

Finance Rules

This section explains the rules governing the management of the Council's financial affairs. The rules apply to every Member and officer of the Council and everyone acting on its behalf.

1 **INTRODUCTION**

The management of the Council's financial affairs will comply with the Finance Rules.

Every contract made by the Council will comply with the Contract Procedure Rules.

- 1.1 The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council. 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

Local Audit and Accountability Act 2014

The Accounts and Audit Regulations 2015.

- 1.2 The Section 151 Officer is accordingly responsible for:

- (a) the proper administration of the Council's financial affairs which includes:
- (b) setting, and monitoring compliance with, financial management standards
- (c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- (d) providing financial information
- (e) preparing the Revenue Budget and Capital Programme
- (f) treasury management activities
- (g) ensuring effective financial governance arrangements are in place

- 1.3 The management of the Council's financial affairs will be conducted in accordance with the financial rules set out in the Constitution of the Council which includes the following Financial Regulations.

2 **FINANCIAL REGULATIONS**

2.1 **General**

- 2.2 Financial Regulations provide the framework for managing the Authority's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.

SECTION 21 – FINANCE RULES

- 2.3 The regulations, in conjunction with the Constitution of the Council, identify the financial role and responsibilities of the Council, Cabinet and Audit Committee and Services Scrutiny Committee members, the Head of the Paid Service, the Monitoring Officer, the Section 151 Officer and Senior Officers.
- 2.4 The Section 151 Officer is responsible for maintaining a continuous review of the Finance Rules and submitting any additions or changes necessary to the Standards Committee and then on to Council.
- 2.5 The Senior Officers are responsible for ensuring that all staff are aware of the existence, content of the Authority's Finance Rules, other internal regulatory documents and ensuring compliance with them.
- 2.6 The Senior Officers are also responsible for consulting the Section 151 Officer to seek approval on any matter potentially having a material impact on the Authority's finances, before any contractual or binding commitments are incurred.

3 ACCOUNTING

3.1 Accounting Policies

The Section 151 Officer is responsible for implementing the accounting policies and ensuring that they are applied consistently.

3.2 Accounting Records and Returns

The Section 151 Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Senior Officers to the existing financial systems or the establishment of new systems must be approved in advance by the Section 151 Officer. However, Senior Officers are responsible for the proper operation of financial processes in their own directorates.

- 3.3 Any changes to agreed procedures by Senior Officers to meet their own specific service needs should be agreed with the Section 151 Officer.
- 3.4 Senior Officers should ensure that their staff receive relevant financial training that has been approved by the Section 151 Officer as soon as possible after commencing employment.

3.5 Accounting Principles

The following principles shall be observed in the allocation of accounting duties:

- (a) the duties of providing information about sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
- (b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- (c) standards arising from accepted good practice must be adhered to at all times.

SECTION 21 – FINANCE RULES

3.6 Treatment of Year-end Balances

The Cabinet is responsible for agreeing procedures for carrying forward under and over spending on budget heads.

3.7 The Annual Statement of Accounts

The Section 151 Officer is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Following the conclusion of the External Audit process the Audit Committee is responsible for approving the Annual Statement of Accounts. The Draft Statement of Accounts, prior to consideration by External Audit, will be approved by the Section 151 Officer.

4 ADVANCE ACCOUNTS

4.1 The Section 151 Officer shall provide such advance accounts (Imprests) as they consider appropriate, for such officers of the Council as may need them, to meet minor expenditure on behalf of the Council, and prescribe rules for the operating of these accounts.

4.2 No income received on behalf of the Council may be paid into an advance account but must be banked or paid to the Council as provided elsewhere in these Rules.

4.3 Payments shall be limited to minor items of expenditure and to such other items as the Section 151 Officer may approve, and shall be supported by a receipted voucher, to the extent that Section 151 Officer may require. Where appropriate a VAT receipt must be obtained that is compliant with the VAT regulations.

4.4 An officer responsible for an advance account shall maintain on a continuous basis a statement detailing the position of their Imprest account. That Statement shall if requested be provided to the Section 151 Officer.

4.5 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an Imprest advance, an officer shall account to the Section 151 Officer for the amount advanced to them. Any transfers of Imprests between staff should be evidenced in writing and the Section 151 Officer shall be informed, also in writing, of the change in Imprest holder.

5 ASSETS

5.1 General

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. These assets must be safeguarded and used efficiently in service delivery. Arrangements must be made for the security of both assets together with any supporting legal documentation, operational information, etc.

SECTION 21 – FINANCE RULES

5.2 No employee shall make personal use of Council assets unless given authorisation from a senior officer to do so.

5.3 Asset Register

In order to comply with good practice guidelines in respect of both accounting and effective asset management the Council will maintain an up-to-date asset register.

5.4 The Section 151 Officer will ensure that an Asset Register for all fixed assets, of and above an agreed value, is maintained for the Authority; that it is updated as and when changes occur and that the assets are valued in accordance with recognised good practice.

5.5 Senior Officers shall provide the Section 151 Officer with details of all property, plant and machinery, and movable assets currently owned by or used by the Authority and under their control, and of any additions or changes to those assets.

5.6 A complete list of leased equipment held must be maintained by Senior Officers, a copy of which should be forwarded to the Section 151 Officer at the end of each financial year.

5.7 Disposals of Fixed Assets

The disposal or sale of all Fixed Assets must be in accordance with legislation, the Constitution of the Council, the Strategic Asset Management Plan and other related Policies.

5.8 Land Database

The Legal Services Manager, the Property and Estates Manager and the GIS Officer shall maintain a database of all property owned by the Council (except dwellings provided under the Housing Acts) recording the statutory powers under which it is held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.

5.9 Inventories

Senior Officers will be responsible for maintaining up-to-date inventories of all furniture, fittings and equipment purchased, or given to the Council, under their control. The details recorded for each item should be sufficient to enable easy identification and facilitate the valuation of the Council's assets.

5.10 Senior Officers shall ensure that an annual check is carried out on their inventories in order to verify the location and condition of all items, that they are still required, and to take action in relation to any disposals, transfers and losses in accordance with the procedures laid down by the Section 151 Officer. All attractive and portable items, e.g. computers, cameras, electronic equipment, should be identified with security markings as belonging to the Council.

SECTION 21 – FINANCE RULES

5.11 Senior Officers should ensure that all of the Council's property under their control is only used in the course of the Council's business, unless they have been given permission otherwise.

5.12 At the end of each financial year Senior Officers shall submit a copy of their complete inventory to Section 151 Officer.

5.13 Inventory items that become obsolete or surplus to requirements can, with authorisation from the relevant Director or Assistant Director, be sold or disposed of in accordance with Council Policy.

5.14 Stocks and Stores

Senior Officers shall be responsible for the care and custody of the stocks and stores in their area.

5.15 Stocks shall not be in excess of normal requirements, except in special circumstances and with the approval of Cabinet.

5.16 Senior Officers shall arrange for a regular, independent, physical check of all stocks, ensuring that all stock items are checked at least once per year. Any surpluses or deficiencies should be investigated to a satisfactory conclusion. The Council's records should be corrected for minor discrepancies but major discrepancies must be reported to Section 151 Officer at the earliest opportunity.

5.17 The Section 151 Officer shall be entitled to receive from each Senior Officer such information as they require in relation to stores to develop required accounting, costing and financial records. At each year-end Senior Officers shall provide details of their Stock holdings in the form of balances on Year End Stock Certificates.

5.18 Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless a decision to the contrary is taken at an appropriate level as required by the Council's Constitution.

5.19 Intellectual Property

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

5.20 Certain activities undertaken within the Authority may give rise to items that are patentable, e.g. equipment and computer software. These items are known as intellectual property and as a general rule, they belong to the employer not the employee.

5.21 Senior Officers must ensure that controls are in place to prevent staff from carrying out private work in Council time and must make staff aware of the Council's rights with regard to intellectual property.

6 AUDIT

6.1 General

SECTION 21 – FINANCE RULES

The requirement for an internal audit function within local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

- 6.2 The Accounts and Audit Regulations 2015 state - A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.
- 6.3 The Council, advised by the Section 151 Officer, will ensure that appropriate arrangements for undertaking the external audit of the Council’s Statement of Accounts and financial arrangements are in place.
- 6.4 Local authorities can also be subject to audit, inspection, or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.
- 6.5 Internal Audit

Internal Audit is undertaken on the Council’s behalf by a Joint Consortium with Chesterfield Borough Council as the host authority and Bolsover District Council, operating under the terms of reference set out within the Audit Charter, agreed by the Audit Committees of the Authorities within the consortium. The Audit Charter covers the following matters:-

INTRODUCTION

The Internal Audit Consortium Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that has been established to provide the internal audit service to the three Councils.

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

Internal Audit is an independent objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit has rights to unrestricted access at each partner Authority to all records and assets deemed necessary to undertake its duties. In addition, where necessary, the Internal Audit Consortium Manager will have unrestricted access to:

- The Head of Paid Service
- The Section 151 Officer
- The Monitoring Officer
- Members
- Audit Committee and Services Scrutiny Committees
- Individual Directors / Assistant Directors
- All Other Employees

SECTION 21 – FINANCE RULES

- The External Auditor

INDEPENDENCE

In order to achieve its objectives effectively, Internal Audit must be seen to be independent.

This is achieved by:

- Organisational status of the Internal Audit Consortium and the objectivity of Internal Audit
- Ability of Internal Audit to report in its own name to all senior management and to Members at the relevant authority.
- Being independent of systems and procedures being audited.
- Where the Internal Audit Consortium is asked to provide any services in a consultancy role, this should be made clear in the project brief.
- The independence and reporting arrangements for the Internal Audit Consortium Manager being detailed in the Consortium legal agreement and the Council's Constitution.

AUTHORITY

There are two principal pieces of legislation that impact upon internal audit at local authorities:

- Section 151 of the Local Government Act 1972 – requires a Local Authority to ensure that one of the officers has responsibility for the proper administration of its financial affairs.
- The Accounts and Audit Regulations 2015 state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.

In addition, the Consortium legal agreement details how the Consortium will operate in terms of finance, staffing, reporting and independence.

Internal Audit is also governed by policies, procedures, rules and regulations established by the host Council. These include financial regulations, conditions of service, codes of conduct and anti-fraud and corruption strategies.

Where key services are to be provided to one of the partner Councils by other contractors or through a partnership, in order for internal audit to form an opinion on the controls operating, a right of access to relevant information and documents should be included in contracts or agreements concerned.

STANDARDS

SECTION 21 – FINANCE RULES

The Internal Audit Consortium adopts standards established by CIPFA (The Chartered Institute of Public Finance and Accountancy) in undertaking its work. In particular The Public Sector Internal Audit Standards (2013).

The Internal Audit Consortium will follow the CIPFA guidance as 'proper practice' in the provision of the Internal Audit Service to the partner Councils.

The Internal Audit Consortium will seek to achieve continuous improvement in the provision of the internal audit service and will establish a performance management and quality assurance framework to assist in this process.

The Internal Audit Consortium Manager will develop, maintain and manage a Risk Assessment in relation to the functions of the Consortium.

INTERNAL AUDIT RESPONSIBILITY

The areas of Internal Audit responsibility are detailed in the Consortium Legal Agreement as follows (paragraph numbers below refer to the Consortium Legal agreement):

6.5.1 The Statutory Internal Audit Functions and Other Internal Audit-related Functions carried out for the Councils

- Each Council hereby empowers The Consortium to discharge on its behalf **the Internal Audit Functions** in accordance with this Agreement and at such level as may be agreed from time to time in the Audit Plan for each Council
- The Councils agree that references to their respective separate internal audit units in their respective constitutions or Financial Regulations or procedures shall be read as references to the Consortium where appropriate

In particular the Consortium will, for each Council:

- Prepare each year in advance an **Audit Plan** for discussion and agreement by each Council's Client Officer. The Audit Plan shall then be submitted for approval by the Councils' respective Audit Committees. Any in-year significant changes to the Audit Plan shall be agreed by the respective Client Officers and Audit Committees
- Prepare evidence based **audit reports** following discussions between Consortium staff and relevant service managers. The Internal Audit Consortium Manager shall send final audit reports to the relevant Client Officer for circulation within the relevant Council. The relevant Client Officer will follow up audit reports to ensure that implementation plans in those audit reports are completed and received by the Internal Audit Consortium Manager and actioned
- Support **Corporate Activities** as agreed in the Audit Plan for each Council by way of internal audit input to appropriate corporate issues

SECTION 21 – FINANCE RULES

- Liaise as required with the **External Auditor** for each Council and with other regulators
- Contribute as agreed in the **Audit Plan** to the **Annual Governance Statement** and **Local Code of Corporate Governance**
- Contribute to reviews of **financial regulations**
- Carry out such **Other Internal Audit-related Functions** for the Councils as may be proposed from time to time by the Internal Audit Consortium Manager and the Client Officer in each Council and agreed in the approved Audit Plan. Such Other Internal Audit-related Functions may include contributing to the confidential reporting policies ("whistleblowing" policies) of the Councils

6.5.2 The Public Body Functions

The Consortium will also carry out such

- Statutory Internal Audit Functions and
- Other Internal Audit-related Functions

For such public sector bodies (other than the Councils) as may be approved from time to time by the Joint Board within legal and operational limits

Other responsibilities of internal audit are:

- To provide a written annual report to the Audit Committee (or equivalent) at each partner authority.

The report will include:

- An overall opinion on the adequacy and effectiveness of the organisation's control environment (including any qualifications to that opinion)
- Present a summary of the audit work from which the opinion is derived, including reliance placed on the work by other assurance bodies
- Draw attention to any issues the Internal Audit Consortium Manager judges particularly relevant to the preparation of the Annual Governance Statement
- Compare work actually undertaken with work that was planned and to report relevant performance measures and targets
- Comment on compliance with Standards and report on the results of quality assurance reviews

Where either:

SECTION 21 – FINANCE RULES

- (a) Key systems are being operated, or key systems provided by other organisations on behalf of the Council
- (b) Key systems are being operated , or key systems provided, on behalf of other organisations by the Council

The Internal Audit Consortium Manager will decide, in consultation with all parties, whether Internal Audit conduct the work to derive the required opinions on the reliability of systems and controls or should rely on the opinion provided by other auditors.

FRAUD AND CORRUPTION

Managing the risk of fraud and corruption is the responsibility of management.

The Internal Audit Consortium Manager should be notified of all suspected or detected fraud, bribery, corruption or impropriety in accordance with each Council's Financial Rules and Anti-Fraud and Corruption Strategies, in order to inform their opinion of the internal control environment.

Subject to availability of resources with the Internal Audit Plan, Internal Audit may assist management in the investigation of suspected fraud, bribery or corruption.

AUDIT STYLE AND CONTENT

The primary task of the Internal Audit Consortium is to review systems of internal control operating throughout each of the partner authorities, and in this will adopt a predominantly systems based approach to the audit.

The Internal Audit Consortium Manager will manage the provision of the Internal Audit service to each Council by:

- Preparing a risk based annual audit plan for discussion and agreement by each Council's Client Officer.
- Reporting to each Council's Audit Committee for approval the recommended annual audit plan.
- Ensuring audit work is supervised, recorded and reported.

AUDIT REPORTING

All audits will result in the development of a formal written report. Reports will be issued to the relevant Assistant Director and Client (Section 151) Officer concerned. If the Internal Audit Consortium Manager considers necessary, copies of reports may also be issued to the Chief Executive Officer, Directors and Monitoring Officer and to Members at the relevant authority. The Internal Audit Consortium Manager will make periodic reports to each Audit Committee summarising all internal audit reports issued.

AUDIT RESOURCES

SECTION 21 – FINANCE RULES

The staffing and budget of the Internal Audit Consortium will be kept under review by the Head of Internal Audit, bearing in mind the resource requirements identified in the audit plan process. Where resources available do not match the resource requirements identified by the annual audit plans, the Head of the Internal Audit Consortium will report to the Audit Committee of the Council concerned and to the Joint Board.

REVIEW OF AUDIT CHARTER

The Audit Charter will be reviewed every 2 years by the Internal Audit Consortium Manager and will be reported to each Council's Audit Committee for approval.

6.6 Fraud and Corruption

The Council has a zero tolerance of fraud and corruption whether that arises within the Council itself, from its suppliers, its contractors or from partner agencies.

6.7 The Council has approved an Anti-Fraud and Corruption Strategy and both employees, Elected Members and those who work with the Council staff are required to abide by the standards set out within that Strategy. It also contains details of the 'Whistleblowing' arrangements in place Supporting the Zero Tolerance approach to fraud is the Council's Confidential Reporting or Whistleblowing Policy. The Whistleblowing Policy is approved by Standards Committee annually. Members, employees and those who work with the Council are expected to use Whistleblowing if they suspect any impropriety, breaches of procedure or acts of fraud or corruption by other members of staff, Council Members, occupants of Council properties and recipients of Housing or Council Tax Benefits.

6.8 All Officers and staff will notify the Section 151 Officer immediately, of any suspected fraud, theft, bribe, irregularity, improper use or misappropriation of the Council's property or resources. The Section 151 Officer and Monitoring Officer shall jointly and severally take such steps as they consider necessary to investigate promptly and report in accordance with the procedure in place.

7 Banking Arrangements and Cheques

7.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Section 151 Officer, who shall be authorised to operate such banking accounts as they may consider necessary.

7.2 Cheques

All cheques shall be ordered only on the authority of the Section 151 Officer, who shall make proper arrangements for their safe custody.

7.3 Any cheques for more than £25,000 must be countersigned by the Section 151 Officer or one of the other officers authorised to sign cheques.

7.4 BACS

SECTION 21 – FINANCE RULES

The payment of creditors will, wherever possible, be made by BACS transfer, the schedule of payments being made will be authorised by the Section 151 Officer or other officer authorised by the Council to do so.

7.5 CHAPS

Where appropriate payment including the repayment of monies borrowed by the Council as part of its Treasury Management shall be made by CHAPS or Faster Payment to facilitate the cash flow position. All payments must be authorised by the Section 151 Officer or another authorised officer.

8 Budgeting

8.1 Budget format

The Budget and Policy Framework will be approved by the Council and will be implemented by the Cabinet. The Budget and Policy Framework Rules are set out in Section 13 of the Constitution of the Council.

8.2 Budget preparation

The Section 151 Officer shall determine the detailed form of Capital and Revenue estimates subject to the general directions of the Audit Committee, the Cabinet and after consultation with Senior Officers.

8.3 It is the responsibility of Senior Officers to ensure that budget estimates reflect the agreed Council Plan are submitted to the Section 151 Officer, in accordance with both the agreed requirements and timetable.

8.4 The Section 151 Officer will collate the estimates and report to the Joint Scrutiny Committee and the Cabinet. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds. The Cabinet will recommend a budget to the Council.

8.5 Budget monitoring and control

The Section 151 Officer together with relevant senior offices is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Reports detailing expenditure against the budget for every budget head are to be provided to both Cabinet and to the Audit and Services Scrutiny Committees on a quarterly basis.

8.6 It is the responsibility of Senior Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by Section 151 Officer. They should report to them on variances or anticipated variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any issues which have arisen or may arise.

8.7 Virements

SECTION 21 – FINANCE RULES

Once the budget has been approved, Cabinet or budget managers shall be entitled to vire across budget heads with the exception of salary related budgets. Virements from salary related budgets can only be utilised for the use of agency and consultancy work or for employee related expenses such as training or any other employee related expenditure.

The Accountancy Section shall be entitled to vire budgets for housekeeping purposes.

No officer, other than the Section 151 Officer, may vire funds from the Invest to Save Reserve.

8.8 Resource allocation

The Section 151 Officer in consultation with the Head of Paid Service is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's policy framework.

8.9 Preparation of the Capital Programme

The Section 151 Officer is responsible for ensuring that a Capital Programme is prepared on an annual basis for consideration by the Joint Scrutiny Committee and the Cabinet. Cabinet will agree a recommended Programme for submission to the Council.

8.10 Following the approval by the Council of the Capital Programme the Senior Officers concerned shall be authorised to:

- (a) take steps to enable land required for the Capital Programme to be acquired.
- (b) prepare a scheme and estimate of costs for approval by the Cabinet.

8.11 Guidelines

Guidelines on budget preparation are issued to Senior Officers by the Section 151 Officer in line with accepted good practice. The guidelines will take account of:

- (a) medium-term planning prospects
- (b) the corporate plan
- (c) available resources
- (d) spending pressures
- (e) relevant government guidelines
- (f) other internal policy documents
- (g) other relevant issues

9 Contracts for Building, Constructional or Engineering Works

9.1 All contracts will be let strictly in accordance with the Council's Procurement Strategy and Contract Procedure Rules with respect to Contracts and will be entered into the Contracts Register.

SECTION 21 – FINANCE RULES

- 9.2 Payments to Contractors for work under contracts shall only be made on a certificate issued by a Senior Officer or other officer nominated by him/her in writing.
- 9.3 The final certificate of completion of any contract shall not be issued until the appropriate Senior Officer has produced to the Section 151 Officer a detailed statement of account, and all relevant documents as required.
- 9.4 The Section 151 Officer shall, to the extent they consider necessary, examine final accounts for contracts and they shall be entitled to make all such enquiries and receive such information and explanations as they may require in order to satisfy themselves as to the accuracy of the accounts.
- 9.5 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Legal Services Manager for consideration of the Council's legal liability and, where necessary, to the Section 151 Officer for financial consideration before a settlement is reached.
- 9.6 Where completion of a contract is delayed, it shall be the duty of the supervising officer concerned to take appropriate action in respect of any claim for liquidated damages including if appropriate a report to the Cabinet.

10 Corporate Governance

- 10.1 All staff and members must comply with the standards of good Corporate Governance set out both within the Council's own Policy documents and accepted good practice.

11 Corporate Plan (also known as The Council Plan)

- 11.1 The Council's Senior Management Team are responsible for ensuring that an up to date Corporate Plan is in place, which should be recommended as required by the Cabinet to the Council for approval.

12 Expenditure

12.1 General

The Section 151 Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. In this capacity they shall agree the method(s) and procedures required for the ordering and payment of all work carried out for, and all goods and services supplied to, the Council. These shall be in line with the requirements of the Council's Finance Rules and accepted good practice to ensure that robust systems of internal control are maintained.

- 12.2 Every officer and member of the Council has a responsibility to declare any links or personal interests that they have with purchasers, suppliers and/or contractors, in accordance with the appropriate codes of conduct. Where such links exist the individuals concerned shall take no part in the evaluation of, or the decision making process in respect of the purchases or contracts concerned.
- 12.3 Each Senior Officer shall supply the Section 151 Officer with details of their officers designated as Authorised Signatories for the purpose of authorising orders, invoices, timesheets and other types of expenditure. The limits of each signatory's

SECTION 21 – FINANCE RULES

authorisation must also be stated. Changes must be notified to the Section 151 Officer promptly.

12.4 Each Senior Officer shall ensure that a proper division of duties is exercised throughout the procedures involved in the ordering and payment for work, goods and services.

12.5 The Council has established appropriate procedures for seeking competitive quotations for the provision of goods and services. These must be in accordance with the Council's Contract Procedure Rules.

12.7 Orders for Work, Goods and Services

All orders for work, goods or services must be in a form approved by the Council and the Section 151 Officer and are only to be authorised by officers designated by each Senior Officer.

12.8 Official orders must be issued for all work to be carried out, and all goods or services to be supplied to the Council, unless an alternative method is formally agreed by the Section 151 Officer. This does not include the supply of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer. A copy of each order shall, if required, be supplied to the Section 151 Officer.

12.9 Where a Credit Card is used a purchase order must be raised and a detailed receipt obtained for every purchase made using this method, to support each order placed.

12.10 All purchases, of materials or services, must be contained within the annual budget agreed by the Council.

12.11 All orders must be placed in accordance with the Council's Contract Procedure Rules. Standard terms and conditions must not be varied without the prior approval of the Section 151 Officer or the Monitoring Officer. Before placing any order Officers must satisfy themselves that it secures best value for the Council and that the achievement of such best value can be evidenced.

12.12 No orders, in any format, must be raised for any personal or private purchases, nor may personal or private use be made of Council contracts.

12.13 Payment of Accounts

The methods of payment shall be as decided by the Section 151 Officer. Electronic means will be used wherever possible.

12.14 When a Credit Card has been used there will be no invoice to pay in respect of individual items. Credit Card Statements will be provided on a monthly basis and matched to the relevant purchase order. Senior Officers must ensure that all charges, recorded against Cards held by officers within their area, have been properly incurred. Proper, detailed receipts should have been obtained; the goods or services should have been necessary, received and of good quality and value for money. Any charges which cannot be supported must be investigated and reported to the Council's Bank and the Financial Services Section.

SECTION 21 – FINANCE RULES

- 12.15 Card Holders will be responsible for the security of the card issued to them, at all times. All rules applying to the use of them must be complied with fully. The loss of a card **MUST** be reported immediately to the Council's Bank and Section 151 Officer.
- 12.16 Senior Officers issuing electronically authorised orders are responsible for examining and verifying the related invoices. For any other payment, or for vouchers and accounts arising from sources within their areas, each Senior Officer will be responsible for examining, verifying and certifying these for payment.
- 12.17 Before certifying or approving an account for payment, the authorising officer shall have satisfied themselves that:
- (a) the work, goods or services to which the account relates have been carried out, received, or examined and approved.
 - (b) the price(s), extension(s), calculation(s), trade discount(s), other allowance(s), credit(s) and tax are correct, and that the price(s) complies with the quotation(s), tender, contract or catalogue price(s).
 - (c) the purchase order and invoice are correctly coded, the expenditure has been properly incurred and is within the budget provision.
 - (d) the appropriate entries have been made in the relevant accounting records, e.g. inventories, stores or stock records.
 - (e) the account has not been previously passed for payment and is a proper liability of the Council.
- 12.18 All approved invoices, vouchers and certified accounts shall be passed, without delay, to the Section 151 Officer, who shall examine them to the extent that they consider necessary, for which purpose they shall be entitled to make such enquiries and to receive such information and explanation as they may require.
- 12.19 Each Senior Officer shall, on request, as soon after 31 March as possible and in accordance with agreed timescales, notify the Section 151 Officer of all outstanding expenditure relating to the previous year (Sundry Creditors).
- 12.20 Salaries, Wages, Pensions and Other Emoluments
- The payment of all salaries, wages, pensions, allowances, compensation and any other emoluments to all employees, former employees and members of the Council shall be made by the Section 151 Officer or under arrangements approved and controlled by them.
- 12.21 Each Senior Officer shall notify the Section 151 Officer and HR as soon as possible, and in the form prescribed by them, of all matters affecting the payment of such emoluments, and in particular:

SECTION 21 – FINANCE RULES

- (a) appointments, resignations, dismissals, suspensions, secondments, and transfers;
- (b) absences from duty for sickness or other reason, apart from approved leave;
- (c) changes in remuneration, other than normal increments, pay awards and agreements of general application;
- (d) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

12.22 Appointments of all employees shall be made in accordance with the policies and procedures of the Council and the approved establishments, grades and rates of pay.

12.23 All time records, other pay documents and claims for allowances shall be in a form prescribed or approved by the Section 151 Officer and shall be certified in manuscript, or by approved electronic means by or on behalf of the appropriate Senior Officer. In the case of claims for travelling, subsistence and incidental expenses those making the claims must only claim for authorised expenditure legitimately incurred on Council Business. In approving such claims the Senior Officer responsible shall satisfy himself/herself that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

12.24 Such claims should be made within 3 months of the relevant event(s) taking place. Those submitted more than 3 months after the expenses were incurred will only be paid with the express approval of the Section 151 Officer. All claims for a particular financial year are to be submitted within 1 month of 31 March.

13 Income

13.1 General

Income is 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 the Authority's cash flow while avoiding the time and cost of administering debts.

13.2 External Funding

The Section 151 Officer in conjunction with Senior Officers is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

13.3 Collection of Income

The Section 151 Officer shall agree arrangements for the collection of all income due to the Council and shall approve the procedures, systems and documentation for its collection.

SECTION 21 – FINANCE RULES

- 13.4 Each Senior Officer shall ensure that all income due to the Council, for work carried out, goods supplied and/or services rendered, is identified, and charged correctly (in accordance with an approved charging policy which is reviewed regularly). Particulars of all sums due should be utilised to ensure the prompt issuing of accounts for the recovery of income due and the maintenance of appropriate accounting records.
- 13.5 The Section 151 Officer shall be notified promptly of all contracts, leases and other agreements and arrangements entered into, which will generate an income to the Council. The Section 151 Officer shall have the right to inspect any documents or other evidence in this connection as they may decide.
- 13.6 All receipting forms will be ordered and supplied to service areas by the Section 151 Officer or, where they are used by one area only, by an officer nominated by the relevant Senior Officer in accordance with the procedure laid down by the Section 151 Officer.
- 13.7 All money received by an officer on behalf of the Council shall be paid fully into the appropriate bank account utilising agreed systems and procedures, in the form that it was received. No deduction may be made from such monies save to the extent that the Section 151 Officer may specifically authorise. Each officer who so banks money shall enter on the paying-in slip the name of their office or establishment, the nature of the receipt and a reference to the payer. On the reverse of each cheque paid in they should enter a reference to the related debt, e.g. Rent/Council Tax/Sundry Debtor Account number and a receipt number.
- 13.8 Personal cheques shall not be cashed from income or any other monies held on behalf of the Council.
- 13.9 The duty of identifying debts and raising charges, the collection of those charges, and the control and reconciliation of the resulting income shall be separated as far as is practicable.
- 13.10 Every transfer of official money from one member of staff to another will be evidenced in the records of the service areas concerned by the signature of the receiving officer.
- 13.11 Debt Recovery
- The Section 151 Officer shall establish appropriate recovery procedures, and the Legal Services Manager will take legal action, where necessary, for debts that are not promptly paid.
- 13.12 The Section 151 Officer shall, after consultation with the relevant Portfolio Holder authorise the write-off of bad debts up to an approved limit in each case and refer larger debts to the Cabinet with recommendation for write off. A record of all debts written off will be maintained and the requirements of the Accounts and Audit Regulations will be complied with.

14 Insurances

- 14.1 The Section 151 Officer shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.

SECTION 21 – FINANCE RULES

- 14.2 A Senior Officer shall notify the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance cover and of any alterations affecting existing insurance policies.
- 14.3 A Senior Officer shall notify the Section 151 Officer and Internal Audit Consortium, immediately, of any loss, liability or damage that may lead to a claim against the Council, and provide any information or explanation required by the Section 151 Officer or the Council's insurers. Internal Audit Consortium should also notify the police if they consider it necessary.
- 14.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance policy.
- 14.5 The Section 151 Officer shall, annually, or at such other period as they may consider necessary, review all insurances in consultation with other Senior Officers as appropriate for necessity and adequacy.
- 14.6 Senior Officers shall consult the Section 151 Officer about the terms of any indemnity which the Council is requested to give.
- 14.7 No employee, or anyone covered by the Council's insurances, shall admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 14.8 The Section 151 Officer shall, in consultation with the appropriate Senior Officer ensure that adequate insurance cover is maintained on all contracts let.

15 Partnerships

- 15.1 The Council or the Cabinet, in order to promote the economic, social or environmental well-being of its area, may:
- (a) enter into arrangements or agreements with any person or body;
 - (b) co-operate with, or facilitate or co-ordinate the functions of that person or body; and
 - (c) exercise on behalf of that person or body any functions of that person or body.
- 15.2 The Section 151 Officer in consultation with the Monitoring Officer shall ensure that suitable accounting arrangements are adopted relating to partnerships and/or joint ventures; that the overall corporate governance arrangements and legal issues have been properly considered and that all risks have been fully appraised.

16 Risk Management

- 16.1 Risk Management is a process of identifying significant risks to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences and determining and implementing the most effective way of responding to, controlling and monitoring them.

SECTION 21 – FINANCE RULES

16.2 Cabinet is responsible for approving the Council's Risk Management Policy Statement and Strategy. The Audit Committee is responsible for promoting a culture of risk management awareness throughout the Council, and for reviewing the effectiveness of risk management.

16.3 The Chief Executive Officer and Head of Paid Service is responsible for the Council's Risk Management Policy, and for developing an effective culture of Risk Management throughout the Council.

16.4 Internal Control

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 whilst ensuring that the Council's assets and interests are safeguarded.

16.5 The Section 151 Officer is responsible for advising on effective systems of internal control.

16.6 It is the responsibility of each Senior Officer to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and operational performance targets.

17 Security

17.1 Senior Officers should ensure that records and assets are properly maintained and securely held at all times. 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.

17.2 Senior officers shall consult the Section 151 Officer in any case where they consider internal control/security to be defective or where it is considered that special or enhanced internal control/security arrangements may be needed.

17.3 Maximum limits for cash holdings shall be agreed with the Section 151 Officer and shall not be exceeded without their agreement.

17.4 Keys to safes and similar receptacles are to be kept in a secure place separate from the safe or receptacle at all times; the loss of any such keys must be reported to the Section 151 Officer immediately.

17.5 Each Senior Officer shall be responsible for maintaining proper security and privacy as respects data/information held in his/her area. Appropriate steps must be taken to maintain the confidentiality and security of all personal/sensitive data in accordance with the appropriate Council policies on Data Protection and IT security.

18 Taxation

SECTION 21 – FINANCE RULES

- 18.1 It is the responsibility of the Section 151 Officer to advise all Senior Officers in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 18.2 The Section 151 Officer 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.

19 Treasury Management/Investments, Borrowings and Trust Funds

19.1 Treasury Management

The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.

- 19.2 Accordingly, the Council will develop and maintain a Treasury Management Strategy to be approved by Council as part of the budget process. Officers must ensure that all Treasury Management activity is conducted in accordance with this Strategy. Council will monitor adherence to that Strategy.

19.3 Investments, Borrowings and Trust Funds

All investments of money under its control shall be in the name of the Council or in the name of nominees approved by the Cabinet.

- 19.4 All securities, the property of, or in the name of, the Council or its nominees, will be held by the Section 151 Officer and the title deeds of all property in its ownership shall be held in the custody of H M Land Registry.
- 19.5 All borrowings shall be effected in the name of the Council.
- 19.6 The Section 151 Officer shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- 19.7 All Trust Funds shall be, wherever possible, in the name of the Council.
- 19.8 All officers acting as trustees by virtue of their official position shall deposit all securities, etc, relating to the Trust, with the Section 151 Officer unless the deed otherwise provides.

20 Work for Third Parties

- 20.1 Current legislation enables the Authority to provide a range of services to other bodies. Such work may enable a service to maintain economies of scale and existing expertise. Arrangements should therefore be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.
- 20.2 The Cabinet is responsible for approving the contractual arrangements for any work carried out for third parties or external bodies after consultation has taken place with the appropriate Senior Officer, the Section 151 Officer and the Monitoring Officer.