employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Director of Finance for the amount advanced to him or her.

### **STAFFING**

- D.106 In order to provide the highest level of service, it is crucial that the council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

### **Key controls**

- D.107 The key controls for staffing are:
- an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
  - procedures are in place for forecasting staffing requirements and cost



- controls are implemented that ensure that staff time is used efficiently and to the benefit of the council
- checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

**Responsibilities of the Director of Finance**

D.108 To ensure that budget provision exists for existing and new employees.

D.109 To act as an advisor to SLT directors on areas such as National Insurance and pension contributions, as appropriate.

**Responsibilities of SLT directors**

D.110 To produce an annual staffing budget and ensure that the staffing budget is not exceeded without due authority.

D.111 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

## **APPENDIX E: FINANCIAL SYSTEMS AND PROCEDURES**

### **GENERAL**

- E.1 The council is reliant on electronic financial management systems in relation to purchasing, costing and financial management. The information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- E.2 The Director of Finance has a professional responsibility to ensure that the financial systems are sound and should be notified of any new developments or changes.

### **Key controls**

- E.3 The key controls for systems and procedures are:
- basic data exists to enable the council's objectives, 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 and procedures are secure.

### **Responsibilities of the Director of Finance**

- E.4 To make arrangements for the proper administration of the council's financial affairs, including to:
- issue advice, guidance and procedures for officers and others acting on the council's behalf
  - determine the accounting systems, form of accounts and supporting financial records
  - establish arrangements for audit of the council's financial affairs
  - approve any new financial systems to be introduced
  - approve any changes to be made to existing financial systems.

### **Responsibilities of SLT directors**

- E.5 To ensure that accounting records are properly maintained and held securely.
- E.6 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Finance.
- E.7 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- E.8 To incorporate appropriate controls to ensure that, where relevant:

- all input is genuine ,complete, accurate, timely and not previously processed
  - all processing is carried out in an accurate, complete and timely manner
  - output from the system is complete, accurate and timely.
- E.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- E.10 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- E.11 To ensure that systems are documented and staff trained in operations.
- E.12 To consult with the Director of Finance before changing any existing system or introducing new systems.
- E.13 To establish a scheme of delegation identifying officers authorised to act upon the SLT director's behalf in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.
- E.14 To maintain appropriate authorised officers on the IBC system with appropriate delegated limits.
- E.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- E.16 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- E.17 To ensure that relevant standards and guidelines for computer systems are observed.
- E.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- E.19 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- only software legally acquired and installed is used on its computers
  - (b) staff are aware of legislative provisions
  - (c) in developing systems, due regard is given to the issue of intellectual property rights.

## **INCOME AND EXPENDITURE**

## **Income**

- E.20 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves cashflow and also avoids the time and cost of administering debts.

## **Key controls**

- E.21 The key controls for income are:
- all income due is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
  - all income is collected from the correct person, at the right time, using the correct procedures
  - money received by an employee on behalf of the council is paid without delay to council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
    - for identifying the amount due
    - for reconciling the amount due to the amount received
  - effective action is taken to pursue non-payment within defined timescales
  - formal approval for debt write-off is obtained
  - appropriate write-off action is taken within defined timescales
  - appropriate accounting adjustments are made following write-off action
  - all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
  - money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

## **Responsibilities of the Director of Finance**

- E.22 To agree arrangements for the collection of all income due and to approve the procedures, systems and documentation for its collection.
- E.23 To approve the write-off of bad debts up to an approved limit in each case and to refer larger sums to Cabinet and keep a record of all sums written off.
- E.24 To ensure that appropriate accounting adjustments are made following write-off action.

## **Responsibilities of SLT Directors**

- E.25 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- E.26 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

- E.27 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- E.28 To ensure that income is paid fully and promptly into the appropriate bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- E.29 To ensure income is not used to cash personal cheques or other payments.
- E.30 To record details of work done, goods supplied, services rendered or other amounts due on the IBC system, or other relevant financial system, to record correctly the sums due and to ensure accounts are sent out promptly.
- E.31 Monitor recovery of income and flag up areas of concern to the Director of Finance. SLT Directors have a responsibility to assist the Director of Finance 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.
- E.32 To keep a record of every transfer of money between employees of the council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- E.33 To recommend to the Director of Finance all debts to be written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- E.34 To obtain the approval of the Director of Finance to writing off debts, and the approval of Cabinet where required.
- E.35 To notify the Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance.

### **Expenditure**

#### **Why is this important?**

- E.36 Public money should be spent with demonstrable probity and in accordance with the council's policies. The council has a statutory duty to achieve best value in part through economy and efficiency. The council's procedures help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the contracts standing orders and procurement procedures and the council's constitution.

- E.37 Every officer and member has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions, in accordance with appropriate codes of conduct.
- E.38 Purchase orders must be issued for all work, goods or services to be supplied to the council, except for supplies of utilities, periodic payments such as rent or rates, procurement card payment, petty cash purchases or other exceptions specified by the Director of Finance.
- E.39 Standard terms and conditions must not be varied without consultation with legal services.
- E.40 Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment shall be by BACs or exceptionally by CHAPS, drawn on the council's bank account by the Director of Finance. The use of direct debit shall require the prior agreement of the Director of Finance.
- E.41 Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of council contracts.

### **Key controls**

- E.42 The key controls for ordering and paying for work, goods and services are:
- all goods and services are ordered and approved only by appropriate persons and are correctly recorded on the IBC system
  - all goods and services shall be ordered in accordance with the contract standing orders
  - goods and services received are checked to ensure they are in accordance with the order, goods should not be received by the person who placed the order
  - payments are not made unless goods have been received to the correct price, quantity and quality standards and receipted on the IBC system
  - all payments are made to the correct person, for the correct amount and are properly recorded
  - all appropriate evidence of the transaction and payment documents are retained and stored, in accordance with the document retention schedule
  - all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.

### **Responsibilities of the Director of Finance**

- E.43 To ensure that all the financial systems and procedures are sound and properly administered.
- E.44 To approve any changes to existing financial systems and to approve any new systems before they are introduced.

- E.45 To make payments from the council's funds on appropriate authorisation that the expenditure has been duly incurred.
- E.46 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- E.47 To make payments to contractors once approvals have been completed including the certification of the details of the value of work, retention money, amounts previously certified and amounts now certified.
- E.48 To provide advice and encouragement on making payments by the most economical means.
- E.49 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

#### **Responsibilities of SLT directors**

- E.50 To ensure that the relevant financial procedures are followed including raising and approval of purchase orders on the IBC system and that these are raised only used for goods and services provided to the department.
- E.51 To ensure that the IBC system is up to date to ensure officers have appropriate levels of authorisation of orders and invoices. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
- E.52 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order and recorded on the IBC system. This check should, where possible, be carried out by a different officer from the person who authorised the order.
- E.53 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
- receipt of goods or services
  - that the invoice has not previously been paid
  - that expenditure has been properly incurred and is within budget provision
  - that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
  - correct accounting treatment of tax
  - that the invoice is correctly coded
  - that discounts have been taken where available
  - that appropriate entries will be made in accounting records.
- E.54 To ensure that IBC procedures are followed in the ordering, receiving and payment process.

- E.55 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the head of internal audit.
- E.56 To encourage suppliers of goods and services to receive payment by the most economical means. It is essential, however, that payments made by direct debit have the prior approval of the Director of Finance.
- E.56 To ensure procurement cards are properly controlled all expenses are reviewed, recorded and authorised on the online system and supported by receipts.
- E.57 To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality in line with the Contract Standing Orders.
- E.58 To utilise the central purchasing procedures in line with the Contract Standing Orders.
- E.59 To ensure that employees are aware of the code of conduct for local government employees (summarised in the procedures and conditions of employment manual).
- E.60 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Finance.
- E.61 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance.
- E.62 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes.
- E.63 To notify the Director of Finance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- E.64 To ensure that all appropriate payment records are retained and stored in accordance with the document retention schedule.
- E.65 To comply with the Contract Standing Orders and these regulations.

#### **PAYMENTS TO EMPLOYEES AND MEMBERS**

- E.66 Staff costs are the largest item of expenditure for the Council. It is important that payments are accurate, timely, made only where they are due and that



payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the Full Council.

### **Key controls**

- E.67 The key controls for payments to employees and members are:
- proper procedures are in place and are adhered to in relation to:
    - starters
    - leavers
    - variations
    - enhancementsand that payments are made on the basis of timesheets or claims
  - frequent reconciliation of payroll expenditure against approved budget
  - all appropriate payroll documents are retained and stored in accordance with the document retention schedule
  - that Inland Revenue regulations are complied with.

### **Responsibilities of the Director of Resources**

- E.68 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- E.69 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- E.70 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- E.71 To make arrangements for paying members travel or other allowances.
- E.72 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

### **Responsibilities of SLT Directors**

- E.73 To ensure appointments are made in accordance with policy and procedures and approved establishments, grades and scale of pay and that adequate budget provision is available.
- E.74 To ensure that all appointments, terminations or variations which may affect the pay or pension of an employee or former employee are promptly recorded on the IBC system.
- E.75 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
  - payments are only made where there is a valid entitlement

- conditions and contracts of employment are correctly applied
- employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

E.76 To ensure that payroll transactions are processed only through the IBC payroll system. SLT directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Assistant Director of People and Talent.

E.77 To ensure staff comply with IBC expense monitoring procedures. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable, ensuring that cost-effective use of travel arrangements is achieved.

### **Responsibilities of members**

E.78 To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

### **TAXATION**

E.79 The council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

### **Key controls**

- E.80 The key controls for taxation are:
- budget managers are provided with relevant information and kept up to date on tax issues
  - budget managers are instructed on required record keeping
  - all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
  - records are maintained in accordance with instructions
  - returns are made to the appropriate authorities within the stipulated timescale.

### **Responsibilities of the Director of Finance**

E.81 To ensure completion of all HMRC Revenue returns regarding PAYE by the IBC.

E.82 To complete a monthly return of VAT inputs and outputs to HMRC.

E.83 To provide details to the HMRC regarding the construction industry tax deduction scheme.

E.84 To provide advice and up-to-date guidance for employees on taxation issues including the council's VAT Manual.

E.85 To manage the council's partial exemption position.

#### **Responsibilities of SLT Directors**

E.86 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.

E.87 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

E.88 To ensure that all persons employed are added to the IBC payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

E.89 To seek advice on potential tax implications of any new initiatives or capital projects (including property acquisitions or sales) at the planning stage.

E.90 To follow the guidance on taxation issued by the Director of Finance.

#### **TRADING ACCOUNTS AND BUSINESS UNITS**

E.91 The Council is required to keep any trading accounts for services provided on a basis other than straightforward recharge of cost.

#### **Responsibilities of the Director of Finance**

E.92 To advise on the establishment and operation of trading accounts and business units.

#### **Responsibilities of SLT Directors**

E.93 To consult with the Director of Finance where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

E.94 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged.

E.95 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

E.96 To ensure that each business unit prepares an annual business plan.

## **APPENDIX F: EXTERNAL ARRANGEMENTS**

### **PARTNERSHIPS**

- F.1 Partnerships can play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Council can work in partnership with others – public agencies, private companies, community groups and voluntary organisations.
- F.2 The Council can mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

#### **General**

- F.3 The main reasons for entering into a partnership are:
- the desire to find new ways to share risk and expertise
  - the ability to access new resources
  - to provide new and better ways of delivering services
  - to forge new relationships.
- F.4 A partner is defined as either:
- an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
  - a body whose nature or status give it a right or obligation to support the project.
- F.5 Partners participate in projects by:
- acting as a project deliverer or sponsor, solely or in concert with others
  - acting as a project funder or part funder
  - being the beneficiary group of the activity undertaken in a project.
- F.6 Partners have common responsibilities:
- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
  - to act in good faith at all times and in the best interests of the partnership's aims and objectives
  - be open about any conflict of interests that might arise
  - to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
  - to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
  - to act wherever possible as ambassadors for the project.

#### **Key controls**

- F.7 The key controls for partners are:

- if appropriate, to be aware of their responsibilities under the financial regulations and the contract standing orders
- to ensure that risk management processes are in place to identify and assess all known risks
- to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

### **Responsibilities of the Director of Finance**

- F.8 To advise on effective controls that will ensure that resources are not wasted.
- F.9 To advise on the key elements of funding partnerships including:
- viability
  - risk appraisal and management
  - resourcing and taxation
  - audit, security and control requirements.
- F.10 To ensure that the accounting arrangements are satisfactory.

### **Responsibilities of SLT Directors**

- F.11 To maintain a register of all contracts entered into with external bodies on Capita esourcing.
- F.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared and that arrangements do not impact adversely upon the services provided by the council.
- F.13 To ensure that all agreements and arrangements are properly documented and monitored.
- F.14 To provide appropriate information to the Director of Finance to enable appropriate record of all arrangements and disclosure in the disclosure in the statement of accounts.

### **EXTERNAL / GRANT FUNDING**

- F.15 External funding is a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council.

### **Key controls**

- F.16 The key controls for external funding are:

- to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council
- to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

### **Responsibilities of the Director of Finance**

- F.17 To approve the receipt of funding and creation of income and expenditure budgets, required as a result of a new external funding not envisaged in the budget, where these do not increase the council's approved net budget.
- F.18 To ensure that all funding notified by external bodies is received and properly recorded in the accounts.
- F.19 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- F.20 To ensure that audit requirements are met.

### **Responsibilities of SLT directors**

- F.21 To ensure that all claims for funds are made by the due date.
- F.22 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred, eligible for grant and recorded.

### **WORK FOR THIRD PARTIES/ TRADING**

- F.23 Current legislation enables the council to provide a range of services to other bodies. Such work may economies of scale and maintain existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

### **Key controls**

- F.24 The key controls for working with third parties are:
- proposals are costed properly in accordance with guidance provided by the Director of Finance.
  - contracts are drawn up using guidance provided by the legal services and that the formal approvals process is adhered to
  - guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### **Responsibilities of Director of Finance**

- F.25 To issue guidance with regard to the financial aspects of third-party contracts, including accounting and control.
- F.26 To advise on the financial impact of any proposed trading agreement.

### **Responsibilities of SLT Directors**

- F.27 To ensure that the relevant approval is obtained before any negotiations are concluded to work for third parties.
- F.28 To maintain a register of all contracts entered into with third parties.
- F.29 To ensure that appropriate insurance arrangements are made.
- F.30 To ensure wherever possible, payment is received in advance of the delivery of the service and that the council is not put at risk from any bad debts.
- F.31 To ensure that no contract is subsidised by the council.
- F.32 To ensure that the department has the appropriate expertise to undertake the contract.
- F.33 To ensure that such contracts do not impact adversely upon the services provided for the council.
- F.34 To ensure that all contracts are properly documented.
- F.35 To ensure appropriate approvals are in place before proceeding.

### **GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS**

- F.36 Grants to voluntary bodies and community organisations can be a cost-effective means of facilitating and achieving corporate and service objectives.

### **Key Controls**

- F.37 Decisions to approve assistance to an outside body by grant or other assistance in kind should be based on assurance that the following requirements have been met or will be met to ensure the council's interests are protected before any grant or assistance is actually made:
- the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or constitution
  - any conflicts of interest have been declared and properly managed
  - any risks to such agreements and to the council's interests are being adequately and appropriately managed
  - it will be possible to confirm proper use of the council's assistance
  - the assistance contributes to the delivery of the council's services or to the achievement of the council's corporate objectives
  - the extent and purpose of the assistance have been properly identified

- arrangements for the repayment of any loan have been made
- arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient
- any specific conditions relating to the assistance have been identified
- monitoring arrangements have been put in place to ensure the assistance is used for the purpose approved
- the recipient will provide evidence demonstrating proper accounting for, and use of, the assistance, including, access to the accounts and to supporting information, documents and evidence
- a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance
- full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance, and by whom, and any other relevant transaction information
- members will approve all grants and assistance to external bodies, except where such annual assistance in total is less than £20,000 in value to any one body, and there is budgetary provision for such assistance, and it does not form a commitment of future years' budgets which can be approved by the relevant SLT director
- members may approve a framework for the administration of any specified class of grant and assistance over the value of £20,000 by the relevant SLT director for the efficient conduct of business.

### **Responsibilities of the Director of Finance**

- F.38 To advise on effective controls.
- F.39 To advise on any funding implications of grants or assistance.
- F.40 To ensure the accounting arrangements are satisfactory.

### **Responsibilities of SLT directors**

- F.41 To ensure that the key controls set out above are implemented in respect of all grants made and assistance provided.
- F.42 To undertake any research, i.e. by making enquiries of the Charity Commission, into the financial standing of proposed grant receiving bodies.
- F.43 To ensure the use of any standard, with any specific conditions incorporated therein as advised by legal services.



## **Appendix G: Schedule of Financial Authority**

The Schedule of Financial Authority sets out the approved financial limits within which Cabinet, Cabinet Members and the Strategic Leadership Team (SLT) may conduct financial business. SLT directors may appoint appropriate “authorised officers” to act on their behalf. However, in all cases where the “authorised officer” acts on behalf of the SLT director the SLT director remains accountable and must:

- Maintain a written record of authorised officers
- Ensure appropriate segregation of duties are in operation
- Ensure compliance with the financial limits within the schedule, the financial regulations, contract standing orders and other financial and HR polices and procedures.

Changes limits reported in this schedule can only be made following review by the Director of Finance and by approval of Full Council on the recommendation of the Cabinet Member for Finance and Commercial Services.

Financial Regulations 2021

| Ref | Description  | Limit value            | Approver        | Authorisation / Consultation/ Notification/ Reporting  |
|-----|--|------------------------|-----------------|--|
| 4.4 | Intra-department (within a department) revenue virements | <£100,000              | SLT Director    | Director of Finance notified   |
|     |  | £100,000 – £299,999    | Cabinet Member  | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services             |
|     |  | £300,000 – £19,999,999 | Cabinet         | Director of Finance consulted via verification of Finance Impact   |
|     |  | £20,000,000            | Full Council    | Director of Finance consulted via verification of Finance Impact   |
| 4.4 | Intra-department (between departments) revenue virements | <£100,000              | SLT Director    | Director of Finance to authorise   |
|     |  | £100,000 – £299,999    | Cabinet Member  | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services             |
|     |  | £300,000 – £19,999,999 | Cabinet         | Director of Finance consulted via verification of Finance Impact in decision report or Cabinet Revenue Monitoring report |
|     |  | £20,000,000            | Full Council    | Director of Finance consulted via verification of Finance Impact in decision report                                      |
| 4.4 | Other revenue virements                                  | <£100,000              | SLT Directors   | Director of Finance to authorise   |
|     |  | £100,000 – £299,999    | Cabinet Members | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services             |
|     |  | £300,000 – £19,999,999 | Cabinet         | Director of Finance consulted via verification of Finance Impact in decision report or Cabinet Revenue Monitoring report |

Financial Regulations 2021

|             |   |                                    |   |   |
|-------------|---|------------------------------------|---|---|
|             |   | £50,000,000                        | Full Council  | Director of Finance consulted via verification of Finance Impact in decision report   |
| 4.4         | Capital virements   | <£100,000                          | SLT Director  | Director of Finance to authorise  |
|             |   | £100,000 – £299,999                | Cabinet Member  | Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services  |
|             |   | £300,000 – £49,999,999             | Cabinet   | Director of Finance consulted via verification of Finance Impact in decision report or Capital Monitoring report  |
|             |   | £50,000,000                        | Full Council  | Director of Finance consulted via verification of Finance Impact in decision report   |
| 4.4<br>8.8  | External / government grant funding (no net effect on budget) | Unlimited                          | Director of Finance   | Report to Cabinet in Corporate Revenue of Capital Monitoring reports.   |
| 4.4<br>8.10 | New income opportunities                                      | £999,999                           | Commercial Revenue Committee or Cabinet   | Director of Finance consulted via verification of Finance Impact in decision report   |
|             |   | £1,000,000 and £20,000,000 (gross) | Cabinet   | Director of Finance consulted via verification of Finance Impact in decision report   |
| 4.4         | Developer contributions                                       | Unlimited                          | Director of Finance   | Decision made in consultation with the Chief Planning Officer, the Cabinet member for the Economy and the Cabinet Member for Finance and Commercial Services                |
| 3.16<br>4.4 | Use of Financial Reserves                                     | Any value                          | Subject to the other revenue and capital limits above however see authorisation section | Any use of reserves must first be authorised by the Director of Finance in consultation with the Chief Executive and the Cabinet Member for Finance and Commercial Services |

Financial Regulations 2021

|             |  |                     |   |   |
|-------------|--|---------------------|---|---|
| 4.4         | Use of Contingency Budgets   | Any value           | Subject to the other revenue and capital limits above however see authorisation section | Any use of contingency budgets must first be authorised by the Director of Finance reported to Cabinet in Corporate Revenue of Capital Monitoring reports |
| 4.4         | Increase in borrowing for capital purposes   | Any value           | Subject to the capital limits above however see authorisation section                   | Any use of borrowing must first be authorised by the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services      |
| 6.18<br>8.6 | Investment in non-specified investments (loans to third parties, interests acquired in companies or joint ventures)            | Any value           | Cabinet   | Director of Finance consulted via verification of Finance Impact in decision report   |
| 7.6         | Debt write offs (individual debts)   | <£10,000            | SLT Director  | Director of Finance notified  |
|             |  | £10,000 - £99,999   | Director of Finance   |   |
|             |  | £100,000 - £299,999 | Cabinet Member for Finance and Commercial Services                                      | On recommendation of the Director of Finance Reported to Cabinet via Corporate Revenue Monitor  |
|             |  | £300,000+           | Cabinet   | On recommendation of the Director of Finance  |
| 7.8         | Purchase order approval (where budget authority is already in place)<br><br><i>Limits enforced through IBC access controls</i> | Unlimited           | SLT Director  |   |
|             |  | £5m                 | Chief Officers and Assistant Directors  |   |
|             |  | £2m                 | Heads of Service  |   |
|             |  | £500,000            | Budget Manager  |   |
|             |  | £50,000             | Team Leader   |   |
|             |  | £10,000             | Supervisor  |   |
| F37         | Grants to voluntary and community organisations  | <£20,000            | SLT Director  |   |

Financial Regulations 2021

|  |  |                       |               |  |
|--|--|-----------------------|---------------|--|
|  |  | £20,000 -<br>£299,999 | Deputy Leader |  |
|  |  | £300,000+             | Cabinet       |  |

[End of Report]