



Financial Regulations 2022-23

To be approved by Full Council on 29 September 2022

TABLE OF CONTENTS

1	INTRODUCTION.....	4
1.1	Background	4
1.2	Status of financial regulations	4
2	FINANCIAL MANAGEMENT.....	7
2.1	The Full Council	7
2.2	The Governance and Resources Committee	7
2.3	The Scrutiny Committee.....	8
2.4	The Head of Paid Service	9
2.5	The Monitoring Officer.....	9
2.6	The Chief Financial Officer.....	9
2.7	Directors.....	10
2.8	The Money Laundering Reporting Officer	11
2.9	Accounting Arrangements.....	11
2.10	Financial Outturn.....	12
2.11	Annual Statement of Accounts	12
2.12	Virements (Budget Transfers).....	13
2.13	Carry forwards	13
2.14	Emergency expenditure	14
2.15	Financial Training.....	14
2.16	Accounting policies	14
3	FINANCIAL PLANNING AND BUDGETARY CONTROL	15
3.1	Policy Framework.....	15
3.2	Performance Management.....	15
3.3	Medium term planning and budgeting.....	15
3.4	Revenue budget setting and monitoring	16
3.5	Capital programme.....	19
3.6	Determination of Affordable Borrowing	21
3.7	Reserves	21
4	RISK MANAGEMENT AND CONTROL OF RESOURCES	22
4.1	Introduction to risk management.....	22
4.2	Responsibilities	22
4.3	Insurance	24
4.4	Internal control	25
4.5	Internal audit	26

4.6	External audit	27
4.7	Preventing fraud, corruption and money laundering	28
4.8	Land, Property and Other Physical Assets (including vehicles, plant, equipment and stocks)	30
4.9	Leasing.....	32
4.10	Treasury Management (Investments and borrowing)	32
4.11	Banking, Corporate Credit Cards and Imprest Accounts (including petty cash and other floats).....	33
4.12	Staffing.....	35
4.13	Use of Consultants and Agency Services.....	35
4.14	Trust funds and Funds held for Third Parties	36
5	FINANCIAL SYSTEMS AND PROCEDURES	37
5.1	General Responsibilities	37
5.2	Income	37
5.3	Ordering and paying for work, goods and services.....	39
5.4	Payments to employees and members.....	41
5.5	Taxation	42
5.6	Trading accounts and business units.....	42
5.7	Retention of documents and records	42
6	EXTERNAL ARRANGEMENTS.....	44
6.1	Partnerships	44
6.2	External funding	45
6.3	Work for third parties.....	45
6.4	Work by third parties	46
7	COMPLIANCE WITH THE LOCAL GOVERNMENT TRANSPARENCY CODE	47
7.1	Publication of Data.....	47

1 INTRODUCTION

1.1 Background

- 1.1.1. Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs. It is required to conduct its business efficiently and to ensure that it has sound financial management policies in place and that they are strictly adhered to. Financial regulations, which set out the financial policies of the Council, are the means by which the Council meets that requirement.
- 1.1.2. Financial regulations set out a clear regulatory framework and define those accountable for the use of the Council's resources. They state not only what has to be done, but who is responsible for it. They apply to every Member and employee of the Council and anyone acting on its behalf, including partnerships which are subject to formal partnership arrangements.
- 1.1.3. These Financial Regulations are based upon CIPFA guidance with amendments to reflect the Council's requirements and arrangements.
- 1.1.4. Readers of these financial regulations should link them to other internal regulatory frameworks which form part of the Council's constitution - for example – contract standing orders, schemes of delegation, Responsibility for Functions, and Employees' and Councillors' Codes of Conduct, which include specific issues such as hospitality and gifts. Consideration should also be given to the Council's policies relating to Anti-Fraud, Bribery and Corruption, Anti-Money Laundering, Confidential Reporting (Whistleblowing), Procurement and Employment.

1.2 Status of financial regulations

- 1.2.1. Financial Regulations apply to every Member and employee of the Council and anyone acting on its behalf.
- 1.2.2. Financial Regulations provide the framework for managing the Council's financial affairs. They also form an important element in the Council's overall Corporate Governance Framework.
- 1.2.3. Financial Regulations are to be used in conjunction with the Constitution, Contract Standing Orders and Scheme of Delegation. The Director of Resources, in consultation with the Monitoring Officer, shall determine any matter on which conflict may arise.
- 1.2.4. Financial Regulations are approved by the Council and are usually reviewed at each annual meeting.
- 1.2.5. The Financial Regulations set out the responsibilities and expectations of:
 - Full Council, Committees and Members (Councillors)

- The Chief Financial Officer (CFO)*
- The Monitoring Officer (Director of Corporate & Customer Services)
- The Head of Paid Service (Chief Executive)
- The Corporate Leadership Team
- Designated budget holders and Senior Managers
- All other employees
- Organisations acting on behalf of the Council.

*Reference to the 'CFO' in this document means the Officer appointed to act as Section 151 Officer i.e. the Director of Resources.

1.2.6. All Members and employees have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.

1.2.7. The Director of Resources shall be the responsible financial officer for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972 and all accounting procedures, systems and records of the Council and its officers shall be determined by the Director of Resources. The Director of Corporate and Customer Services as Monitoring Officer has responsibilities for legal compliance.

1.2.8. The Director of Resources is also the responsible officer under Section 114 of the Local Government Finance Act 1988 for reporting to Council if the authority:

- (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,
- (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority,
- (c) is about to enter an item of account the entry of which is unlawful.

In addition, the Director of Resources is under a duty to report to Council if it appears that the expenditure of the authority incurs (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

1.2.9. The Director of Resources is responsible for:

- maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to full Council for approval;
- reporting, where appropriate, breaches of the Financial Regulations to the Council and any other appropriate committees;
- issuing advice and guidance to underpin the Financial Regulations that Members, employees and others acting on behalf of the Council are required to follow.

- 1.2.10. No item shall be placed before the Council or its Committees without obtaining the Director of Resources' assessment of its financial implications and financial risk. Any report containing new proposals shall include a financial risk assessment by the Director of Resources.
- 1.2.11. The Director of Resources shall support these Financial Regulations with the issue of more detailed instructions to Directors from time to time, including the issue of formal Financial Procedures.
- 1.2.12. The Director of Resources is responsible for maintaining a continuous review of Financial Regulations. Any changes to Financial Regulations shall be subject to approval of the full Council.
- 1.2.13. The Chief Executive and Directors are responsible for ensuring that all employees within their respective service areas are aware of the existence and content of, and comply with, the Council's Financial Regulations, Contract Standing Orders and any other financial instructions the Director of Resources might issue from time to time. Copies of these Financial Regulations are available on the Council's intranet.
- 1.2.14. Any disagreement arising over the interpretation, intention or application of the Financial Regulations shall be determined by the Director of Resources.
- 1.2.15. It may be considered a disciplinary offence if any employee fails to comply with these Financial Regulations.
- 1.2.16. Employees have a duty to report apparent breaches of Financial Regulations to an appropriate senior manager. The senior manager should report breaches of the Regulations to the Director of Resources and the Monitoring Officer who will decide what, if any, further action needs to be taken. The Director of Resources or Monitoring Officer may report any breach of Financial Regulations to the Governance and Resources Committee.
- 1.2.17. If an employee is in any doubt about the appropriate action required, they should consult their senior manager in the first instance. If there remains any doubt, advice should be sought from the Director of Resources before proceeding.
- 1.2.18. In these Financial Regulations all references to authorisation or signatures apply to those on hard copy (paper) and electronic records. A digital signature authorisation carries no less weight and imposes no less responsibility on the authorising officer than a handwritten signature. Designated authorising officers must ensure that they maintain the security of their personal user identity and password details as these identifiers will be taken as the equivalent of a personal, handwritten signature for the purposes of authorisation.

2 FINANCIAL MANAGEMENT

2.1 The Full Council

2.1.1. The Council is responsible for:

- the approval of these Financial Regulations;
- approving and adopting the policy framework and strategies, including those relating to financial affairs such as the Medium Term Financial Strategy and the Investment Strategy;
- approving the revenue budget capital programme, supplementary estimates and revised revenue budget, setting the council tax and authorising the treatment of reserves and balances;
- approving or adopting a plan or strategy for the control of borrowing, investments or capital expenditure, or for determining the authority's minimum revenue provision;
- confirming the appointment or dismissal of the Head of Paid Service, Corporate Director, Monitoring Officer or Chief Financial Officer;
- considering reports of statutory Officers i.e. from the Chief Financial Officer or Monitoring Officer;
- considering the reports of the Head of Paid Service in relation to organisational review and resources;
- providing the Council's Director of Resources with the resources necessary to carry out their statutory duties.

2.1.2. The Council must ensure that it has a sound system of internal control which

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective;
- includes effective arrangements for the management of risk.

2.2 The Governance and Resources Committee

2.2.1. The Governance and Resources Committee takes the statutory role of an "Audit Committee" and provides independent review, challenge and assurance of the adequacy of the risk management framework and the associated control environment.

2.2.2. This Committee will consider specific issues or aspects of policy, procedure or service relating to:

- Asset Management
- Financial Governance
- Internal and External Audit
- Human Resources
- Legal and Corporate Governance
- Procurement and Contract Management

- Revenues and Benefits.

2.2.3. Here are some of the key tasks that the Council has delegated to this Committee:

- To have an overview of the Governance framework and to develop and review supporting policies and procedures;
- To approve and review the Council's Code of Corporate Governance and other supporting material;
- To approve the Annual Governance Statement and the Annual Statement of Accounts;
- To consider the External Auditor's reports on issues arising from the Audit of Accounts, the External Audit Plan, the Annual Audit Completion Report etc.
- To approve and review the internal audit plan, consider major findings of internal audit investigations and management's response, and promote co-ordination between the internal and external auditors;
- To keep under review the effectiveness of internal control systems, to receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant committee and/or officer;
- To consider the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor;
- To approve the Council's Risk Management Policy and Strategy and consider the annual monitoring report as part of considering the effectiveness of Risk Management, including the risks of bribery, fraud and Corruption.
- To be responsible for the effective management of the Council's land, buildings and property holdings;
- To act as the main "financial committee" to regulate and control the finances of the Council as defined in the Local Government Act 1972;
- To determine policy in relation to the Council's duties and responsibilities as an "employer" and in relation to human resources, employee training and development and industrial relations issues;
- To determine policy and oversee arrangements in relation to the Council's duties and responsibilities under the Data Protection Act;
- To undertake the role of the standards committee.

2.3 The Scrutiny Committee

2.3.1. The primary purpose of the Scrutiny Committee is

- To provide an independent review of Council decisions either before or after they have been made;
- To provide an independent review of decisions made by certain partner authorities;
- To make recommendations regarding the decisions made.

2.4 The Head of Paid Service

- 2.4.1. The Head of Paid Service is one of the three statutory officers. At Derbyshire Dales District Council the Chief Executive is nominated as the Head of Paid Service and is responsible for the corporate and overall strategic management of the Council as a whole. They must report to and provide information for the Full Council and Committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

2.5 The Monitoring Officer

- 2.5.1. The Monitoring Officer is one of the three statutory officers. The Director of Corporate and Customer Services is the Council's appointed Monitoring Officer. The Monitoring Officer is responsible for the legal governance arrangements for the Council and reviews the Constitution, oversees the ethical framework, and has a personal duty to report to the Council any breaches in the rule of law. They are also responsible for promoting and maintaining high standards of conduct and for reporting any actual or potential breaches of the law or maladministration and for ensuring that the procedures for recording and reporting key decisions are operating effectively.
- 2.5.2. The Monitoring Officer is responsible for advising all Members and officers about who has the authority to take a particular decision and whether a decision is likely to be considered contrary to the policy framework. The Monitoring Officer and the Director of Resources are also responsible for advising the Full Council if a decision could be considered contrary to the budget.

2.6 The Chief Financial Officer

- 2.6.1. The Chief Financial Officer (CFO) is one of the three statutory officers. The responsibilities of the CFO are set out in statute, such as section 151 of the Local Government Act 1972. They refer to the totality of the financial affairs of the Council in all its dealings.
- 2.6.2. The Director of Resources is the Council's appointed Chief Financial Officer (CFO) and Section 151 Officer. This is a statutory post with overall responsibility for the financial affairs of the Council including the promotion of good financial management throughout the organisation, so that public money is safeguarded at all times, and used appropriately, economically, efficiently and effectively.
- 2.6.3. The CFO's responsibilities include setting and monitoring compliance with financial management standards, advising on the corporate financial position and on key financial controls, providing financial advice, advising on preparation of revenue and capital budgets, and treasury management.
- 2.6.4. The role of CFO conforms to the good practice requirements within the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". The

Council's Chief Financial Officer is a full member of the Corporate Leadership Team and is supported by appropriately qualified and experienced staff.

- 2.6.5. The Director of Resources helps the Corporate Leadership Team to develop and implement strategy and to resource and deliver the organisation's objectives for the long term and in the public interest. They are actively involved in, and able to bring influence to bear on all material business decisions, to ensure that the immediate and longer term implications, opportunities and risks are fully considered, and consistent with the overall financial strategy.
- 2.6.6. The Director of Resources is responsible for advising committees on all financial matters. They must be consulted on all financial matters and given adequate opportunity to provide written comments in any report with financial implications.
- 2.6.7. Where the urgency procedures set out in the Council's Constitution are to be invoked, the Director of Resources must first be consulted on financial and other resource implications.
- 2.6.8. After consulting with the Head of the Paid Service and the Monitoring Officer, the Director of Resources will report to the Full Council and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.
- 2.6.9. The Director of Resources, if necessary in conjunction with the Chief Executive and after consultation with the Leader of the Council, shall have the powers to take any action necessary to safeguard the interests of the Council.

2.7 Directors

- 2.7.1. Directors must operate efficient systems of financial control and are responsible for:
- proper financial administration of the services under their control in accordance with these Financial Regulations;
 - promoting these Financial regulations and issuing guidance on their application to their respective employees;
 - timely provision of such information on the financial affairs of their services as the Director of Resources may request;
 - ensuring that the financial implications of all proposals have been agreed by the Director of Resources;
 - consulting with the Director of Resources and seeking their approval on any matter that could materially affect the Authority's financial position before any commitments are incurred;
 - Informing the Director of Resources of any situation that may create a contingent liability, potential claim or litigation.

2.8 The Money Laundering Reporting Officer

- 2.8.1. The Council has nominated the Director of Resources as the Money Laundering Reporting Officer. They are responsible for notifying the National Criminal Intelligence Service (NCIS) of any suspected cases of money laundering committed within the accounts of the Council as soon as possible and for other duties as defined by legislation or regulation related to the post.

2.9 Accounting Arrangements

- 2.9.1. The Director of Resources is responsible for determining the accounting and supporting records of the Council and its financial control system.
- 2.9.2. The Director of Resources must ensure that the financial control systems are observed and that the accounting records are kept up to date. The accounting records must contain:
- entries from day to day of all sums of money received and spent by the Authority and the matters to which its income and expenditure or receipts and payments relate;
 - a record of the assets and liabilities of the Authority.
- 2.9.3. The financial control systems determined by the Director of Resources must include measures:
- to ensure that the financial transactions of the Authority are recorded as soon as, and as accurately as, reasonably practicable;
 - to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records;
 - to ensure that risk is appropriately managed;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.
- 2.9.4. Accounting procedures will reflect recommended professional practices, and follow accounting principles as determined by the Director of Resources. Accounting procedures will be reviewed as necessary by the Director of Resources in consultation with Directors. No change to existing accounting procedures may be made without prior consultation with the Director of Resources.
- 2.9.5. The Director of Resources must examine and certify where required any submission, estimate, or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant or funding.
- 2.9.6. The Director of Resources must examine and certify where required any financial return to a Government Department or other body.

2.10 Financial Outturn

- 2.10.1. The Director of Resources will prepare a report to full Council on the Revenue and Capital Outturn after the financial year-end.

2.11 Annual Statement of Accounts

- 2.11.1. The Director of Resources is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).
- 2.11.2. The Director of Resources shall advise the Corporate Leadership Team of any accounting changes that are likely to have a significant impact on the Council's financial position or any requirements for additional information or record keeping.
- 2.11.3. Following appropriate consultation, the Director of Resources shall issue a "Final Accounts Closedown Programme" before the financial year end. All officers are required to support the closedown programme and to alert the Director of Resources to any issues or delays in achieving the timetable.
- 2.11.4. The Director of Resources shall carry out the following in accordance with the deadlines set in the Accounts and Audit Regulations:
- sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the authority at the end of the financial year to which it relates and the Authority's income and expenditure for that financial year;
 - publish the draft Statement of Accounts on the Council's website;
 - advertise the audit of the Statement of Accounts and the period of public inspection.
- 2.11.5. The Statement of Accounts is subject to external audit, to provide assurance that the accounts have been prepared correctly, that proper accounting practices have been followed and that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.
- 2.11.6. The Director of Resources shall liaise with the external auditors to set the detailed external audit timetable. The Director of Resources shall ensure the external auditors have the facilities and systems access necessary to complete their audit.
- 2.11.7. The Director of Resources shall report the audited statement of accounts to the Governance and Resources Committee prior to 30 September following the financial year end. The Committee shall also consider the external audit completion report and the letter of representation. The Committee shall approve the statement of accounts on behalf of the Council. The Director of Resources must then publish the approved Statement of Accounts together with the external auditor's opinion on the Council's website.

2.12 Virements (Budget Transfers)

- 2.12.1. Transfers between budgets, known as virements, are an integral and important feature of budgetary control. They provide the Corporate Leadership Team and Budget Holders with the flexibility to adapt expenditure patterns to meet changing service needs and objectives, or to respond to unforeseen cost increases. Virements should not be made to balance over and underspends that have occurred.
- 2.12.2. Virements can be “one-off” for a single financial year or permanent. Permanent virements require an adjustment to the base budget. Transfers may be made where the management responsibility for a service has changed.
- 2.12.3. Virements will be allowed only where they are within the overall policy framework. They must not create an increasing commitment in future years which cannot be contained within existing approved budget allocations.
- 2.12.4. Directors may authorise virements of up to £10,000 from one service provision to another within a relevant service portfolio after consultation with the Director of Resources. Virements from £10,000 to £25,000 within or between service portfolios may be approved by the Director of Resources. For virements / budget transfers exceeding £25,000, a report shall be taken to the Governance and Resources Committee.
- 2.12.5. Budgets for salaries, wages and associated costs (such as agency cover, recruitment advertising etc.) may be amended, following approval by the Corporate Leadership Team, provided that the cost is within the overall employee budget.
- 2.12.6. Directors will notify the Director of Resources of all virement decisions before expenditure is committed.
- 2.12.7. The authorisation limits set out above do not apply to technical budget transfers necessitated by proper accounting practice that may be authorised by the Director of Resources.

2.13 Carry forwards

- 2.13.1. The Committed Expenditure Reserve may be used to carry forward budget under spending into the next financial year. This prevents the rush to spend up to budget at the end of the financial year, which can lead to poor spending decisions.
- 2.13.2. Carry forwards may also be permitted where it is known that material budgeted expenditure will not now be incurred until the next financial year.
- 2.13.3. Carry forwards will be determined in accordance with guidelines issued by the Director of Resources, considering the Authority’s overall financial position.

2.14 Emergency expenditure

- 2.14.1. The Chief Executive and / or Director of Resources has authority to carry out any function of the Council and to approve a supplementary revenue or capital budget of up to £25,000 in order to carry out that function, provided that the Chairman of the relevant policy committee has been consulted and the spending is in advancement of an approved policy position or project or in accordance with a specific Committee or Council decision.
- 2.14.2. The Director of Resources has authority to approve supplementary revenue and capital budgets where a grant has been awarded subsequent to the revenue budget or capital programme being approved and it is necessary, in order to meet grant conditions, to incur associated expenditure before a report can be taken to Council to request a supplementary revenue or capital budget. In such cases, the amounts will be reported to a future Council meeting as part of an updated capital programme or revenue budget monitoring.

2.15 Financial Training

- 2.15.1. The Corporate Leadership Team is responsible for ensuring that employees receive appropriate training to undertake their financial responsibilities, in accordance with any standards set by the Director of Resources.
- 2.15.2. The Director of Resources will provide training and advice to Members, to ensure that they have an understanding of the Council's strategic financial position.

2.16 Accounting policies

- 2.16.1. The Director of Resources is responsible for selecting accounting policies and ensuring that they are applied consistently.
- 2.16.2. The Governance and Resources Committee will be requested to endorse the accounting policies each year as part of the process for the Statement of Accounts.
- 2.16.3. Use of Capital Receipts - All capital receipts will be treated as corporate capital receipts unless specific approval for an alternative treatment is obtained from Full Council.

3 FINANCIAL PLANNING AND BUDGETARY CONTROL

3.1 Policy Framework

3.1.1. The Council has an integrated planning framework, which links the Corporate Plan and Service Plans with financial planning. Annual service plans for the coming financial year are approved at the budget setting Council meeting each March alongside the revenue budget, the capital programme and the Medium Term Financial Plan (MTFP). This enables scarce resources to be allocated in accordance with the Council's priorities.

3.2 Performance Management

3.2.1. Performance Management is a key element of the management of the organisation. It involves setting objectives, priorities, targets and plans, including financial plans, for all key service areas.

3.2.2. Performance against objectives, priorities and targets is monitored regularly with a view to achieving an integrated planning and review process across the Council. Appropriate action is taken to address the areas that are highlighted by monitoring as needing attention.

3.2.3. The Corporate Plan sets out the Council's objectives and priorities for a four year period. Annual Service Plans set out how the Council will achieve the outcomes and overall actions that are set out in the Corporate Plan. Both the Corporate Plan and annual Service Plans are set alongside the budget

3.3 Medium term planning and budgeting

3.3.1. To deliver the Corporate Plan the available money must be allocated in the most effective way, especially when resources are limited. The Council must have a Medium Term Financial Strategy and a sustainable Medium Term Financial Plan. A robust challenge process must be in place to ensure that the decisions made are achieving value for money. Budget setting and monitoring is an integral part of performance management.

3.3.2. Medium term financial planning requires:

- planning ahead
- linking resources to the corporate plan priorities
- ensuring that a balanced budget will be delivered
- looking at opportunities for efficiency savings and new income streams.

3.3.3. The Director of Resources shall prepare a Medium Term Financial Strategy (MTFS), which includes:

- A Medium-Term Financial Plan (MTFP), covering five financial years – the current year and the next four years;

- A policy in respect of reserves and provisions;
- A risk assessment.

- 3.3.4. The Medium Term Financial Strategy (MTFS) should be linked to corporate objectives, the Corporate Plan and other Council strategies/plans as appropriate.
- 3.3.5. The MTFS and MTFP should address reaching or maintaining the recommended level of reserves (see section on reserves below).
- 3.3.6. The MTFS should be updated by the Director of Resources and approved by the Council on an annual basis prior to the preparation of detailed budgets.

3.4 Revenue budget setting and monitoring

- 3.4.1. The Director of Resources is responsible for ensuring that a revenue budget for the coming year and a medium term financial forecast for the four subsequent financial years are prepared for consideration by Full Council in March each year. The budget and the medium term financial forecast are both driven by the corporate plan.
- 3.4.2. Annual revenue estimates and annual revised revenue estimates shall be prepared jointly by the respective Director of Service and the Director of Resources.
- 3.4.3. The Director of Resources shall make a budget report to the March Council meeting on the estimates for services for the following financial year. The proposed budget will reflect the Council's financial position taking account of potential government funding, council tax and business rates and medium term financial issues. The report will include the Director of Resources' assessment of the robustness of estimates contained within the proposed budget and the adequacy of reserves allowed for in the budget proposals.
- 3.4.4. The Council is legally obliged to set a balanced budget. The Full Council is responsible for approving the annual revenue budget and council tax for the coming financial year.
- 3.4.5. A rolling budget will be maintained throughout the year, reflecting budget changes arising from Council decisions made in the year after the budget was set, virements and supplementary estimates.
- 3.4.6. A mid-year report, reflecting income and expenditure to the 30 September (Q2), will be presented (usually to the October/November Council meeting) for approval of the annual revised estimates/budget for the current financial year.
- 3.4.7. The Director of Resources will present budget monitoring reports to the Governance and Resources Committee, and these reports will include a summary of any budget changes approved under delegated authority for the Committee to note, alongside any necessary budget changes for Member approval, as follows:

- To the July/August meeting, for the period ending 30 June (Q1);
- To the February / March meeting, for the period ending 31 December (Q3).

- 3.4.8. Following the financial year-end and prior to the statutory deadline to publish the Statement of Accounts, the Director of Resources shall present a provisional outturn report to Council. This report provides details of the provisional financial outturn for the year just ended and significant variations from the approved budget. It also seeks approval for the treatment of any under- or over-spending and transfers to and from reserves.
- 3.4.9. It is the responsibility of each Director of Service to ensure that the budgets for controllable expenditure on each Service (as shown in the circulated budgetary control reports) are not exceeded. Where it appears that such a service provision shall be exceeded by an amount in excess of £10,000, it shall be the duty of the Director of Service concerned, in consultation with the Director of Resources, to inform the relevant policy committee with recommendations on how the expenditure is to be funded or defrayed.
- 3.4.10. Directors may designate specific officers as budget holders. A budget holder is an individual who has been nominated by their Director as having responsibility for the managing specified budgets.
- 3.4.11. Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and for capital projects / schemes within their service areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure. Managers should be budget holders for their own areas and should be accountable for budget variances within them. Budget Holders must also take any action necessary to avoid exceeding their budget allocation or to address shortfalls in income. Directors must alert the Director of Resources to any significant financial variation (i.e. over £10,000) not previously reported in budget monitoring. The notification must also include an explanation of how the Director intends to ensure that any adverse variance is minimised. Directors must report any problem in delivering previously agreed savings in a format determined by the Director of Resources.
- 3.4.12. A budget holder is not expected to be an accountant but is required to manage their budgets effectively. This means ensuring that budgets are adhered to i.e. that expenditure does not exceed the budget and that income does not fall short. In addition, a budget holder must operate in a manner consistent with the Council's policies and be aware of any objectives or targets the Council has set relating to the particular cost centre(s) under his/her control.
- 3.4.13. A budget holder's responsibilities include:-
- Budget Preparation:
- a) To prepare estimates in accordance with deadlines and guidance specified by the Director of Resources, such as the Budget Holder's Manual;
 - b) To provide any budget data that the Director of Resources deems

necessary for the production of estimates;

- c) To respond promptly to any queries from the Director of Resources or the Financial Services Team regarding the above.

Budget Monitoring:

- a) To examine monthly budgetary control reports, supplying information required by the Director of Resources within specified timescales;
- b) To identify any budget variances and inform the Director of Resources and service director of variances exceeding (or likely to exceed) £10,000;
- c) To take action promptly to deal with budget variances.

Final Accounts

- a) To examine actual expenditure and income to ensure that it is fully accounted for in the correct financial year;
- b) To explain any budget variances that exceed £10,000 and to identify whether they are one-off or likely to recur in the following financial year;
- c) To complete accruals and other year-end processes as required by the Director of Resources.

- 3.4.14. No expenditure introducing major continuing liabilities to the Council, particularly new projects which involve financial commitments in future years, new policy or extension of services, may be incurred without prior consultation with the Director of Resources and the approval of Council either through the budget or separately in the course of the financial year. Such a report shall detail all the financial consequences and state whether sufficient financial provision is available in the budget for the proposal in current and future years and what action is proposed if such provision is not available.
- 3.4.15. A Director shall not incur a liability which would cause expenditure to exceed an approved budget head unless this can be met by way of a supplementary estimate or virement. The necessary approval must be obtained in advance of the relevant commitment being made. Any request for a Supplementary Estimate shall be made after consultation with the Director of Resources.
- 3.4.16. Additional income and savings that do not arise as a result of operational management decisions may be used to finance additional expenditure only after consultation with the Director of Resources who may require a report to the relevant policy committee or full Council.
- 3.4.17. Directors have a responsibility to ensure that value for money is being achieved e.g. comparing costs and looking at procurement practice and opportunities.

3.5 Capital programme

- 3.5.1. Capital expenditure relates to the acquisition or enhancement of fixed assets with a long-term value to the Authority, such as land, buildings, major items of plant and equipment, vehicles or new ICT. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.5.2. Full Council is responsible for approving the capital programme and for monitoring actual expenditure against the programme. In order to provide sufficient challenge, policy committees will consider requests for new capital projects which, if approved, will be referred to Council for approval in the capital programme.
- 3.5.3. New capital projects: Where expenditure is required or anticipated which has not been included in the Capital Programme, a revision to the Capital Programme is required before that spending can proceed. A full business case must be completed for each proposed capital project. Business cases for new capital projects shall be assessed firstly by the Capital Programme Working Group, who will score the new bids prior to making recommendations to the Corporate Leadership Team. The Corporate Leadership Team will then consider the projects to be referred to Council for inclusion in the capital programme, taking into account the Council's priorities, the availability of funding etc. For projects over £25,000, or those of a political nature, a report is required to the relevant policy committee before the project is referred to Council for inclusion in the capital programme; if in doubt, the Director should seek the advice of the Director of Corporate and Customer Services.
- 3.5.4. Increased costs: Changes which result in an increase in the amount of an accepted tender or estimate by 10% or £50,000, whichever is the lower, shall be reported to the Director of Resources as soon as possible with an estimate of the probable new cost and an explanation of the additional cost. If the additional cost cannot be contained within the capital programme allocation, it will be necessary to seek approval from Council for any additional expenditure as part of the updated capital programme.
- 3.5.5. Revisions to the Capital Programme will generally be taken to Council only in March, May/June and October/November each year, unless there are exceptional circumstances. It is the role of the relevant policy committee to oversee the delivery of projects, within the approved capital programme.
- 3.5.6. The inclusion of a capital project within the Capital Programme will authorise the relevant Director to seek tenders to undertake the work subject to:
- compliance with the Council's Contract Standing Orders;
 - the Policy Committee or Council not having placed a specific requirement to report back prior to the issuing of tender documents.
- 3.5.7. The Director of Resources is responsible for:

- Recommending the Capital Programme covering the next four financial years to Council – this usually takes place in March (as part of budget setting), May/June (reporting the provisional out-turn) and October/November (a mid-year review) each year;
- Prescribing the items to be included in the business case template, to be used to assess proposed capital projects;
- Re-profiling projects already in the approved programme where expenditure is delayed or required sooner than anticipated;
- Changing the budget for projects already in the approved programme where appropriate;
- Ensuring that the capital programme is consistent with corporate, service and asset management objectives and priorities;
- Ensuring that projects to be recommended for inclusion in the capital programme have been evaluated using a robust business case process;
- Ensuring that the programme is fully funded and is affordable and sustainable in accordance with statute and the CIPFA Prudential Code;
- Ensuring that the Medium Term Financial Forecast makes appropriate revenue provision for capital financing cost and other revenue implications of capital programme projects;
- Ensuring that external funding for projects is maximised as far is appropriate;
- Preparing a Capital Strategy and a Minimum Revenue Provision Strategy;
- Ensuring that the Capital Programme is consistent with the recommended Treasury Management Strategy;
- Determining accounting policies on capitalisation in the Council's accounts.

3.5.8. The relevant Director is responsible for:

- Preparing a full business case for each proposed capital project and submitting it to the Capital Programme Working Group for consideration, within agreed timescales;
- Where business cases are approved by the CPWG and the Corporate Leadership Team for projects over £25,000, or those of a political nature, preparing a report to the relevant policy committee before the project is referred to Council for inclusion in the capital programme;
- Controlling and monitoring spending against the amount in the capital programme and reporting significant changes to the CPWG (and Director of Resources if appropriate – see above), with explanations for the changes.
- Providing the CPWG with proposals to re-profile projects already in the approved programme where expenditure is delayed or required sooner than anticipated;
- Entering financial monitoring information onto the monthly monitoring reports provided by the financial services team;
- Providing the Director of Resources with information that is required for inclusion in reports to policy committees, council or for accounting purposes;
- Compliance with contract standing orders.

- 3.5.9. Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the Director of Resources and the Monitoring Officer and, if applicable, approval of the scheme should be included as part of the capital programme.

3.6 Determination of Affordable Borrowing

- 3.6.1. It is the responsibility of the Director of Resources to provide the Council with a written report on affordable levels of borrowing. This report is to be presented at the meeting when the annual budget is set and should have regard to the Prudential Code for Capital Finance issued by the Chartered Institute of Public Finance and Accountancy. The report will contain a number of prudential indicators that demonstrate that capital spending plans are affordable, prudent and sustainable.

3.7 Reserves

- 3.7.1. It is the responsibility of Director of Resources to provide the Council with a written report on levels of reserves that are considered prudent. This advice is usually included in the Budget Setting Report (see section on budget above).
- 3.7.2. The Authority's Medium Term Financial Strategy and Medium Term Financial Plan should address reaching or maintaining the recommended level of reserves.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Introduction to risk management

- 4.1.1. All organisations face risks to their people, property, finances, services, reputation and continued operations. Risk management is about systematically identifying and actively managing these risks. It is an integral part of good business practice and is essential to securing the Council's assets and to ensuring continued financial and organisational wellbeing.
- 4.1.2. Risk can be mitigated by:
- transferring the risk to a third party, e.g. through insurance;
 - implementing additional controls to minimise the likelihood of the risk occurring and/or minimising its potential impact (e.g. through regular inspection and continuous monitoring of identified key risk areas);
 - establishing and regularly testing business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- 4.1.3. The Council has a Risk Management Policy and Strategy. The Council's approach to managing risk is a continuous review of exposure to risk within service areas, overseen by the Chief Executive and the Risk Continuity Group. This is delivered through the maintenance and review of strategic and operational risk registers, which detail the risks and action plans, together with the maintenance of a business continuity plan, an emergency plan and disaster recovery processes, as well as adequate insurance cover. It is essential that risk management is incorporated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.

4.2 Responsibilities

- 4.2.1. All Councillors and Managers are responsible for ensuring that risks are considered in the decisions they take. The Council has a Risk Management Policy and Strategy that is usually reviewed every two years. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.
- 4.2.2. All Councillors and employees shall ensure that they identify, manage and act on opportunities as well as risks to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council. Activities that are suspected to be high risks should be reported immediately to the relevant Director.
- 4.2.3. Service Managers shall carry out quarterly risk reviews and update the risks that sit within their respective service's risk register. Each Director will nominate a representative(s) to sit on the Risk Continuity Group (RCG).

- 4.2.4. The Risk Continuity Group (RCG) shall meet quarterly to review the Council's Strategic Risk Register and to ensure that there are adequate arrangements for risk reduction measures, training and risk management information to enable officers and members to perform their duties.
- 4.2.5. The RCG shall prepare a Risk Management Strategy (and review it every two years) and a Risk Management Annual Report. The Corporate Leadership Team shall consider these documents before they are presented to the Governance and Resources Committee for scrutiny and approval.
- 4.2.6. The Governance and Resources Committee is responsible for:
- Independent review, challenge and assurance of the adequacy of the risk management framework and the associated control environment;
 - Approval of the Council's Risk Management Policy and Strategy;
 - Consideration of the annual risk management monitoring report (as part of considering the effectiveness of Risk Management, including the risks of bribery, fraud and Corruption);
 - Reviewing the effectiveness of the risk management process.
- 4.2.7. The Chief Executive is responsible for:
- Ensuring that strategic risks are effectively managed within the Council; and
 - Providing an annual statement of assurance on strategic risks (the Risk Management Annual Report).
- 4.2.8. The Corporate Leadership Team is responsible for:
- Scrutinising significant risks in more detail as part of their annual work programme, as appropriate;
 - Taking corporate responsibility for risk;
 - Ensuring that a business continuity plan and emergency plan are in place;
 - Ensuring that disaster recovery processes are in place and are sufficient;
 - Addressing issues that cannot be addressed within service budgets or risk management fund of an extreme or high assessment;
 - Receiving reports of all extreme or high assessments.
- 4.2.9. Directors are responsible for:
- Championing and taking overall responsibility for implementing the Risk Management Strategy and embedding risk management throughout the Council;
 - Maintaining awareness of and promoting the approved risk management strategy to all employees;
 - Ensuring that there are regular reviews of risks within their respective services;
 - Maintaining an operational risk register for their respective services;
 - Reviewing risks identified by the line managers and team leaders;
 - Ensuring that risks which have been identified are addressed and mitigated

and that any high risks are addressed urgently;

- Reviewing risk action plans and ensuring that they are implemented;
- Ensuring that risk management is incorporated into service plans and project plans;
- Ensuring that a full risk assessment is included on all Committee / Council reports.

4.2.10. The Risk Continuity Group is responsible for:

- Preparing and recommending changes to the risk management strategy;
- Preparing, monitoring and reviewing the strategic risk register on a regular basis;
- Identifying and assessing / scoring risks on the strategic risk register;
- Recommending actions to address risks; and
- Arranging and providing risk management training as appropriate.

4.2.11. Managers and Team Leaders are responsible for:

- Identifying and analysing risks;
- Undertaking assessments at service level, at frequencies defining by Directors;
- Preparing risk register entries.

4.2.12. All employees are responsible for:

- Managing risk effectively in their job and reporting opportunities and risks to their managers or team leaders;
- Participating in risk assessment and action planning where appropriate;
- Adhering to Council policies and procedures; and
- Attending training and development sessions when requested.

4.3 Insurance

4.3.1. The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by/against the Council or result in financial cost or loss which may not otherwise be provided for.

4.3.2. The extent to which the Council “self-insures” is informed by the perceived risk and the Council’s claims history and is determined by the Director of Resources.

4.3.3. The Director of Resources shall be responsible for effecting and reviewing all necessary insurance and for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary, and for arranging suitable Fidelity Guarantee insurance in respect of all employees.

4.3.4. Directors shall be responsible for notifying the Director of Resources immediately of changes in any insurable risks (such as new properties or vehicles or disposals).

- 4.3.5. Directors shall notify the Director of Resources immediately of any loss, liability or damage that may lead to a claim against the Council.
- 4.3.6. Directors shall submit claims, or information in respect of claims, in accordance with arrangements made by Director of Resources. It is imperative that officers respond promptly to information requests and comply with the timescales for investigating claims and the insurer's conditions. Failure could directly affect the authority's ability to make or defend a claim or could result in financial penalties being imposed on the authority.
- 4.3.7. Directors shall consult the Director of Resources, the Director of Corporate and Customer Services and the Chief Executive before giving any indemnity, or making any admission of liability for or on behalf of the Council.
- 4.3.8. Directors should ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 4.3.9. Directors should consult the Director of Resources and the Director of Corporate and Customer Services and seek legal advice on the terms of any indemnity that the authority is requested to give.

4.4 Internal control

- 4.4.1. Internal control refers to the systems devised by management to guard against risk and promote achievement of objectives. More specifically, internal controls promote:
- the achievement of business objectives and performance standards;
 - compliance with plans, policies, procedures, codes of conduct, laws and regulations;
 - the reliability, integrity, timeliness and usefulness of information;
 - the legality of transactions and compliance with approved budgets and procedures;
 - the safeguarding of people, property, finances, services, continued operations and reputation.
- 4.4.2. Internal controls are an essential part of the Council's risk management arrangements and should be reviewed on a regular basis. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.
- 4.4.3. The Director of Resources is responsible for assisting the Authority in putting in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with all applicable statutes, regulations and codes of practice.
- 4.4.4. The Account and Audit Regulations 2015 require the publication of an Annual

Governance Statement. The statement represents the end result of a review of internal control and risk management and includes a description and evaluation of the internal control environment, the review process, and any significant issues.

- 4.4.5. The Director of Resources, in consultation with the Director of Corporate and Customer Services, Internal Audit Consortium Manager and the Corporate Leadership Team, shall draft an Annual Governance Statement in accordance with the Accounts and Audit Regulations.
- 4.4.6. The Governance and Resources Committee is responsible for reviewing the Annual; Governance Statement and should seek to satisfy itself that it has obtained sufficient, relevant and reliable evidence to support the disclosures made.
- 4.4.7. Following approval by the Committee, the statement shall be signed by the Chief Executive and the Leader of the Council by the statutory deadline.

4.5 Internal audit

- 4.5.1. Internal audit is an independent appraisal function that advises management on the effectiveness of their governance, risk and internal control arrangements.
- 4.5.2. The key features of internal audit are:
- it is independent of service operations in its planning and operation;
 - it has sufficient organisational status to facilitate effective discussion and negotiation of the results of its work;
 - it utilises risk-based methodologies in planning and delivering its work and does not have undue limitations placed on its scope;
 - the Chief Internal Auditor / Head of the Internal Audit Consortium has direct access to senior managers, elected members and the external auditor as appropriate;
 - Internal auditors comply with guidance issued by professional bodies, mainly the Public Sector Internal Audit Standards.
- 4.5.3. Internal Audit employees are authorised to appraise the adequacy of procedures employed by Directors of Service to secure economy, efficiency and effectiveness in the use of resources.
- 4.5.4. In accordance with Regulation 5 of the Accounts and Audit (England) Regulations 2015, the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or other guidance. This function shall be under the control of Director of Resources.
- 4.5.5. The Governance and Resources Committee shall be responsible for:-
- a) agreeing a 3-year strategic Internal Audit Plan and annual operational Internal Audit Plan;

- b) monitoring Internal Audit compliance therewith;
- c) considering reports produced in accordance with the Internal Audit Plan and responses to the recommendations made.

4.5.6. The Director of Resources or his/her authorised representative, shall have authority to:-

- a) enter any Council premises or land at any reasonable times;
- b) have access to all assets, records, documents, correspondence and control systems;
- c) receive any information and explanation considered necessary concerning any matter under consideration;
- d) require any employee of the Council to account for cash, stores or any other Council property under his/her control;
- e) access records belonging to third parties, such as contractors, when required (note that contracts should specify access rights);
- f) directly access the senior managers and elected members where appropriate.

4.5.7. The Director of Resources, supported by the Head of Internal Audit, will ensure that strategic and annual audit plans are prepared and that they take account of the characteristics and relative risks of the services being reviewed.

4.5.8. Directors are required to notify the Director of Resources of new areas of risk which may need to be subject to audit review. The Director of Resources' shall approve any new systems for the maintenance of financial records, or records of assets of the authority, or any changes to such systems.

4.6 External audit

4.6.1. The external auditor's responsibilities are defined in the Local Audit and Accountability Act 2014 and carried out in accordance with the Code of Audit Practice issued by the National Audit Office. This requires the auditor to review and report:

- I. that the accounts comply with the requirements of the enactments that apply to them;
- II. that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view; and
- III. that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4.6.2. The Governance & Resources Committee's responsibilities relating to external audit are:

- To consider the External Auditor's reports on issues arising from the Audit of Accounts, the External Audit Plan, the Annual Audit Letter etc.;

- To promote co-ordination between the internal and external auditors;
- To receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant committee and/or officer;
- To consider the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor.

4.6.3. The Director of Resources is responsible for:

- procuring and managing the contract for the external auditor;
- liaising with the external auditor to make arrangements for the audit and to discuss the findings of the audit;
- preparing reports on external audit issues for the Governance and Resources Committee;
- giving advice on external audit issues to the Committee, Chief Executive, Directors and other officers on their responsibilities in relation to external audit and issues arising from the audit.

4.6.4. The Chief Executive, Director of Resources and other Directors are required to:

- ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets;
- ensure that external auditors are provided with information and explanations that the external auditors consider necessary for the purposes of their work;
- consider and respond promptly to recommendations in external audit reports;
- ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor; and
- report on progress.

4.7 Preventing fraud, corruption and money laundering

4.7.1. The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs.

4.7.2. It is therefore expected that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations, with which it comes into contact, will act towards the Council with honesty and integrity. The Council expects all partners in both public and private sectors to establish robust and transparent governance arrangements.

4.7.3. Money laundering involves the 'cleaning' of illegal proceeds in order to disguise their criminal origin. The proceeds of criminal activity, usually cash, are introduced into the financial system where they are laundered enabling them to leave the system appearing to come from a legitimate source. The Council could be subject to money laundering attempts when accepting payments by cash in relation to the payment of substantial bills.

4.7.4. Responsibility for the prevention and detection of fraud, corruption, bribery and money laundering rests with all Councillors and employees of the Council. The key controls regarding the prevention of financial irregularities are that:

- the Authority has an effective [Anti-Fraud, Bribery and Corruption Strategy \(including Anti-Money Laundering Policy\)](#) in place and maintains a culture that will not tolerate any form of fraud, corruption, bribery, money laundering, abuse of position or other malpractice, whether it is attempted by persons or organisations within or external to the Council;
- internal control systems exist to minimise the risk of fraud, corruption and money laundering occurring;
- Codes of Conduct require all Members and employees demonstrate the highest standards of behaviour in the conduct of public business and a register of interests is maintained;
- the Codes of Conduct are widely publicised;
- managers are expected to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are found to be corrupt;
- the Council has Confidential Reporting (whistleblowing) procedures in place, which operate effectively;
- to prevent large scale money laundering, the Council has a ceiling of £10,000 on any one transaction (legislation states 15,000 euros).

4.7.5. Cases of suspected fraud, misappropriation of money, materials or equipment, or any mismanagement of money or other assets, or any other financial irregularities, shall be reported immediately to the Director of Resources, who shall investigate and report to the appropriate Director of Service, the Monitoring Officer and the Chief Executive. The roles and responsibilities of Internal Audit and individuals are set down in the Council's [Anti-Fraud, Bribery and Corruption Strategy \(including Anti-Money Laundering Policy\)](#).

4.7.6. Directors of Service shall be responsible for ensuring that relevant employees are aware of the requirements of the Council's Anti-Money Laundering Policy. Cases of known or suspected money laundering or terrorist financing activities shall be reported immediately to the Council's Money Laundering Reporting Officer (MLRO), currently the Director of Resources, who shall investigate as a matter of urgency. The procedure and reporting forms are detailed in the Anti-Money Laundering Policy which is incorporated within the Anti-Fraud, Bribery &

Corruption Strategy, available on the Council's [website](#).

4.7.7. The Director of Resources is responsible for:

- developing and maintaining an Anti-fraud, bribery and corruption policy, which includes laundering;
- ensuring that effective internal controls are in place to minimise the risk of fraud, corruption and financial irregularities
- ensuring that effective procedures are in place to identify both internal and external fraud;
- the investigation of reported cases of fraud, corruption, bribery, money laundering or other malpractice as a matter of urgency;
- where evidence of fraud etc. is found, reporting the outcome of investigations to the appropriate Director of Service, the Monitoring Officer and the Chief Executive and that all necessary steps are taken to prevent further loss and to secure records and documents against removal or alteration;
- providing advice, guidance and training on the policy to members and employees;
- determining whether the suspicions should be reported to the National Crime Agency.

4.7.8. All members and employees shall have due regard to the Council's [Anti-Fraud, Bribery and Corruption Strategy \(including Anti-Money Laundering Policy\)](#) and shall co-operate with investigations under the Policy and with regulatory authorities during any subsequent investigation.

4.7.9. All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (Director of Resources).

4.7.10. The relevant Director must ensure the full cooperation of senior management in any investigation and instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

4.8 Land, Property and Other Physical Assets (including vehicles, plant, equipment and stocks)

4.8.1. The Director of Regulatory Services (in conjunction with the Director of Resources and Director of Corporate & Customer Services) shall:

- make adequate arrangements to maintain an asset register of all assets with

a value in excess of £10,000 and ensure that all assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, or such standards as may supersede it;

- issue guidelines for the disposal of assets.

4.8.2. The Chief Executive and Directors must ensure that records and assets are properly maintained and securely held. 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.

4.8.3. Directors shall be responsible for the safe custody of assets under their control, and the maintenance of records in accordance with advice issued from time to time by the Director of Resources. Directors are responsible for ensuring that all assets in their control are appropriately maintained and shall:

- make adequate arrangements to maintain a property database in a form agreed with the Director of Resources for all properties, plant and machinery and moveable assets;
- ensure the security of all buildings and other assets, including cash, under their control;
- maintain inventories in a form determined by the Director of Resources;
- ensure that stocks of goods and materials are held at a level appropriate to the business needs of the Council;
- carry out a stock check at least once a year and provide the Director of Resources with a stock certificate at the end of each financial year;
- annually write-off and dispose of obsolete stores and equipment in consultation with the Director of Resources;
- make arrangements with the Director of Resources to ensure that all items are appropriately insured against loss.

All Council assets (including tools and equipment) with a value of £100 or more should be clearly identified and marked as property of the Council.

Significant stores discrepancies shall be subject to Internal Audit scrutiny.

4.8.4. No Council asset should be subject to personal use by an employee without prior authorisation from their director.

4.8.5. The Corporate Leadership Team is responsible for all disposals of land and property and for identifying any revenue implications arising from the sale of assets. Service Directors may dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing company) before disposing of them. Directors must ensure that value for money is obtained for every disposal and maintain adequate evidence (e.g. receipts, sealed bids) to support all asset disposals demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. Directors should ensure that income from disposals is correctly accounted for and promptly banked.

4.8.6. All assets to be disposed of over the value of £25,000 must be cleared with the

Corporate Leadership Team before they can be disposed of.

- 4.8.7. Directors must ensure that legal, environmental and other statutory issues are addressed when disposing of any assets and must ensure they take advice from the Director of Resources on the appropriate method of disposal.

4.9 Leasing

- 4.9.1. The Director of Resources shall be responsible for the evaluation and arrangement of all Capital financing facilities. This excludes the short-term hiring of equipment for periods of less than 12 months.

- 4.9.2. Directors must take appropriate advice from the Director of Resources and the Director of Corporate and Customer Services before entering into any lease agreement.

4.10 Treasury Management (Investments and borrowing)

- 4.10.1. This Council has adopted CIPFA's Code of Practice for Treasury Management in the Public Services. The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the Director of Resources.

- 4.10.2. Accordingly, the Council shall adopt a Treasury Management Strategy Statement (TMSS) setting out the policies and objectives of its Treasury Management activities. The Director of Resources shall review the TMSS annually and present a report for its approval by Full Council. The TMSS shall be considered for approval at the same meeting as the Council's Revenue Budget and Capital Programme. The Director of Resources shall report at least twice a year (a mid-year report and an out-turn report) to the Governance and Resources Committee to monitor treasury management activities against the Strategy.

- 4.10.3. As further required by the CIPFA Code, the Director of Resources shall prepare and maintain Treasury Management Practice Statements (TMPs). The Governance and Resources Committee will be responsible for the scrutiny of TMPs.

- 4.10.4. All money in the hands of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 referred to in the Code as the "Chief Financial Officer", i.e. the Director of Resources.

- 4.10.5. All Council decisions on borrowing, investment or financing shall be delegated to the Director of Resources who shall be required to act in accordance with CIPFA's "Treasury Management in the Public Services: Code of Practice".

- 4.10.6. The Director of Resources shall prepare an Annual Report on Treasury Management for presentation to the Council by 30 September of the succeeding financial year. The report will cover the activities of the treasury management operation and the exercise of delegated treasury management powers.

- 4.10.7. Should the Director of Resources wish to depart in any material respect from the main principles of the code, the reasons should be disclosed in the report to the Council.
- 4.10.8. All investments shall be made in the name of the Council or in the name of nominees approved by the Council. The Director of Resources shall be authorised to operate such investment accounts as he/she feels necessary, subject to compliance with the Council's Treasury Management Strategy Statement.
- 4.10.9. All Securities in the name of the Council or its nominees shall be held in the custody of the Director of Corporate and Customer Services.
- 4.10.10. All borrowings shall be in the name of the Council.
- 4.10.11. The Director of Resources shall arrange short-, medium- and long-term borrowing on the best available terms within the overall borrowing policy approved by the Council annually. The Director of Resources may appoint an external Cash Manager where appropriate.
- 4.10.12. No loans shall be made to third parties and no interests shall be acquired in companies, joint ventures or other enterprises without the approval of Council, following consultation with the Director of Resources.

4.11 Banking, Corporate Credit Cards and Imprest Accounts (including petty cash and other floats)

- 4.11.1. All arrangements with the Council's bankers shall be made by the Director of Resources, who will maintain and operate such bank accounts as they consider necessary. No bank account may be opened or closed except on the prior approval of the Director of Resources.
- 4.11.2. The Financial Services Manager is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.
- 4.11.3. Employees must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the Director of Resources. Opening an unauthorised bank account is a disciplinary offence.
- 4.11.4. Cheques will only be used for the Chairman's and Vice Chairman's Accounts. All cheques shall be ordered by the Director of Resources who shall make proper arrangements for their safe custody. Cheques drawn shall bear the signature of one of the authorised cheque signatories. Any amendments shall be approved by the signature of an authorised signatory.
- 4.11.5. All payments from the Council's main bank accounts shall be made by electronic methods e.g. Direct Debit, Bankers Automated Clearing System (BACS), Faster Payments or Clearing House Automated Payments System (CHAPS). All payments shall be authorised by an officer approved by the Director of Resources.

- 4.11.6. The Director of Resources shall make arrangements for a corporate credit card, PayPal and other such accounts as he/she considers are appropriate. Each individual transaction of this type shall not exceed £2,500.
- 4.11.7. The Corporate Credit Card is available for use by officers nominated by the Director of Resources to purchase goods up to £2,500 or to address specific requirements such as the payment of court costs. Key controls shall be built into the system through card limits, merchant categories, defined suppliers, and other measures. The Director of Resources is responsible for issuing guidance on the use of the Corporate Credit Cards.
- 4.11.8. Officers using the Corporate Credit Card must seek an assurance from the relevant budget manager that there is sufficient budget available to cover the cost of the transaction.
- 4.11.9. Corporate Credit Card balances are settled through the bank on a monthly basis. Statements are provided to enable employees from the Financial Services Team to check transactions and coding.
- 4.11.10. Misuse of a corporate credit card would normally constitute gross misconduct and could result in dismissal. The Director of Corporate and Customer Services and the Director of Resources are responsible for ensuring the cards are operated in a responsible manner.
- 4.11.11. All lost or stolen cards must be reported immediately.
- 4.11.12. Imprest and petty cash accounts can facilitate very minor items of expenditure where it would not be cost effective to use a corporate credit card or purchase order. Imprest and petty cash accounts must not be used to reimburse employee expenses, which must be made through payroll.
- 4.11.13. The Director of Resources shall provide such imprest accounts as he/she considers appropriate for the purposes of defraying petty cash or other expenses. Such accounts may be held as petty cash advances or as bank accounts as the Director of Resources may decide and should be maintained on the imprest system. The overall limit of the imprest account and the upper limit of the allowable expense shall be determined by the Director of Resources.
- 4.11.14. No income received may be paid into an imprest account and the account holder shall not permit the account to become overdrawn.
- 4.11.15. Payments from the imprest account, or those using the corporate credit card or PayPal account, shall be supported by the original invoice, or such other documentation as specified by the Director of Resources, including VAT receipts and the voucher should be authorised to confirm that the expenditure is reasonable and there is sufficient budget provision to cover the expenditure.
- 4.11.16. Imprest holders must reconcile their accounts to the finance system on a monthly basis or prior to seeking reimbursement. A certificate of value must be completed at 31st March each year and the records must be produced on demand.

- 4.11.17. Imprest accounts and the corporate credit card and PayPal account shall only be used for incurring properly authorised expenditure of the Council. They will not be used for personal expenditure, nor should any personal loans or advances be made from them.

4.12 Staffing

- 4.12.1. As Head of Paid Service the Chief Executive shall be responsible for ensuring the sufficiency of employee budgets and shall exercise adequate control over staffing costs including overtime, training and temporary staff. Directors will support the Chief Executive in this role by monitoring staffing in their respective departments and reporting significant issues to the Chief Executive.
- 4.12.2. The payment of salaries, wages, Members' allowances and allied payments shall be made only by the Chief Executive, or under arrangements approved by him/her and in accordance with Financial Procedures issued under these Regulations.
- 4.12.3. Claims for travelling and other expenses must be made on a monthly basis.
- 4.12.4. Accurate and effective systems must be in place and the following procedures and regulations must be followed:
- appointments shall be made in accordance with the approved Recruitment and Selection Procedures;
 - appointments shall be in accordance with the approved establishment and grade for the post; any requests to amend the approved establishment must be approved by the Corporate Leadership Team;
 - Salary payments shall only be made to bona fide employees;
 - costs associated with early retirements, redundancy payments and other similar events must be made through payroll and met from within the employee budget of the service involved unless there exists a specific corporate provision for this purpose.

4.13 Use of Consultants and Agency Services

- 4.13.1. Directors must ensure that their staff understand the distinction between employment and a contract for consultancy or agency services. If a consultant or agency worker is brought in to cover a vacant post or carry out a role similar to that of a member of staff then it is likely that the Council will be required to treat them as employed for tax purposes and pay them via the payroll. In these circumstances the Council's recruitment policies should be applied.
- 4.13.2. Where a consultant or agency worker is required to carry out a project which has a clear start and end date and is described in a brief or specification, and where the consultant will be taking on the risk and providing their own premises, equipment and insurance etc., then it is likely that the work will be governed by a contract and the consultant will be paid via the Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the

Council's contract standing order rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the consultant or agency worker.

- 4.13.3. Directors must ensure that where payments are to be made to consultants or agency workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Financial Services Manager or Senior Accountant.

4.14 Trust funds and Funds held for Third Parties

- 4.14.1. Directors of Service must ensure that all trust funds are in the name of the Council. Trust funds should not be held in the name of individual officers. All officers acting as trustees by virtue of their official position shall deposit securities etc. relating to the trust with the Director of Resources / Director of Corporate and Customer Services unless the deed otherwise provides.
- 4.14.2. Directors of Service must arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Resources and maintain written records of all transactions.
- 4.14.3. Directors of Service must ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust, and to contact the Director of Corporate and Customer Services as appropriate.

5 FINANCIAL SYSTEMS AND PROCEDURES

5.1 General Responsibilities

5.1.1. The Director of Resources is responsible for:

- issuing advice, guidance and procedures for officers and others acting on behalf of the Council in relation to its financial affairs;
- determining the financial management system, form of accounts and supporting financial records;
- establishing arrangements for the audit of the Council's financial affairs;
- approving any new financial systems and procedures to be introduced;
- approving any changes to existing financial systems and procedures, including the reconciliation of any financial information being fed into the core financial management system.

5.1.2. Directors are responsible for:

- ensuring that accounting records are properly maintained and are held securely;
- maintaining a complete audit trail for financial transactions;
- ensuring that there is sufficient separation of duties to provide adequate internal control and minimise the risk of fraud or other malpractice;
- maintaining documented and tested business continuity plans;
- documenting systems and procedures and ensuring staff are trained in their use;
- ensuring that systems and comply with the Data Protection Act;
- ensuring that employees are aware of and comply with Freedom of Information legislation.

5.2 Income

5.2.1. The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.

5.2.2. The responsibility for the collection of all income due to the Council lies with the Director of Resources. The Director of Resources is responsible for approving procedures, systems and documentation for collecting and banking income and writing off debts as part of the overall control framework of accountability and control.

5.2.3. No new proposal to generate or charge income shall be introduced without approval of the Chief Executive, after consultation with the Director of Resources on the financial and taxation implications.

5.2.4. Directors shall undertake an annual review of fees and charges in consultation with the Director of Resources and the Director of Resources shall be present a joint report to the Governance and Resources committee (usually in January for

the coming financial year) for approval.

- 5.2.5. Wherever possible and appropriate, income should be obtained in advance or at the point of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost of administering debts.
- 5.2.6. The Director of Resources shall be notified promptly of all money due to the Council. To this end, each Director shall provide such information as the Director of Resources shall specify to enable a correct record of sums due to be prepared and to ensure that accounts are raised promptly. All invoices for goods and services must be raised within 14 days of the transaction taking place, and all external rules and regulations, particularly those relating to taxation, must be complied with.
- 5.2.7. All monies received by an authorised officer or authorised agent of the Council must be banked at the first opportunity (in accordance with the cash management contract where income is received in the form of cash). In exceptional circumstances, the Director of Resources may approve that a proportion of cash bankings may be deferred up to a maximum of 4 days.
- 5.2.8. Official receipts shall be issued at the time of receipt of income, except where the transaction is for less than £10 and prior consent has been given by the Director of Resources. Only receipts supplied or agreed by the Director of Resources shall be used. All copy and cancelled receipts shall be retained for up to 4 years for inspection by the Director of Resources or his/her staff.
- 5.2.9. Where a hand-written receipt is issued, all monies received should be paid in without delay via the nominated security company or other arrangement agreed by the Director of Resources along with a copy of the hand-written receipt. All the records should be retained for 4 years inspection by the Director of Resources.
- 5.2.10. Personal cheques shall not be cashed.
- 5.2.11. Any transfer of money from one member of staff to another shall be supported by an official receipt or, where appropriate, by the signature of the receiving officer.
- 5.2.12. The Director of Resources shall take all reasonable steps for the recovery of debts including court proceedings, when justified, that may be instigated in consultation with the Legal Services Manager who shall advise and assist with legal requirements.
- 5.2.13. All requests for write off must be accompanied by a brief report giving the reasons for the request and supporting documentation. The Director of Resources shall have the authority to write off individual debts of less than £10,000, after due consideration of the circumstances, unless the debt is due to officer error, in which case there shall be no limit. The write off of debts of £10,000 or more will require the approval of the Governance and Resources Committee.
- 5.2.14. Each Director of Service shall, within such a period as the Director of Resources

may specify, supply such information after 31 March in each year as shall enable income for the previous financial year to be properly accounted for and resulting accounts to be raised promptly.

5.3 Ordering and paying for work, goods and services

- 5.3.1. The authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's procurement strategy and Contract Standing Orders.
- 5.3.2. Every employee and member of the authority must declare to the Director of Corporate and Customer Services and (for employees) their own Service Director any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct.
- 5.3.3. Expenditure on work, goods and services must comply with the Council's Contract Standing Orders, which set out the procurement framework and the thresholds.
- 5.3.4. Unless agreed by the Director of Resources, Purchase Orders may only be raised on the Agresso Financial System. Purchase Orders must be raised for all works, goods and services to be supplied to the Authority, except for supplies of utilities, periodic payments (such as rent or rates), petty cash and purchase card purchases. Purchase card purchases should only be used for the purchase of goods. All other purchases must have a specific contract in place that has been agreed by the Council's legal team; provided that such a contract is in place, a purchase order may be issued to a supplier.
- 5.3.5. Commitments and accruals will be automatically recorded onto the Council's Agresso Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred or committed and the balance remaining against each budget head.
- 5.3.6. Directors and / or their delegated officers may place purchase orders for expenditure up to the amounts provided in the approved Budget, provided that such orders conform to Contract Standing Orders, Financial Procedures and these Regulations.
- 5.3.7. Official Orders shall be in a form approved by the Director of Resources and Director of Corporate and Customer Services. Responsibility for orders lies with the appropriate Director and / or their delegated officer. Acceptance of any order by a supplier forms a legally binding contract. Official Orders will show amounts in £ sterling. Foreign currency transactions are not allowed without the prior written consent of the Director of Resources.
- 5.3.8. The Director and / or their delegated officer issuing an Official Order is responsible for certifying the receipt of goods and services or any variation in price on the Agresso Financial System, thereby authorising the related invoice(s)

for payment, and similarly for any other payment vouchers or invoices arising from his/her service area. Directors may nominate staff to approve Official Orders and certify invoices or payment vouchers on their behalf.

5.3.9. Directors are responsible for:

- ensuring best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality and by utilising corporate purchasing arrangements where they exist;
- establishing and maintaining sound and efficient systems for the ordering, receipt, checking and payment of goods and services in a form approved by the Director of Resources, which incorporate, as far as possible, separation of duties between the ordering, receiving and payment processes;
- maintaining an up-to date list of those officers authorised to authorise official orders and/or authorise payments and supplying a copy of the list to the Director of Resources. The list is to clearly show the financial limits of authority which apply to each officer;
- ensuring that official purchase orders are used for all goods and services except where the prior written approval of the Director of Resources has been obtained;
- ensuring that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment.

5.3.10. No invoice shall be passed for payment until the relevant Director, or his/her authorised nominee, is satisfied it is in accordance with the Council's Financial Regulations and Financial Procedures.

5.3.11. Each Director shall, as soon as possible after 31st March and not later than the date specified by the Director of Resources in each year, notify the Director of Resources of all outstanding expenditure relating to the previous financial year.

5.3.12. The Director of Resources has a duty under law to make payments, whether or not provision has been made in the Budget, in the following cases:

- (a) Payments specifically required by statute;
- (b) Payments under a Court Order;
- (c) Payments under a contract properly made by a Director;
- (d) Where an Official Order has been issued.

5.3.13. The Director of Resources shall make payments from the Council's official funds, providing that the relevant authorisations have been made on the Agresso Financial System (or by any other procedure authorised by the Director of Resources) by Directors or their delegated officers and that the expenditure has been duly incurred in accordance with these Financial Regulations.

5.3.14. Official Orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of Council contracts or preferential terms

enjoyed by the Council.

5.3.15. The Director of Resources shall publish data on the Council's website to show:

- the percentage of undisputed invoices paid within 30 days and the amount of interest paid to suppliers due to late payment;
- details of spending over £250.

5.4 Payments to employees and members

5.4.1. Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the Authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Full Council.

5.4.2. The Human Resources & Payroll Manager is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc. and submission of related tax returns to HM Revenue and Customs by their due date for the above.

5.4.3. The Human Resources & Payroll Manager shall:

- arrange and control secure and reliable payment of salaries, wages, compensation, other emoluments, expenses and allowances in accordance with procedures produced in agreement with the Director of Resources;
- record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions to the relevant bodies;
- commission external taxation advice where appropriate and discuss the advice with the Director of Resources prior to implementing any procedural changes;
- provide accounting records of all transactions in the form determined by the Director of Resources.

5.4.4. Directors are responsible for:

- Ensuring that employee appointments are made in accordance with the regulations of the Council and approved establishments, grades and scales of pay and that budget provision is available;
- notifying the HR and payroll team as soon as practicable of all appointments, terminations or variations which may affect the pay of an employee, in the form determined by the HR and Payroll Manager;
- informing the HR and Payroll Manager of those managers authorised to sign records and returns relating to payments to employees and councillors via the electronic system or other procedure approved by the HR and Payroll Manager;
- ensuring that all payments to employees and councillors, including all

casual and temporary staff, are processed only through the payroll system.

5.5 Taxation

- 5.5.1. The Director of Resources is responsible for providing information to HMRC in relation to the Construction Industry Tax Deduction Scheme as required and advising Directors of their responsibilities under the scheme.
- 5.5.2. Directors are responsible for ensuring that the appropriate controls and procedures are operated within the service area in relation to taxation issues.
- 5.5.3. The Director of Resources is responsible for completing the monthly return of VAT (inputs and outputs) to HMRC. The Director of Resources will monitor the Council's partial exemption limit. The Director of Resources must be consulted by Directors on whether to opt to tax on any major project or land.
- 5.5.4. The Director of Resources should be consulted on the VAT and taxation implications of any new service development. The Director of Resources shall commission external VAT and taxation advice where appropriate.

5.6 Trading accounts and business units

- 5.6.1. In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year. The Director of Resources is responsible for ensuring that trading accounts are treated properly in the Council's accounts.
- 5.6.2. Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.
- 5.6.3. The Director of Resources shall determine in liaison with other Directors the need for the establishment and operation of trading accounts and business units.

5.7 Retention of documents and records

- 5.7.1. Directors shall be responsible for ensuring that records are carefully and systematically retained for inspection by the Monitoring Officer, Director of Resources, or internal or external audit and agencies such as HM Revenue and Customs.
- 5.7.2. The minimum periods for the retention of financial records are set out in the Council's Document Retention Policy. The key areas are set out below:
 - mortgages, bonds, stocks and other holdings, insurance, contracts, pension

- information and transfer values should be held indefinitely;
- documents relating to EU grant schemes should be retained for 30 years;
- other contract documents including the final account where the contract is under seal should be retained for 12 years;
- the majority of accounting records should be retained for a period of six years following audit.

In the event of doubt, advice should be sought from the Director of Resources.

- 5.7.3. Following the period of retention, records should be disposed of in accordance with the Document Retention Policy.

6 EXTERNAL ARRANGEMENTS

6.1 Partnerships

6.1.1. The Full Council is responsible for approving delegations, including frameworks for partnerships for service provision.

6.1.2. The Director of Resources must ensure that the accounting arrangements to be adopted relating to companies, partnerships and joint ventures are proper. The activities are likely to be consolidated in the Council's Statement of Accounts. Companies, partnerships and joint ventures must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.1.3. The Chief Executive and Directors must ensure that the full implications of any service provision partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed to the satisfaction of the Corporate Leadership Team:

- Is a partnership the best vehicle for achieving the desired outcome?
- What are the aims and objectives of the partnership and are they consistent with the Council's priorities?
- How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements? There must be a right of access for the Council's auditors at all times to all documents, records, premises and employees.
- What is the expected duration of the partnership? Is there an exit strategy?
- What is the Council's commitment in terms of finance and other resources?
- What are the resource implications in terms of staff, premises etc.?
- What are the risks and how will they be managed and monitored? The relevant service director must prepare a full risk assessment for each proposed partnership;
- What is the legal status of the partnership and how will it be governed?
- Are the roles and responsibilities of each partner clear?
- Are there any personal responsibilities for individual officers and how does this fit with the Council's scheme of delegation, contract standing orders and these financial regulations?
- How will the performance of the partnership be monitored and how will success be measured?
- Are there any taxation issues?
- How will goods and services required by the partnership be procured?
- Is there a robust business case?

6.1.4. The relevant Director is responsible for seeking appropriate approvals before any commitment or agreement is entered into.

6.1.5. A partnership arrangement must not be used as a means of avoiding the Council's procurement rules.

6.2 External funding

- 6.2.1. The Council bids for funds from government departments and other external agencies. On occasion the Council may be granted external funding without the need for bidding. Each funding regime is subject to its own rules and regulations and the process for submitting applications and drawing down funding varies.
- 6.2.2. It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood. Directors should:
- ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
 - ensure that an officer is nominated as project manager;
 - consult the Financial Services Team when preparing grant bids to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account.
 - ensure that the application is signed off by the Director of Resources or an appropriate officer in the Service and complete any pre-application checklist issued by the Director of Resources;
 - where applications are successful, ensure that the expenditure and income budgets are amended as necessary;
 - ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
 - ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
 - ensure that all funding notified by external bodies is claimed, received and properly recorded in the authority's accounts and complete any pre-claim checklist issued by the Director of Resources;
 - check the audit requirements and notify the Director of Resources of any claims that must be audited by the Council's external auditor.

6.3 Work for third parties

- 6.3.1. Directors must ensure that work for third parties is covered by a suitable contract or agreement so that the responsibilities of each party are clear.
- 6.3.2. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.
- 6.3.3. Directors must ensure that:
- the Council is not put at unnecessary risk from bad debts;
 - contracts are not subsidised by the Council.
- 6.3.4. Directors must provide appropriate information to the Director of Resources to enable a note to be entered into the Statement of Accounts where necessary.

6.4 Work by third parties

- 6.4.1. Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the Authority only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered.

7 COMPLIANCE WITH THE LOCAL GOVERNMENT TRANSPARENCY CODE

7.1 Publication of Data

- 7.1.1. Directors shall collate and publish all data which the Code requires to be published in relation to services for which they are responsible within the timescales set out in the version of the Code in force at the time.
- 7.1.2. Where, in order to comply with 7.1.1 above, a Director requires data from another Director, this shall be provided in a timely manner so as to enable the responsible Director to meet the deadlines for publication set out in the Code.
- 7.1.3. The Director of Resources may by agreement publish particular data on behalf of Directors. In such cases, Directors will ensure that they supply all data in a timely manner so as to enable the Director of Resources to meet the deadlines for publication set out in the Code.
- 7.1.4. The Code requires data to be published on the Council's website. Accordingly the Director of Corporate and Customer Services will ensure that all data supplied to them for publication will be placed on the website in a timely manner in order to comply with the timescales set out in the Code.
- 7.1.5. Regard will be had to Guidance published from time to time by the Local Government Association in respect of data to be published and the format of publication.