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Financial Rules of Procedure

1 Purpose and Scope

Introduction

- 1.1 The Council is a body corporate which derives its powers from statute. Any organisation with a large financial turnover needs to lay down the procedures to be observed in its financial dealings.
- 1.2 Such procedures are especially necessary in the case of a local authority which is subject to statutory controls, statutory audit, and must account for its actions and stewardship to the general public.
- 1.3 The purpose of these Financial Rules of Procedure (“**Rules**”) is therefore to set down basic financial rules and guidance to ensure that there is an approved common standard that is adhered to in the financial dealings of the Council. They do not over-ride the requirement to observe any legislative provisions.
- 1.4 These Rules apply to all areas of the Council and should be read in conjunction with the rest of the Council’s Constitution.
- 1.5 These Rules seek to ensure that:
 - 1.5.1 Budget Holders:
 - remain within their budget and only spend what they have in their budget;
 - maintain adequate commitment records;
 - monitor their budgets;
 - report at the earliest opportunity any potential overspend;
 - have effective reporting arrangements from their Budget Holders;
 - report to the Executive Directors details of any problems with budgets.
 - 1.5.2 Executive Directors have in place effective reporting arrangements to ensure that they are advised of any problems with budgets at the earliest opportunity.

Non-Compliance with Rules

- 1.6 The S.151 Officer must, after consultation with the relevant Head of Service/Service Director, report to the Executive any relevant non-compliance with these Rules that come to their attention.

Approval of Head of Finance and Property or Nominated Officer

- 1.7 Where matters are to be considered by the Executive that in any way affect the finances of the Council or that require the supply of financial information by the S.151 Officer, the Head of Service/Service Director concerned must raise this with the S.151 Officer in sufficient time to enable them to report.
- 1.8 The S.151 Officer must approve all financial implications on all committee reports and the relevant implications section of the report template must be completed, in consultation with the relevant officer in Finance.

Interpretation

- 1.9 Any doubt as to the interpretation of these Rules will be a matter for the S.151 Officer in consultation with the Monitoring Officer.

Appendices

- 1.10 These Rules are supported by a number of Appendices, which provide detailed guidance on the following matters (and are to be followed in accordance with these Rules):
- Treasury Management
 - Revenue Expenditure Controls
 - Capital Expenditure Controls
 - Contract Finance Rules
 - Local Bank Accounts (Imprest/Petty Cash/Procurement cards)
 - Income
 - Salaries and Wages
 - Estates and Inventories
 - Insurance
 - Trust Funds
 - Financial Rules for Schools

2 The Legal Framework

- 2.1 Local authority finance is subject to statutory controls, such as the Accounts and Audit Regulations 2015 (the “**2015 Regulations**”), and the Local Government Finance Acts 1982, 1988 (the “**LGFA 1988**”) and 1992.
- 2.2 Regulation 4 of the 2015 Regulations requires:
- 2.2.1 that the accounting records required by the S.151 Officer are sufficient to show the Council’s transactions and to enable the responsible Financial Officer to ensure that any statement of accounts, incoming expenditure account, balance sheet or record of receipts and payments, and additional information to be provided by way of notes to the accounts, comply with the 2015 Regulations and in particular the accounting records contain:
- 2.2.1.1 entries from day to day of all sums of money received and expended by the Council and the matters to which the incoming expenditure or receipts and payments account relate;
- 2.2.1.2 a record of the assets and liabilities of the Council; and
- 2.2.1.3 a record of incoming expenditure of the Council in relation to claims made or to be made by them for contribution grant or subsidy from any Minister of the Crown, a body to whom such a Minister may pay sums out of monies provided by Parliament, or a European Union Institution.
- 2.2.2 that the accounting controls systems ensure that the financial transactions of the Council are recorded as soon and as accurately as reasonably possible, that there are measures in place to enable the prevention and detection of inaccuracies and fraud and there is the ability to reconstitute any lost records and
- 2.2.3 that the duties of officers dealing with financial transactions are identified and the division of responsibilities of those officers are identified in relation to significant transactions and that procedures for uncollectable amounts including bad Debts will not be written off except with the approval of the S.151 Officer or a member of staff nominated by the S.151 Officer.
- 2.3 In accordance with ss.114 and 114A, LGFA 1988 the S.151 Officer will report to the Council or Executive as relevant if they have reason to believe that:

- 2.3.1 the Council or Executive, or any part of the Council or Executive:
 - 2.3.1.1 has made or is about to make a decision which involves or would involve the Council incurring expenditure which is unlawful;
 - 2.3.1.2 has taken or is about to take a course of action which if pursued to its conclusion would be unlawful and likely to cause loss or deficiency on the part of the Council; or
 - 2.3.1.3 is about to enter an item of account the entry of which is unlawful;
- 2.3.2 the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

3 Responsibilities

- 3.1 The S.151 Officer:
 - 3.1.1 shall be responsible for the compilation of the main accounting records for the Council;
 - 3.1.2 may from time to time, after consultation with the Heads of Service/Service Directors affected, issue written “financial instructions” dealing with detailed procedures to be followed in certain matters;
 - 3.1.3 shall be responsible for the maintenance of a management information system, the General Ledger (and no feeder computer system shall be linked into any corporate financial system without prior consent of the S.151 Officer);
 - 3.1.4 shall be consulted at an early stage on any proposals to introduce financial systems (and no such system shall go live without the specific authorisation of the S.151 Officer);
 - 3.1.5 has a statutory responsibility for ensuring that adequate systems and procedures exist to account for all Income due to, and expenditure made on behalf of, the Council and that controls operate to protect the Council’s assets from loss, waste, fraud or other impropriety, and shall discharge that responsibility in part by the maintenance of these Rules.
- 3.2 The Council is responsible for the adoption of its Budget and Policy Framework (see Part []), with the Executive responsible for implementing the Framework (which includes regulating and controlling the finances of the Council).
- 3.3 Heads of Service/Service Directors:
 - 3.3.1 are individually responsible for the proper financial management of resources allocated to their operational areas through the budget setting process, and in accordance with these Rules;
 - 3.3.2 are also responsible for the identification of all Income arising from the activities within their areas - this responsibility includes the accountability for and control of staff, and the security, custody and management of assets including plant, equipment, buildings, materials, cash and stores.

4 Allocation of Accounting Duties

- 4.1 The following principles shall be observed in the allocation of accounting duties by all employees or consultants engaged by the Council:
 - 4.1.1 the duties of providing information regarding 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;
 - 4.1.2 officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

5 Financial Planning and the Budget Process

Financial Strategy

- 5.1 The S.151 Officer shall prepare annually a financial strategy for the Council for a short (one year), and medium term (three to four year) period.
- 5.2 This will be reported to Corporate Board and the Executive and will set out the parameters for the budget build process for the coming year in the light of likely grant settlement, service pressures, available balances, and consultation with clients and partners of the Council.

Asset Management Strategy

- 5.3 The Service Director with responsibility for Property Services or their nominated officer will produce and maintain an Asset Management Strategy that includes the current accounting period.

Capital and Revenues Budgets

- 5.4 The detailed form of Capital and Revenue budgets shall be determined by the S.151 Officer consistent with the general directions of the Executive and after consultation with Corporate Board.
- 5.5 Heads of Service/Service Directors and their nominated Budget Holders, in consultation with the S.151 Officer, shall jointly prepare for consideration by Corporate Board and the Executive, in accordance with the policies and timescales determined by the Executive:
 - 5.5.1 a draft Capital Programme; and
 - 5.5.2 Revenue Income and expenditure budgets

Submission to Executive

- 5.6 Corporate Board and the Executive must consider the strategic effect of these estimates and programmes upon the Council's financial and other resources.
- 5.7 After any necessary amendments they must be submitted by the Executive to the Council for approval within the required legislative timetable, and with a recommendation of the overall general fund budget requirement and the Council Tax to be levied for the coming financial year.

Approval of Estimates

- 5.8 The estimates, once approved by the Council shall become the Council's Revenue Budget and Capital Programme for the next financial year.
- 5.9 Approval of the annual estimates by the Council will confer authority on the Executive, Committees, and Budget Holders to incur expenditure so provided for the next financial year subject to compliance with the relevant provisions of the Constitution.

6 Internal Audit

- 6.1 In accordance with the 2015 Regulations the S.151 Officer shall arrange for a continuous and current internal audit of all activities of the Council.
- 6.2 Internal Audit will assist Heads of Service/Service Directors and Senior Managers in the effective discharge of their responsibilities by:
 - giving assurance on financial and management control systems;
 - identifying weaknesses;
 - giving advice on how to resolve financial and management problems and improve control;

- investigating suspected irregularities
 - undertaking advisory/consultancy work; and
 - undertaking Value for Money (VFM) reviews.
- 6.3 Any Member or Officer shall make available documents relating to financial or other records of the Council which relate to their accounting.
- 6.4 Other records, as appear to the S.151 Officer necessary for the purpose of Internal Audit, will be supplied together with any such information and explanation as the S.151 Officer considers necessary for that purpose.
- 6.5 Internal Audit staff are authorised to enter at reasonable times any premises or land owned by or in the control of the Council, if appropriate, and require employees to produce Council property and records under their control.
- 6.6 The Role and Responsibilities of Internal Audit are as follows:
- 6.6.1 Internal Auditors will at all times respect confidentiality;
- 6.6.2 Internal Audit will be carried out in accordance with the Public Sector Internal Audit Standards (as revised) issued by CIPFA;
- 6.6.3 on the conclusion of each internal audit review, Internal Audit will submit a report and recommendations (if any) to relevant Portfolio Holders, Executive Directors, the S.151 Officer, Monitoring Officer (as line management for Internal Audit), Head of Service/Service Director and the Service Manager concerned, and:
- 6.6.3.1 the Head of Service/Service Director is responsible for agreeing an action plan to implement any recommendations;
- 6.6.3.2 Executive Directors and the Chief Executive will, through the performance management process, monitor progress on implementation of agreed recommendations;
- 6.6.4 Internal Audit will report to Corporate Board, and the Governance Committee on the outcome of audit work and progress in implementing audit recommendations;
- 6.6.5 Internal Audit will confirm whether the policies and procedures approved by the Council are in place and being maintained throughout the Council's operations;
- 6.6.6 the Audit Manager will produce an annual report for the Governance Committee that will give an opinion on the effectiveness on the Council's system of internal control, risk management and governance.

7 Financial Irregularities

- 7.1 Where matters arise which involve or are thought to involve financial irregularities, the Executive Director and Head of Service/Service Director concerned must ensure that the matter is notified immediately to the S.151 Officer/Monitoring Officer.
- 7.2 Where there is a possibility of criminal proceedings any interviews should be conducted following advice from the Monitoring Officer or the Chief Internal Auditor in consultation with the Service Lead for HR.
- 7.3 A decision to refer matters to the Police will be taken by either the S.151 Officer or Monitoring Officer or Audit Manager.
- 7.4 Should any Member fail to disclose a Disclosable Pecuniary Interest and the matter was referred to the Monitoring Officer they shall refer such breach to the Police in accordance with the Code of Conduct and related procedures.

- 7.5 Internal Audit shall log details of any financial irregularities they are made aware of, instigate an appropriate investigation (liaising with HR where appropriate), and keep the S.151 Officer and Monitoring Officer up to date regarding progress with the investigation. The S.151 Officer in consultation with the Monitoring Officer will decide if a report is needed to the Governance Committee.

8 Emergency Provisions

- 8.1 The provision of these Rules does not prevent the Council acting through the Chief Executive, Executive Directors or a Senior Officer from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency or situation in accordance with s. 138, LGA 72.

Financial Rules of Procedure

Appendix A - Treasury Management

1 Activities of Treasury Management

- 1.1 All Treasury Management activities will be carried out in accordance with the CIPFA “Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) and through the Investment and Borrowing Strategy as currently approved by the Full Council.
- 1.2 All money in the hands of the Council shall be aggregated for the purposes of Treasury Management.

2 Executive Decisions involving Finance

- 2.1 All Executive decisions on borrowing, investment or financing are delegated to the S.151 Officer who is required to act in accordance with the Prudential Code for Capital Finance 2021 and the Council’s Investment and Borrowing Strategy.

3 Banking Arrangements

- 3.1 All arrangements with the Council’s bankers must be made by or under arrangements approved by the S.151 Officer, who is authorised to operate such banking accounts and other electronic transactions as they may consider necessary.
- 3.2 No other officer has authority to open a bank account without prior specific written delegation of that authority by the S.151 Officer.

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Appendix B - Revenue Expenditure Controls

1 Budgetary Control

- 1.1 Executive Directors must ensure, through the performance management scheme, that their Service Directors/Heads of Service are managing their budgets, including commitments, appropriately by requiring regular reports from their Service Directors/Heads of Service.

2 Role of Service Directors and Heads of Service

- 2.1 Budgets are allocated to Service Directors/Heads of Service to enable them to deliver services approved by Members through the relevant Service or Department Plan. It is the responsibility of each Service Director/Head of Service to ensure that the budgets for which they are responsible are used to deliver the Service Plan and are not overspent. Where budget pressures indicate that overspending may occur, then the Service Director/Head of Service must apply the rules set out under cash limited budgets below.
- 2.2 Service Directors/Heads of Service are responsible for allocating responsibility for managing each cost centre within their service. They must inform the S.151 Officer or their nominated representative of the allocation and any changes as soon as they occur.
- 2.3 Service Directors/Heads of Service must ensure, through the Performance Management Scheme that their managers who are Budget Holders are properly trained in budget management and apply adequate budgetary control through local commitment accounting by requiring regular reports from Budget Holders.

3 Moving Budgets Between Cost Centres

- 3.1 The rules for moving budgets between revenue cost centres (virement) are shown in the table below:

Amount to be moved	Who can approve it?
Within Directorate	
Up to £100k	Relevant Service Director/Head of Service in consultation with Budget Holders and Finance Manager
Over £100k and up to £250k	Executive Director and Finance Manager
Over £250k and up to £500k	Section 151 Officer in consultation with Portfolio Holder, reported to Executive
Over £500k	Executive
Between Directorates	
Up to £100k	Relevant Executive Directors and Finance Manager
Over £100k and up to £250k	Section 151 Officer in consultation with Portfolio Holder, reported to Executive
Over £250k	Executive
New/additional Government Grant funding	
All values	Section 151 Officer in consultation with Portfolio Holder, reported to Executive

- 3.2 The following transfers will not count as virement for these purposes:
 - 3.2.1 budget movements which occur as a result of year end procedures;
 - 3.2.2 transfers of budgets when a whole service transfers from one Directorate to another;
 - 3.2.3 Income and expenditure budgets related to additional grants not included in the Council's approved budget;
 - 3.2.4 transfers arising from changes in legislation;
 - 3.2.5 any support service recharges (allocation of overheads) for accounting purposes.
- 3.3 Any in year unplanned contributions from reserves will need to be reported to the Executive; those at year end are considered by the Governance Committee as part of approving the Council's financial statements.
- 3.4 Rules on use of funds in an emergency are set out in these Rules.
- 3.5 Any in-year amendments from central government to the Council's net approved budget of 1% or more will require the sign off of the S.151 Officer in consultation with the Portfolio Holder for Finance, followed by a report to the Executive .

4 Unauthorised Overspend

- 4.1 The unauthorised overspend of a budget may lead to disciplinary action being taken against either or both:
 - 4.1.1 the Budget Holder; and
 - 4.1.2 the Service Director/Head of Service.

5 Monthly Statements

- 5.1 The S.151 Officer will provide each Head of Service/Service Director and each Budget Holder with monthly statements of receipts and payments under each cost centre.
- 5.2 Budget Holders must provide the S.151 Officer with written confirmation at intervals specified by the S.151 Officer that this information is correct, as this information forms the basis of reporting to the Executive.

6 Cash Limited Budgets

- 6.1 Budgets are limited to the net annual budget for the relevant service. The Council maintains a general reserve which is to be used in exceptional circumstances where there is an uncontrollable overspend position at the end of the financial year. Therefore, Service Directors/Heads of Service must ensure that they and their Budget Holders do not overspend their service budgets.
- 6.2 Revenue Expenditure may not be incurred which cannot be met from the amount provided in the revenue budget under the Service for that Service Director/Head of Service to which the expenditure would be charged.
- 6.3 The Service Director/Head of Service can present an overspend to the relevant Executive Director who can, subject to the delegated limits, consider whether the overspend can be contained within the overall service grouping.
- 6.4 The S.151 Officer in consultation with the Chief Executive will need to take a view on what is a significant overspend in terms of the overall budget for the Council and anything which they consider significant should be reported to the Executive. In all cases the Rules must be complied with. The approval of the additional expenditure budget may include provision for the repayment of the overspend.

7 Exceeding Cost Centre Estimate

- 7.1 Service Directors/Heads of Service may authorise expenditure which would otherwise exceed the estimate for a cost centre, provided that the expenditure:
 - 7.1.1 can be met from savings or under spending on other cost centres within the same service with the exception of windfall increases in Income or decreases in expenditure;
 - 7.1.2 will not constitute Capital Expenditure or result in:
 - 7.1.2.1 a change in the level of service provision; or
 - 7.1.2.2 a commitment to incur expenditure in future years; or
 - 7.1.2.3 a change in policy; or
 - 7.1.2.4 a breach of the Council's Workforce Strategy;
 - 7.1.3 is not a virement from a support service recharge code; and
 - 7.1.4 is notified in the prescribed form to the S.151 Officer who may require a report to be submitted to the Executive.

8 Carry Forward of Under and Overspends

- 8.1 Genuine provisions for liability, as recognised by the CIPFA Code of Practice in force, must be accounted for in accordance with this guidance. Where Budget Holders wish to carry forward any unspent monies into the next financial year, then they must provide a business case to the Head of Finance and Property. These cases will be assessed against the relevant accounting guidance and the explanations provided in the case. The final decision for the carry forward of under spends is for the Head of Finance and Property. These requests are to be considered by the Finance and Governance Group
- 8.2 Overspends are not permitted to be carried forward; all known overspends where no action can take place to rebalance budgets should be corrected via service investments and approved by the Council when setting the next financial year's budget.

9 Coding of Expenditure and Income

- 9.1 All expenditure and Income must be charged/credited to the cost centre and appropriate account code to which it relates.
- 9.2 Miscoding expenditure/Income distorts the Council's financial information and, therefore, may result in disciplinary action being taken against the officer responsible.
- 9.3 The detailed form of Capital and Revenue budgets shall be determined by the Head of Finance and Property or nominated officer consistent with the general directions of the Executive and after consultation with Corporate Board.
- 9.4 Journal transfers may only be made if they have been approved by the Budget Holder or accountant in the respective area charged with the expenditure.
- 9.5 Budget Holders may only charge expenditure against budgets for which they are responsible.

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Appendix C - Capital Expenditure Controls

1 Council Approval of Capital Strategy and Programme

- 1.1 The Council’s approval of the Capital Budget - within the Budget and Policy Framework - constitutes authority for:
- 1.1.1 capital expenditure to be incurred in the budget year and for commitments to be made on capital schemes included for the budget year and for the previous years to the extent that provision has already been made;
- 1.1.2 expenditure to be incurred or commitments to be made for advance site acquisition, design fees and other associated preliminary expenditure, but only if an appropriate budget allocation has been approved in the relevant year within the Capital Strategy and Programme.

2 Variations to the Approved Capital Strategy and Programme

- 2.1 The Council’s five year Capital Strategy and Programme, which forms an integral part of the Council’s Budget and Policy Framework, is generally agreed in March by Council.
- 2.2 Amendments to the approved Capital Programme may only be made in the following ways:

Type of Amendment	Who can approve it
Virements (ie transfers of expenditure budgets between different cost centres)	
Up to £100k per cost centre per transaction within a service	Head of Service/Service Director and Finance Manager
Up to £100k per cost centre per transaction across services within a Directorate	Executive Director and Finance Manager
Up to £100k across Directorates and between £100k and £250k per cost centre per transaction	S151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance
Over £250k per cost centre per transaction	S151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance, with the change being subsequently reported to the Executive
New Invest to Save Schemes to be Added to the Budget (ie new schemes, or additions to existing schemes, where the capital financing cost is met from revenue savings)	
Up to £100k per scheme	S151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance
Over £100k per scheme	Executive
Additions to Expenditure Budgets Funded from Government Grants, Developers Contributions or other sources of external funding	
Up to £100k per cost centre or per source of funding (excluding s106 contributions or CIL	Head of Service/Service Director and Finance Manager

Type of Amendment	Who can approve it
Up to £100k per cost centre per transaction from s106 contributions	Head of Service/Service Director and Chief Accountant in consultation with the Portfolio Holder for the relevant service
All additions from CIL up to £250k and any other additions between £100k and £250k per cost centre per source of funding	S.151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance
Over £250k per cost centre or per source of funding (excluding s106 contributions)	S.151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance, with the change being subsequently reported to the Executive
Over £250k per cost centre per transaction from s106 contributions	S.151 Officer (or nominated officer) in consultation with the Portfolio Holders for Finance and for the relevant service, with the change being subsequently reported to the Executive
Movement of Capital Budget between Programme Years	
Less than £250k approved budget per cost centre to be brought forward from a future year of the programme	S.151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance
More than £250k approved budget per cost centre to be brought forward from a future year of the programme	Executive
Any approved capital budget to be reprofiled to later years of the programme	S.151 Officer (or nominated officer) in consultation with the Portfolio Holder for Finance, with the change being subsequently reported to the Executive

3 Other Additional Expenditure Requests

- 3.1 Any other additions to capital budgets (excluding the items in the Table above) outside the agreed budget must be in accordance with the Council's Budget and Policy Framework and approved by the Executive.

4 Moving Expenditure between years within the Capital Strategy and Programme

- 4.1 In general, expenditure on capital schemes can only occur during the year for which approval was given by Council as part of the Capital Strategy and Programme.
- 4.2 In exceptional circumstances and with the endorsement of the relevant Portfolio Holder (relevant Shadow Portfolio Member to be advised for information), following consideration by the Capital Strategy Group, a scheme which has been approved in a later year(s) of the Capital Strategy and Programme may be brought forward, provided that:
- 4.2.1 sound reasons for so doing are accepted by Capital Strategy Group or
- 4.2.2 future viability or delivery of the scheme is in question.
- 4.3 No more than £250,000 of such individual schemes may be brought forward in any financial year.

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Appendix C - Contract Finance Rules

1 Rules of Procedure

- 1.1 All officers must adhere to the Council's Contract Rules and these Rules before they enter into any contract.

2 Official Orders

- 2.1 Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments (eg rent and rates), petty cash purchases, or such exceptions as the S.151 Officer may approve (included on the Approved List of Payment not Requiring a Purchase Order).
- 2.2 Orders must clearly state the quantity of the goods and nature of the work or services and whether covered by contract or an agreed price and discounts specified therein or an estimated value.
- 2.3 No payment shall be made to suppliers without a purchase order having been raised.

3 Raising a Purchase Requisition

- 3.1 The/Service Director shall nominate those Officers eligible to raise Purchase Requisitions on the Council's financial system.
- 3.2 The Finance system converts the Purchase Requisition into a Purchase Order upon the approval of the Budget Holder or nominated Authorising Officer.

4 Placing an Order

- 4.1 Unless the service has a budget an order cannot be placed since placing an order commits the Council to the expenditure.
- 4.2 All official orders for goods and services must be raised using the Council's Financial System. Exceptions to this requirement require written approval from the S.151 Officer.
- 4.3 The Council's Finance system will generate the appropriate commitment accounting record of outstanding orders. Verbal orders must not be made except as a matter of genuine urgency and must be confirmed immediately with a written order produced through the Council's Finance System.
- 4.4 Other than in cases of genuine emergency, no supplier shall be asked to provide goods or services before a purchase order has been issued to them.

5 Regular Periodic Payments

- 5.1 Any circumstances causing the cessation or variation of a regular periodical payment must be notified immediately to the Head of Finance and Property or nominated officer.

6 Approval of Order

- 6.1 The ability to raise a requisition for goods or services and the subsequent approval and creation of the Order must only be undertaken by Officers nominated by the Head of Service/Service Director. Nominations shall be notified in writing to the Head of Finance and Property or nominated Officer.

- 6.2 Goods properly supplied or work done without an official order due to a genuine emergency must be covered as soon as possible by a confirmation order.
- 6.3 The duties of requisitioning goods or services and the subsequent confirmation of their receipt (goods received note process) shall not be performed by the same officer authorising the Order.
- 6.4 Each Head of Service/Service Director shall be responsible for all orders issued from their Service.

7 Goods Received Process

- 7.1 The Head of Service/Service Director or Delegated Officer shall ensure that the Corporate Finance System is promptly updated when goods or services are received.
- 7.2 Before completing the Goods Received Note process the verifying officer shall, save to the extent that the S.151 Officer may otherwise determine, be satisfied where relevant that the:
 - 7.2.1 goods have been duly received examined and approved as being in accordance with the specification or match the official order and are satisfactory; and/or
 - 7.2.2 works done or services rendered have been satisfactorily carried out and that, the materials used were of the requisite standard; and
 - 7.2.3 proper entries have been made in the inventories or stores records, where appropriate; and
 - 7.2.4 Council's purchasing guidance has been followed.

8 Payment of Accounts

Processing of Invoices

- 8.1 It is the Council's policy to pay all invoices within 30 days of invoice date.
- 8.2 It is therefore the responsibility of all staff to assist the Central Payments Team in ensuring invoices can be processed for payment as soon as possible through full compliance with all the relevant financial procedures.

Other Payment Requests

- 8.3 Payment requests shall be prepared in accordance with the format determined by the S.151 Officer who, if satisfied, shall process and pay in accordance with a timetable prepared by them.

Destination of Invoices

- 8.4 Invoices for payment must be sent in the first instance to the Central Payments Team.
- 8.5 Such invoices must be made out by creditors themselves and must not be made out by any officer.

Amendments and Deletions

- 8.6 Amendments to or deletions from an invoice must only be made in exceptional circumstances and must be authorised by the S.151 Officer.
- 8.7 Where changes are required they must be made in ink of a distinctive colour and initialled by, or on behalf of the Head of Service/Service Director, and the reasons, if not obvious, briefly stated on the invoice.
- 8.8 No alterations to a Value Added Tax invoice may be made but a new invoice or credit note must be sought from the supplier.

8.9 To avoid the possibility of duplicate payments photocopies or faxes are not accepted as valid invoices except in an emergency.

Payment of Invoices

8.10 The S.151 Officer or their nominated officer shall pay all invoices and other payment requests which they are satisfied are in order.

8.11 The S.151 Officer shall ensure that appropriate arrangements are in place for ensuring that invoices received in the Central Payments Team are matched against official orders.

8.12 Payment of invoices shall only be made when:

8.12.1 the ordering Service has confirmed that the goods have been duly received, examined and approved;

8.12.2 the prices are in accordance with the order;

8.12.3 the payment is in accordance with Council Policy and legally payable;

8.12.4 the account is correct, and that VAT is properly accounted for where appropriate;

8.12.5 the item has not been previously passed for payment and is a proper liability of the Council.

8.13 The normal method of payment of money due from the Council shall be by electronic transfer or other instrument drawn on the Council's bank account by the S.151 Officer.

Examination of Accounts

8.14 The S.151 Officer may at their discretion examine the verified accounts passed for payment, as to their compliance with Council regulations, contracts, accepted tenders or other authorities and for this purpose shall be entitled to receive such information and explanation as may be required.

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Appendix D - Local Arrangements

1 Imprest/Petty Cash Advances

- 1.1 The S.151 Officer will provide imprests and petty cash advances, where appropriate, to officers for the purpose of defraying expenses.
- 1.2 A receipt shall be signed in respect of each advance by the officer concerned, who shall be responsible for accounting for monies.
- 1.3 A receipt should be signed in respect of sub-floats issued to officers.

2 Changes to officers

- 2.1 Any changes to officers responsible must be immediately notified to the S.151 Officer.
- 2.2 An outgoing imprest holder must reconcile the imprest to the total amount held.
- 2.3 An incoming responsible officer should satisfy themselves that all is in order before accepting responsibility for the imprest.

3 Disbursements

- 3.1 Vouchers for disbursements must be obtained, and attached to claims for reimbursement.
- 3.2 Claims must be properly certified and forwarded for payment to the S.151 Officer at specified intervals, normally not exceeding one month.
- 3.3 Nil returns will be forwarded to the S.151 Officer if no reimbursement is required.

4 Security of Cash

- 4.1 Heads of Service/Service Directors are responsible for ensuring that all cash is kept in a safe and secure place and that bank accounts are reconciled on a regular basis, not less than monthly.
- 4.2 A bank statement must be received at least monthly for all imprest bank accounts.
- 4.3 Heads of Service/Service Directors are advised for reasons of security that cash balances of greater than £250 must be kept in a bank account.

5 Use of Imprest Accounts

- 5.1 Imprest accounts can be used for amounts up to £250:
 - 5.1.1 to pay for local purchases by cheque at the time of collection or delivery;
 - 5.1.2 to secure discounts or take advantage of special offers;
 - 5.1.3 to reimburse staff who have purchased small value items directly;
- 5.2 All such payments must be supported by VAT invoices or receipts.

6 Use of Imprest Funds

- 6.1 Imprest funds must never be used to pay salaries, wages, or other employee expenses, ie travel/subsistence and removal/relocation expenses, without the specific approval of the S.151 Officer (such payments may attract liability to Income Tax or National Insurance contributions and must therefore be made via the payroll system).

7 Examination of Local Bank Accounts

- 7.1 The Head of Finance and Property or nominated officer may at their discretion examine and reconcile Local Bank Accounts and for this purpose shall be entitled to receive such information and explanation as may be required.

8 Use of Procurements Cards

- 8.1 A standard template application form must be submitted to Accountancy in Finance and Property before any request for a new card will be considered.
- 8.2 Card applications will be reviewed and approved by the Finance Governance Group.
- 8.3 Cards must only be used as per the corporate guidance (provided when a card is issued/readily available from Accountancy).

Financial Rules of Procedure

Appendix E - Income

1 Local Collection of Monies

- 1.1 The framework and regulation of the collection of all monies due to the Council shall be subject to the approval of the S.151 Officer and shall comply with these Rules.
- 1.2 The S.151 Officer shall be notified promptly of all monies due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council - the S.151 Officer or officer nominated by them shall have the right to inspect any documents or other evidence in this connection as they may decide.
- 1.3 “**Income**” includes any money paid or due to the Council as a result of sales, fees, and/or charges.
- 1.4 “**Debt**” shall refer to any Income due to the Council.

2 Invoicing for Sums Due

- 2.1 Each Head of Service/Service Director shall establish procedures to ensure that invoices are raised on the Council’s Finance System in respect of work done, goods supplied, services rendered and all other amounts due to the Council.
- 2.2 These procedures must ensure that all invoices due are raised promptly in order to assist recovery of Debts.

3 Payment of Amounts Due

- 3.1 All accounts rendered in respect of amounts due to the Council shall contain a statement that payment must be made to the Council.

4 Payments made to Service Units

- 4.1 Each Head of Service/Service Director shall be responsible for the prompt collection of such Income as may be due to the Council from activities within their service area and must make proper arrangements for receipting, holding and banking of this Income.

5 Payment into Council Accounts

- 5.1 All monies received by an officer on behalf of the Council shall be banked without delay.

6 Issue of Receipts

- 6.1 Every sum received by a cashier or other officer of the Council shall be immediately acknowledged by the issue of an official receipt, ticket or voucher except in the case of cheques other arrangements may only be established with the express approval of the Head of Finance and Property or nominated officer.
- 6.2 All official receipts, tickets, books and other cash tokens shall, except by special arrangements approved by the S.151 Officer, be controlled and issued to Service Units by the S.151 Officer or their nominated officer, who shall keep a register of their receipt and issue. Departments shall keep proper records of the issue and use of all receipts, tickets and cash tokens.

7 Recording Receipt of Monies

- 7.1 Each officer who receives monies on behalf of the Council, or for which they are accountable to the Council, shall keep records in a form approved by the S.151 Officer or nominated officer.

8 Transfer of Monies

- 8.1 Every transfer of official money from one member of staff to another will be evidenced in the records of the departments concerned by the signature of the receiving officer.

9 Write-Offs - Income

Discharge of Debts

- 9.1 No Debt shall be discharged otherwise than by payment in full or by the writing-off of the Debt or the unpaid portion of it.

Write-off of Debts

- 9.2 A Debt may only be written off on the authority of the S.151 Officer:
- 9.2.1 where the Debt does not exceed £25,000 and:
- 9.2.1.1 the Debt is not enforceable; or
- 9.2.1.2 attempted recovery is likely to involve expensive litigation with limited hope of success; or
- 9.2.1.3 the cost of recovery would be disproportionate to the amount involved;
- 9.2.2 with the agreement of the Portfolio Holder for Finance where the Debtor is formally insolvent and the Debt is between £25,000 and £100,000.
- 9.3 All other Debts may only be written off following approval by the Executive.
- 9.4 Any Debt written off shall be properly recorded on the Council's Financial System.
- 9.5 Written off Debts will be charged back to the originating budget.
- 9.6 Budget Holders will be provided with details of those Debts where write off is appropriate, and such details are to include information on recovery action already taken.
- 9.7 In exceptional circumstances officers, having consulted Corporate Board, may recommend to the Executive that a Debt should not be written off to the service budget but written off corporately.

10 Charging for Services

Review of Service Charges

- 10.1 All Heads of Service/Service Directors shall review their charges for services at least annually with the object of ensuring that the Income is increased by not less than the rate of inflation experienced by that service. Such review must be carried out as part of the Council's budget build process (the timetable for this is published each year).

Unmet Estimates

- 10.2 Where it appears that Income targets as set out in the Council's estimates will not be met then the Head of Service/Service Director shall either meet the shortfall from within the service budgets or apply for an additional expenditure budget.

Financial Rules of Procedure

Appendix F - Salaries and Wages

1 Responsibility for Payments to Employees

- 1.1 The Service Director Strategy and Governance or nominated officer shall be responsible for making arrangements for the payment of all salaries, wages, pensions, compensation and other payments to all current and former employees of the Council.

2 Notification of Relevant Matters

- 2.1 Heads of Service/Service Directors shall notify Human Resources/Payroll as soon as possible and in the approved form, of all matters affecting the payment of salaries and wages, and in particular regarding:
- 2.1.1 appointments, resignations, dismissals, suspensions, secondments and transfers;
 - 2.1.2 absences from duty for sickness or other reason apart from approved leave;
 - 2.1.3 changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - 2.1.4 information necessary to maintain records for compliance with Inland Revenue reporting on benefits provided to staff.

3 Appointment of Employees

- 3.1 Appointments of all employees shall be made in accordance with the Constitution and the approved grades and rates of pay.

4 Externally Funded Posts

- 4.1 Before confirming an appointment to a fixed term contract, the recruiting manager must seek advice from HR to ensure the funding source from which the post is being funded is sufficient to cover the exit costs liability in the event of non-renewal by reason of redundancy.
- 4.2 The Council must not become liable to pay redundancy payments arising from externally funded appointments except in exceptional circumstances and where the relevant Executive Director and Portfolio Holder have confirmed that the directorate has the budget to cover the exit costs liability.

5 Timesheets & Overtime Claims

- 5.1 The Head of Service/Service Director, or other authorised officer, shall be responsible for the authorisation of all staff timesheets and overtime claims.

6 Travelling and Subsistence

- 6.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be made in a form approved by the S.151 Officer and shall be submitted to the payroll section, duly authorised.
- 6.2 The Service Director, Strategy & Governance or nominated officer shall make payments in accordance with Statute, Regulations, Schemes and Conditions of Service and any resolutions of the Council.

- 6.3 The authorisation by or on behalf of the Head of Service/Service Director shall be taken to mean that the authorising officer is satisfied that:
- 6.3.1 the journeys were authorised;
 - 6.3.2 the expenses were properly and necessarily incurred;
 - 6.3.3 the most economical method of travelling was undertaken; and
 - 6.3.4 the allowances are properly payable by the Council.
- 6.4 Officer's claims should be submitted promptly at the end of each month in which the journeys were made or the expenses incurred. The Service Director, Strategy & Governance or nominated officer may refuse to make payment of claims over two months old.

7 Members Allowances

- 7.1 Members Allowances will be dealt with in accordance with Part [] (Members' Allowances Scheme).

Financial Rules of Procedure

Appendix G - Estates and Inventories

1 Responsibility of Service Directors/Heads of Service in Relation to Asset Register

- 1.1 The Head of Finance and Property or their nominated officer will maintain an asset register of all land and properties owned by the Council, recording:
 - 1.1.1 the purpose for which the property is held;
 - 1.1.2 the location, extent and plan reference(s);
 - 1.1.3 purchase details where available; and
 - 1.1.4 details of interest and rents payable and particulars of tenancies or other interests granted.
- 1.2 This register will also be updated by the assets team as appropriate.
- 1.3 The Service Director responsible for Education or nominated officer must notify all changes to the asset register to the nominated officer responsible for Risk Management for updating of the insurance database.
- 1.4 The S.151 Officer is responsible for producing an Asset Management Plan which is approved at Full Council as part of the Capital Strategy.

2 Custody of Deeds

- 2.1 The Monitoring officer has custody of all title deeds under secure arrangements.

3 Valuation of Assets

- 3.1 The S.151 Officer shall ensure that all assets are valued (reinstatement and open market valuation) for capital accounting purposes in accordance with the latest CIPFA code.

4 Notification of Purchase or Disposal

- 4.1 Any purchases or disposals of property for which responsibilities are assumed under any contract must be notified to the S.151 Officer. Additionally the nominated officer responsible for insurance must be notified to ensure that the Council's databases are fully up to date and accurate.

5 Preparation of Inventories

- 5.1 Inventories in a form approved by the S.151 Officer shall be prepared and kept up to date by each Head of Service/Service Director for all moveable plant, machinery, or items which are considered to be portable and desirable belonging to the Council.
- 5.2 Details of make model and serial numbers should be recorded where relevant so items can be individually identified.
- 5.3 Inventories should be updated in a timely fashion to reflect acquisitions or disposals. Disposals should be approved by the relevant manager.

6 Checking and Maintenance of Inventories

- 6.1 The S.151 Officer shall be entitled to check stores and equipment and be supplied with such information relating to the accounting, costing and financial records of the Council.

- 6.2 Heads of Service/Service Directors shall arrange in respect of their inventories for an annual check. Evidence of the annual check should be recorded. Where possible the roles of maintaining the inventory and checking the inventory for completeness and accuracy should be undertaken by two separate officers.
- 6.3 All items belonging to the Council which are required to be included on the inventory shall be marked as the property of the Council.

7 Stocks/Stores

- 7.1 Each Head of Service/Service Director shall ensure so far as relevant:
- 7.1.1 the proper custody of their stocks and stores in their Service Unit and shall ensure that they are subject to an effective system of stock recording and control;
 - 7.1.2 that stores are held in reasonable quantities and that consideration has been given to turnover, value, delivery quantities and delivery periods;
 - 7.1.3 that practicable steps are taken to ensure that a delivery note is submitted by a supplier for every delivery at the time of delivery;
 - 7.1.4 as soon as practicable after the delivery has been made that goods are checked to ensure that the correct quantity has been delivered and that they meet the appropriate quality standard;
 - 7.1.5 that no articles or goods are removed from stock without proper authority;
 - 7.1.6 that stocktakes are carried out in accordance with the procedures laid down by the S. 151 Officer;
 - 7.1.7 that an annual review of stocks held is undertaken with a view to reducing the number of slow moving items and disposing of obsolete stock items;
 - 7.1.8 that obsolete or other stocks no longer required for the purpose acquired are disposed of under arrangements approved by the S. 151 Officer;
 - 7.1.9 that accounts and records are maintained in connection with the receipt and issue of stores in such form and timetable as the S. 151 Officer may approve after consultation with the Statutory officers;
 - 7.1.10 that on 31 March each year the value of stocks held is certified and reported to the S. 151 Officer.

8 Surplus or Deficiency

- 8.1 Where any surplus or deficiency is revealed in excess of £5,000 in any item of stock the Chief Internal Auditor shall be advised.
- 8.2 The appropriate form should be completed for any deficiency and sent to the nominated officer responsible for Risk Management.
- 8.3 A report shall be presented to the Statutory Officers in order that authority to write off deficiencies or bring surpluses into charge may be obtained.

9 Checking of Stock

- 9.1 The S151 Officer is entitled to check stores and be supplied with any information relating to the accounting, costing, and financial records of the Council.

10 Disposal of Surplus or Obsolete Goods, Plant and Stocks

- 10.1 Surplus or obsolete goods or plant, whether held in store, on inventories must not be disposed of either by sale or destruction except upon the authorisation of:
 - 10.1.1 the relevant Executive Director where the value of the item or group of items is up to £10,000;
 - 10.1.2 the S.151 Officer in consultation with the relevant Portfolio Holder where the value is £10,000 or above.
- 10.2 In relation to inventory items (eg IT equipment) all items surplus to requirements should, in the first instance, be offered to other Council departments, schools etc prior to being disposed of.
- 10.3 Sale must be effected by public tender except when, in the opinion of the appropriate Executive Director and the S.151 Officer or Chief Executive (if the Executive Director is the S.151 Officer), the financial interest of the Council is better served by disposal by any other means. This could be by public auction.
- 10.4 A record of each disposal should be maintained (ie the approval, the price obtained and if appropriate the alternative method of disposal used). Inventories or stock records should be up-dated in a timely fashion to reflect the disposal.
- 10.5 Income from disposals shall be credited to the holding service unit.
- 10.6 Value Added Tax shall be accounted for on the sale proceeds if appropriate and the amount identified when banking the Income. The S.151 Officer or their nominated officer should be contacted if clarification of the VAT position is required.

Financial Rules of Procedure

Appendix H - Insurance

1 Responsibility for Insurance

- 1.1 The S.151 Officer is responsible for the arrangement of risk funding on advice from the Chief Financial Accountant.
- 1.2 The administration and resolution of all losses is the responsibility of the nominated officer in consultation with other officers where necessary by reporting to the S.151 Officer.

2 Record of Insurances

- 2.1 The S.151 Officer will keep a permanent record of all insurances, risks covered, premiums paid and of all self-funded risks and losses paid. This includes third parties arranging insurance where the Council has an insurable interest.
- 2.2 Documents to be permanently retained must include policy schedules and all liability insurance certificates for every period of insurance. Such responsibilities may be delegated to the nominated officer.

3 Incident/Accident Reporting

- 3.1 Every event with the potential to give rise to a financial loss, or involving injury to a member of staff, an elected Councillor or client of the Council, must be reported via the Council's incident reporting system.
- 3.2 It is the responsibility of the Head of Service/Service Director to ensure that there are nominated staff trained to input information on the Council's reporting systems.
- 3.3 Any serious incidents covered by Reporting of Injuries, Diseases or Dangerous Occurrences Regulations (RIDDOR) will be automatically reported to the Health and Safety Executive, once inputted onto the system by nominated staff.

4 Review of Risk Financing Arrangements

- 4.1 The S.151 Officer and the Chief Financial Accountant shall annually review the Council's risk financing arrangements and look at adequacy of provision in the light of changes in the environment including new legislation, imposed or contractual responsibilities, legal precedent, newly identified and quantified risks, or other concerns identified.

5 Consultation

- 5.1 Before any indemnity requested from the Council is provided, the Head of Service/Service Director responsible shall obtain written agreement from the S.151 Officer.
- 5.2 Generally Heads of Service/Service Directors should not allow burdens or responsibilities to be imposed on the Council through contract that would not otherwise be imposed by common law or statute.

6 Hiring of Professional Services

- 6.1 Heads of Service/Service Directors must provide, on a quarterly basis, through the budget monitoring process, full details of all professional services hired or sold to others and the estimated fee income for the twelve month period ahead.
- 6.2 The S.151 Officer will ensure that appropriate professional indemnity insurance is in place for the exposure notified.

7 Security – Responsibility for Security

- 7.1 All Heads of Service/Service Directors are responsible for maintaining proper security at all times for all information, buildings, stocks, stores, furniture, equipment and cash under their control and shall consult via the Head of Service/Service Director chairing the Security Group or nominated officer (such as the Information Security officer or Facilities Manager) where they consider security is thought to be defective or where they consider special arrangements are needed.
- 7.2 Appropriate security controls for all assets shall be identified by the risk assessment process and by referring to security standards and procedures. Arrangements shall be agreed as above.
- 7.3 Maximum limits for cash holdings shall be identified by the risk assessment process and agreed with the S.151 Officer and shall not be exceeded without permission.
- 7.4 Key holders for safes and similar security receptacles are to be agreed by each Head of Service/Service Director in conjunction with the S.151 Officer. The loss of keys shall be reported immediately using the security incident reporting procedures.

Financial Rules of Procedure

Appendix I - Trust Funds and Private Funds

1 Responsibility of officers

- 1.1 Officers administering any funds (Trust or Private) on behalf of others shall declare all such funds to the S.151 or nominated officer and shall deposit all securities etc., relating to such funds, with the S.151 or nominated officer unless the deeds otherwise provide.

2 Funds Held by Schools

- 2.1 All funds held by Schools shall be declared to the Board of Governors.

3 Funds Held on Behalf of Others

- 3.1 All funds held on behalf of others (Trust or Private) shall be subject to an annual audit, which shall be undertaken by a suitably qualified person. A copy of all audit reports and the final accounts shall be made available, on request, to Internal Audit for information. In respect of Schools, the audit report and the findings shall be presented to their School Governors.

4 Value Added Tax

- 4.1 Officers who are responsible for the administration of Trust or Private funds shall be responsible for ensuring that all Value Added Tax is correctly accounted for, and shall have due regard to the treatment of Value Added Tax on donated funds (as detailed in Section 15 of the Local Government Act 1972).

5 Investment

- 5.1 Officers shall be responsible for ensuring that Trust and Private Funds are appropriately invested for the benefit of the fund. Advice as to the most appropriate method of investment will be obtained from the Head of Finance and Property or nominated officer.

Financial Rules of Procedure

Appendix J – Schools

1 Financial Rules Applying to Schools (Fair Funding Scheme)

- 1.1 In relation to Schools operating under the Council’s Fair Funding Scheme the basis for advice and guidance to governors and head teachers is contained in these Rules and in the Council’s Contract Rules.
- 1.2 Under West Berkshire’s Scheme of Local Management for Schools (Fair Funding), governors will be required to observe certain financial conditions relating to:
 - 1.2.1 arrangements for the management of delegated expenditure, in particular for authorising expenditure, or transactions involving commitments to expenditure;
 - 1.2.2 the keeping and auditing of accounts and records (including school funds);
 - 1.2.3 the provision to the Local Education Authority (LEA) of copies of accounts and records (including school funds) and any other relevant documents and information that the LEA may, from time to time, require from the governing body.
- 1.3 Entering into a finance lease is prohibited without the consideration and permission of the Head of Finance and Property.