

Part 9

FINANCIAL REGULATIONS AND PROCEDURE RULES

An Introduction to the Council's Financial Regulations and Procedure Rules

1. The Council's Financial Regulations and Procedure Rules provide the framework for managing its financial affairs, and are an important element of its overall corporate governance arrangements; and they apply to every member and officer of the Council, and to anyone acting on its behalf.
2. The Financial Regulations and Procedure Rules provide specific guidance in respect of the accountabilities and responsibilities of Members of the Cabinet, the Corporate Directors, the Monitoring Officer (Associate Director, Legal & Governance), the Chief Finance Officer (Section 151 Officer), all other Directors, individual officers and anyone acting on behalf of the Council.
3. The Council's Financial Regulations and Procedure Rules should be considered in conjunction with other corporate documents, so that when taken together they form part of the Council's Constitution. These documents include, but not limited to:
 - Procurement and Contract Rules (Part 11).
 - Scheme of Delegation (Part 3).
 - The role of the Cabinet.
 - The role of Scrutiny Committees.
 - Anti-fraud and corruption.
 - Anti-money laundering.
 - Officer/member codes of conduct.
 - The "whistle-blowing" policy.
 - Procurement and employment policies.
4. These Financial Regulations and Procedure Rules are regularly updated and are approved by Full Council.
5. All members and staff 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 Council resources is legal, properly authorised, and provides value for money value.
6. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues, and the Council is responsible for ensuring that all members, employees and anyone working on its behalf understand the rules and that adequate controls are in place to

ensure their observance. The Financial Regulations and policies are published on the intranet and regularly reviewed. New members of staff and members will be directed to the Financial Regulations as part of their induction and any new budget managers will receive training applicable to their role. Existing budget managers will receive refresher training, as appropriate.

7. The Council's Chief Finance Officer is responsible for:
 - 7.1 Maintaining a continuous review of the Financial Regulations and submitting any additions or changes for recommendation by Full Council for approval.
 - 7.2 Reporting where appropriate, breaches of Financial Regulations to Full Council, and/or to the Cabinet and Audit Committee.
 - 7.3 Issuing advice and guidance to underpin the Financial Regulations that members, officers and others acting on behalf of the Council are required to follow.
8. The Chief Finance Officer and the Directors are responsible for ensuring that all staff in their service areas are aware of, and have access to the content of the Council's Financial Regulations and Procedure Rules and any other relevant internal regulatory documents that form part of the Council's governance arrangements, and that they fully comply with them.
9. It may be considered a disciplinary offence if any officer fails to comply with these Financial Regulations and Procedure Rules, and employees have a duty to report apparent breaches of this Part 9 to a Director who will consult with the Head of Internal Audit, to determine what further action, if any, should be taken.
10. There are a number of bodies linked to the Council through funding, or through management arrangements, and such bodies are required to adopt these procedures, or as a minimum, adopt similar arrangements that have been agreed by the Chief Finance Officer.
11. Where an individual is acting as an agent of the Council, but is not an Officer of the Council, they will be required to adhere to these Financial Regulations and Procedure Rules as if they were an officer.
12. The Council's Financial Regulations are outlined in Section A below, and detailed Financial Procedures are contained within Section B. Section A sets out the principles whilst Section B provides further details, the key controls and the responsibilities of officers and members in the procedures section.
13. The Wiltshire Funding Scheme for Schools sets out the governance arrangements applicable to schools, and these financial regulations and procedure rules apply only in instances not incorporated within that guidance.

SECTION A - FINANCIAL REGULATIONS

FINANCIAL MANAGEMENT

Introduction

1. This section covers all financial accountabilities in relation to the running of the Council, including the policy framework and the budget.

Full Council

2. In addition to the areas of responsibility set out in Part 2 of the Constitution Full Council is responsible for approving the policy framework as expressed in various plans, strategies and documents. Full Council is also responsible for approving the budget and setting the council tax.

Full Council shall provide the Chief Finance Officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary to carry out the duties under Section 114 of the Local Government Finance Act 1988 .

The Cabinet

3. In addition to the areas of responsibility set out in Part 2 of the Constitution the Cabinet is responsible for proposing a policy and budget framework to Full Council for consideration and approval and matters specifically reserved to the executive.

Chief Finance Officer

4. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden and arise from:
 - Section 151 of the Local Government Act 1972.
 - The Local Government Finance Act 1988.
 - The Local Government and Housing Act 1989.
 - The Accounts and Audit Regulations 2003.
 - The Local Government Act 2003.
5. The Section 151 Officer is referred to as the Chief Finance Officer throughout the Council's financial procedure rules, and is responsible for:
 - 5.1 Ensuring lawfulness and financial prudence of decision making

- 5.2 After consulting the Head of Paid Service and the Monitoring Officer, reporting to Full Council or to the Cabinet in relation to a Cabinet function and the Council's external auditor if he or 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
- 5.3 The administration of the financial affairs of the Council including:
- the proper administration of the authority's financial affairs, including the Wiltshire Pension Fund and trust funds vested in the council;
 - setting and monitoring compliance with financial management standards
 - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - providing financial information
 - preparing the revenue budget and capital programme
 - the maintenance of an adequate and effective internal audit
 - Treasury management.
- 5.4 In accordance with Section 114 of the Local Government Finance Act 1988 reporting to the Full Council, Cabinet and external auditor if the authority or one of its officers:
- has made, or is about to make, a decision which involves incurring unlawful expenditure
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
 - is about to make an unlawful entry in the authority's accounts.
- 5.5 Contributing to the corporate management of the Council, in particular through the provision of professional financial advice.
- 5.6 Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all members of the council and will support and advise members of the council and officers in their respective roles in respect of financial matters.

- 5.7 Providing financial information to the media, members of the public and the community.
- 5.8 In accordance with section 113 of the Local Government Finance Act 1988 ensuring proper administration of an authority's financial affairs under section 151 of the Local Government Act 1972, should be a member of one or more of the six CCAB bodies, or another body of accountants established in the UK and approved by the Secretary of State.
- 5.9 In accordance with Section 114 of the Local Government Finance Act 1988 Act nominating a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.
- 5.10 Setting the financial management standards and to monitor compliance with them.
- 5.11 Ensuring proper professional practices are adhered to, and to act as head of profession in relation to standards, performance and development of finance staff throughout the Council.
- 5.12 Advising on the key strategic controls necessary to secure sound financial management throughout the Council.
- 5.13 Ensuring that financial information is available to the Corporate Leadership Team and Cabinet to ensure the effective management of the Council's approved budget.
- 5.14 Ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Corporate Directors

6 Corporate Directors are responsible for:

- 6.1 ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Section 151 Officer.
- 6.2 consulting with the Chief Finance Officer and seeking approval on any matter liable to affect the Council's finances materially, before any commitments are made.

- 6.3 To promote and ensure strict adherence by all staff in their area of responsibility to the financial management standards and practices set by the Chief Finance Officer.

FINANCIAL PLANNING

Policy and Budget Framework

7. The Cabinet is responsible for proposing a policy and budget framework to Full Council for consideration and approval
8. The Policy and Budget Framework comprises a number of statutory plans and strategies which are detailed within the Constitution.
9. Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy and Budget Framework, and for determining the circumstances in which a decision will be deemed to be contrary to the Policy and Budget Framework. Full Council is also responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another.
10. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the Policy and Budget Framework within the financial limits set by Full Council.

Budgeting

Budget format

11. The format of the budget will be approved by Full Council following proposal by the Cabinet, and on the advice of the Chief Finance Officer.
12. The draft budget should include budgetary allocations to different services and projects and proposed taxation levels,

Budget preparation

General

13. The Chief Finance Officer is responsible for ensuring that a four-yearly Medium Term Financial Strategy (MTFS) which incorporates capital and revenue budgets for each Portfolio of services is prepared on an annual basis alongside a detailed capital and revenue budget for the forthcoming financial year, and that it is recommended for approval by Full Council.

14. Full Council may amend the overall budget or ask the Cabinet to reconsider it before approving it.
15. The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Chief Finance Officer as soon as possible following approval by Full Council.
16. It is the responsibility of Corporate Directors to ensure that budget estimates reflecting agreed service plans are submitted to the Cabinet, and that these estimates are prepared in accordance with any guidance that has been issued by the Cabinet.
17. When calculating the net budget requirement the Chief Finance Officer must report to the Cabinet and/or Full Council on:
 - The robustness of the estimates used for council tax calculations.
 - The adequacy of the proposed levels of financial reserves.

Budget monitoring and control

18. The Chief Finance Officer is responsible for providing accurate and timely financial information to enable budgets to be monitored effectively.
19. The Chief Finance Officer must monitor and control expenditure against budget allocations, and report to the Cabinet in regards to the Council's overall financial position on a regular basis.
20. It is the responsibility of the Directors to control income and expenditure within their area of responsibility, and to monitor service performance, taking account of financial information provided by the Chief Finance Officer.
21. The Directors should report on variances within their own areas of responsibility, and they must also take any reasonable action necessary to avoid exceeding their budget allocation, and should alert the Chief Finance Officer to any potential budgetary problems.

Resource allocation

22. The Chief Finance Officer is responsible for developing and maintaining a robust resource allocation process that ensures due consideration of the Council's Policy and Budget Framework is given during the development of the budget.

Budget guidelines

23. Guidelines on budget preparation are issued to Members and Directors by the Cabinet following agreement with the Chief Finance Officer.
24. The guidelines will take account of:

- 24.1 current and new legislative requirements
- 24.2 medium-term planning prospects
- 24.3 Council priorities and policies
- 24.4 the corporate plan
- 24.5 available resources
- 24.6 spending pressures
- 24.7 changes to demand and demographic factors
- 24.8 relevant government guidelines
- 24.9 other internal policy documents
- 24.10 cross-cutting issues (where relevant)

RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

- 25. It is essential that robust and fully integrated systems are developed and maintained, which enable the identification of all significant operational risks to the Council, and these systems should include the proactive participation of all those associated with planning and delivering services.

Risk Management

- 26. The Cabinet is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management.
- 27. The Cabinet is also responsible for ensuring that proper insurance exists wherever appropriate, on the advice of the Associate Director, People and Business Services.
- 28. The Associate Director, Corporate Function and Procurement is responsible for preparing the Council's risk management policy statement and for promoting it throughout the Council.

Internal Control

- 29. Internal control refers to the systems of control maintained by the Council to ensure that its objectives are achieved and that it promotes the economical, efficient and effective use of resources, and that ensures that the use of the Council's assets and interests are properly safeguarded.
- 30. The Chief Finance Officer is responsible for advising upon, and promoting effective systems of internal control, and such arrangements need to ensure the Council's full compliance with all legislative requirements, and other relevant statements of best practice.

31. Internal controls should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with all provisions that govern their use.
32. The Directors are responsible for the establishment of sound arrangements for planning, appraising, authorising and controlling their operations. They are also responsible for achieving continuous improvement, economy, efficiency and effectiveness; and for meeting their financial performance targets.

Audit Requirements

33. The Council is required to maintain an adequate and effective internal audit function in accordance with any relevant legislation.
34. The Council may also be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, who have statutory rights of access.

Preventing Fraud and Corruption

35. The Chief Finance Officer is responsible for the development and maintenance of an anti-fraud and corruption policy.

Assets

36. The Directors should ensure that assets are properly maintained, recorded and securely held, and that contingency plans for the security of assets, and for the continuity of services in the event of disaster or system failure are in place and regularly reviewed.

Treasury Management

37. The Council has adopted the requirements of CIPFA's *Code of Practice for Treasury Management in the Public Services (2002)*, as described in section 4 of that Code, and will maintain effective treasury management through:
 - A treasury management policy statement which outlines the policies and objectives of the Council's treasury management activities.
 - And suitable treasury management practices setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
38. Full Council will receive quarterly reports on its treasury management activities, and an updated annual strategy and plan in advance of the year;

and it will also receive an annual report in the form prescribed in its Treasury Management Strategy.

39. Full Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer in accordance with the responsibilities set out under section 151 of the Local Government Act 1972.
40. The Chief Finance Officer will act in accordance with the Council's policy statement and Treasury Management Strategy, and CIPFA's Code of Practice for Treasury Management in Local Authorities.
41. The Chief Finance Officer is responsible for submitting a report to the Cabinet, for approval which proposes a treasury management strategy for the coming financial year.
42. All decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities.
43. The Chief Finance Officer is responsible for reporting to the Cabinet at least quarterly on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

The Prudential Code

44. Interlinked with the CIPFA Code of Practice for Treasury Management is the Prudential Code for Capital Finance in Local Authorities, and the Council is required by regulation to have regard to the code when carrying out its duties under part 1 of the Local Government Act 2003.
45. The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators and these must be approved by Full Council.
46. The Chief Finance Officer will be responsible for ensuring that all matters required to be taken into account are reported to the Council for consideration, and for establishing procedures to monitor performance.
47. In setting or revising their prudential indicators, Full Council is required to have regard to the following matters:
 - affordability, e.g. implications for council tax;

- prudence and sustainability, e.g. implications for external borrowing;
- value for money;
- stewardship of assets, e.g. asset management planning;
- service objectives, e.g. strategic planning;
- practicality, e.g. achievability of the forward plan.

Pension Fund

48. The Council is the Administering Authority for the Local Government Pension Scheme and exercises this responsibility through the Pensions Committee.

49. The Chief Finance Officer is authorised to decide matters relating to Pensions Fund Investments based on a scheme of delegation agreed by the Pensions Committee.

Staffing

50. The Head of Paid Service is responsible for providing overall management to staff, and is also responsible for ensuring that there is proper use of the evaluation process, or other agreed systems for determining the remuneration of a job.

51. The Directors are responsible for controlling total staff numbers by:

- Advising the Cabinet on the budget requirement each year to cover estimated staffing levels;
- Managing staffing levels within the approved budget.
- Adjusting the staffing to a level that can be funded within approved budget provision, whilst ensuring changing operational needs are met.

FINANCIAL SYSTEMS AND PROCEDURES

Introduction

52. Sound systems and procedures are essential to ensure an effective framework of accountability and control.

53. The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of its accounts and all supporting financial records.

54. Any changes to the existing financial systems must be approved by the Chief Finance Officer, and any proposals for new financial systems must be also approved by the Chief Finance Officer.

55. The Directors are responsible for the operation of financial processes in their own service areas, although any proposed changes to approved procedures that they may determine necessary to meet their own specific service needs must be agreed with the Chief Finance Officer.
56. The Directors should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.

Income and Expenditure

57. The Directors are responsible for ensuring that any scheme of delegation or scheme of sub delegation in their service area established in accordance with Part 3 Section D. Directors may decide that any sub delegations they grant to officers within their team under their scheme of sub delegation may be subject to financial limitations. Whilst a Director may wish to consider using the signing and authorisation limits set for various officers under the Council's Budget and Policy Framework they are not limited in this regard. The signing and authorisation limits set under the Budget and Policy Framework are financial management controls. A Director can sub delegate up to the maximum limits of the Directors own powers.
58. The schemes should identify staff authorised to act on the Director's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority.
59. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control as detailed in the Council's Corporate Debt Recovery Policy.

Payments to Employees and Members

60. The Associate Director, People and Business Services is responsible for all payments of salaries and wages to staff, including payments for overtime, and for payment of allowances to Members.

Taxation

61. The Chief Finance Officer is responsible for advising the Directors in regards to all taxation issues that affect the Council.
62. The Chief Finance Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Trading Accounts/Business Units

63. The Chief Finance Officer is responsible for issuing advice in respect of the operation of trading accounts and business units.

EXTERNAL ARRANGEMENTS

Introduction

64. Wiltshire Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders, and promotes improvements to the economic, social and environmental well being of Wiltshire.

Partnerships

65. The Chief Finance Officer is responsible for maintaining a register of partnerships, recording full details of the parties involved, the purpose of the partnership and of the accounting arrangements in place (including identification of the Accountable Body) in accordance with Part 11.

66. Partnerships (as defined in the Procurement and Contract Rules) are expected to adopt these Financial Regulations, where appropriate, or an equivalent version approved by the Chief Finance Officer.

67. The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.

68. The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships are satisfactory, and must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.

69. The Chief Finance Officer must ensure that there has been a full and comprehensive appraisal of risks, and that there is a shared understanding of those risks, before agreements are entered into with external bodies.

70. The Directors are responsible for ensuring that appropriate advice on legal and taxation consequences, together with relevant approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External Funding

71. The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

Area Committees

72. The Cabinet delegates the responsibility for the administration of all budgets and grants allocated to support local community networks through its Area Board structure. The activities of these Boards are however, governed by these Financial Regulations and Procedure Rules.

SECTION B – FINANCIAL PROCEDURES

MANAGING EXPENDITURE

SCHEME OF VIREMENT

1. The scheme of virement is intended to enable the Cabinet, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council.
2. Decisions of Cabinet, or of a Cabinet sub-committee, of an individual Cabinet member, an Officer, an area committee or through joint arrangements discharging Cabinet functions to implement Council policy, must not exceed the budget allocated to each service area. However, virement can be made across services or divisions of service providing it is made in accordance with this scheme of virement.

Key controls

3. Key controls for the scheme of virement are:
 - 3.1 The scheme is administered by the Chief Finance Officer within guidelines set by the Council, and any variation to the scheme requires the approval of Council.
 - 3.2 The overall budget is agreed by the Cabinet and approved by the Council, and budget managers are authorised to incur expenditure in accordance with those estimates and within that approved framework.
 - 3.3 Virement must not create additional an overall budget liability and Corporate Directors are expected to exercise their discretion in managing their budgets responsibly and prudently.
 - 3.4 Virement should not support recurring expenditure through one-off sources of saving or additional income, or by creating future commitments.

Procedure

4. The procedures for budget virement are:

- 4.1 For amounts up to £100,000 Associate Directors may authorise the transfer of funds between budget heads within their own service.
 - 4.2 For amounts up to £100,000 funds may be transferred between different services within the same department provided that both Associate Directors responsible agree.
 - 4.3 For amounts up to £250,000 a Corporate Director responsible for the service may authorise the transfer of funds between different budget heads providing that the overall budget for the department remains the same.
 - 4.4 For amounts up to £250,000 funds may be transferred between different departments provided that both of the Corporate Directors responsible agree.
 - 4.5 For amounts over £250,000 and up to £500,000 a transfer may take place providing that the action is agreed with the Chief Finance Officer, a joint report is produced by a Corporate Director, and that the Chief Finance Officer which informs the Cabinet of the decision and of the transaction.
 - 4.6 For amounts greater than £500,000 a joint report by the Corporate Director (or Directors) concerned and the Chief Finance Officer must be submitted to Cabinet for consideration.
 - 4.7 For amounts greater than £500,000 and where the virement represents a departure from the Council's approved policy framework, approval of Council is required following a recommendation from the Cabinet.
- 5 The Chief Finance Officer is responsible for monitoring and actioning all virements, confirming which requests for virement should be referred to Cabinet and reporting to Cabinet.
 - 6 Contingency sums intended for allocation during the year should be treated as variation not as virement, providing that the amount is used in accordance with the purposes for which it has been established.

TREATMENT OF YEAR- END BALANCES RESULTING FROM OVER/UNDER SPENDING

7. The Council's treatment of year-end balances is administered by the Chief Finance Officer within guidelines set by Full Council.
8. The rules below cover arrangements for the transfer of resources between accounting years, i.e. the carry-forward of balances arising from over/under spending from within an approved budget.

Key Controls

9. The key controls for the treatment of year-end balances are ensuring that appropriate accounting procedures are in operation to ensure that carried forward totals are correct, and that expenditures and incomes are accounted for in the correct financial year.

Procedure

10. The Chief Finance Officer is responsible for the treatment of year-end balances within the guidelines approved by the Council, and ensuring that the overall position on over/under spending is reported in accordance with the approved policy
11. The Cabinet and the Directors will regularly monitor overall budgets, and individual Corporate Directors will be jointly responsible for balancing the corporate budget
12. All Directors should as far as possible ensure that any over spending arising from the operation of budgets within their control, can be met from compensatory under spending from other budgets within their area of responsibility, before any such balances are carried forward into the next financial year.
13. Overspends which cannot be met from under-spends in this way may be carried forward, but will then become the first call on service estimates in the following year other than in exceptional circumstances, and following a report to, and the approval of, Cabinet.
14. Net under spends remaining at the year-end may only be carried forward subject to a report being submitted to Cabinet detailing the nature of any under spend (or of additional Income), and outlining a full proposal for the its use where the under-spend exceeds 5% of the individual budget heading or £100,000 whichever is less.

15. The assumption will be that under spends on departmental or service budgets will be used to supplement the Council's reserves unless dealt with in paragraph 14.

ACCOUNTING POLICIES

16. The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the relevant Code of Practice currently Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 and the Service Reporting Code of Practice 2012/2013, supported by International Financial Reporting Standards (IFRS).for each financial year ending 31st March.

Key Controls

17. The key controls for accounting policies are:
 - 17.1 Systems of internal control are in place to ensure that financial transactions are lawful.
 - 17.2 Suitable accounting policies are selected and applied consistently.
 - 17.3 Proper accounting records are maintained.
 - 17.4 Financial statements are prepared which present fairly the financial position of the Council and its expenditure and income.

Procedure

18. The Chief Finance Officer is responsible for producing suitable accounting policies and to ensure that they are applied consistently, and that they are set out in the Council's statement of accounts for the 31 March each year.
19. All staff must adhere to the accounting policies and guidelines approved by the Chief Finance Officer.

ACCOUNTING RECORDS AND RETURNS

20. Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources, and the Council has a statutory responsibility to prepare its annual accounts to show a true and fair view of the financial position for the year.
21. These accounts are subject to external audit, and this audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements

have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

Key Controls

22. The key controls for accounting records and returns are:
 - 22.1 All Cabinet Members, finance staff and budget managers operate within the required accounting standards and timetables.
 - 22.2 All the Council's transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
 - 22.3 Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
 - 22.4 Reconciliation procedures are carried out to ensure transactions are correctly recorded.
 - 22.5 Prime documents are retained in accordance with legislative and other requirements.

Procedure

23. The Chief Finance Officer determines the accounting procedures and records for the Council, and is responsible for arranging the compilation of all accounts and accounting records under his or her direction.
24. The Chief Finance Officer should comply with the following principles when allocating accounting duties:
 - 24.1 Separating the duties of providing information about sums due to or from the Council and the calculating, checking and recording of these sums from the duty of collecting or disbursing them.
 - 24.2 Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
25. The Chief Finance Officer should make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2003, and ensure that all claims for funds including grants are made by the due date.
26. The Chief Finance Officer should prepare a draft set of accounts on or before the 30 June of each year.

27. The Chief Finance Officer should publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable.
28. The Chief Finance Officer should administer the Council's arrangements for under- and overspendings to be carried forward to the following financial year in accordance with the procedure set out above.
29. The Chief Finance Officer should also ensure the proper retention of financial documents in accordance with the requirements set out in the Council's Document Retention policy.
30. The Directors should consult and obtain the approval of the Chief Finance Officer before making any changes to accounting records and procedures.
31. The Directors should maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
32. The Directors should supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Chief Finance Officer.

Retention of Documents and Records

33. The Council is required by statute to retain documents and records for varying degrees of time, and these are set out within its Document Retention policy.
34. The Money Laundering Regulations 2007 require all businesses, including certain areas of work undertaken by the Council, to carry out a "Customer Due Diligence Procedure". The Council therefore has a statutory duty to identify the client and verify the client's identity on the basis of documents, data or information obtained from a reliable and independent source.
35. There is also a statutory requirement of record keeping in respect of this procedure as follows:
 - Copies of, or references to, the evidence obtained of a customer's identity for five years after the end of the customer relationship, or five years from the date when the transaction was completed.
 - Supporting records relating to a customer relationship or occasional transactions for five years from the date when the transaction was completed in relations to records relating to the transaction and for all other records for five years after the end of the customer relationship.
36. In relation to customer identification the Council must keep:
 - A copy of or details about the identification document presented and verification evidence obtained, or

- Information about where the evidence can be obtained.
37. This section on money laundering should also be read in conjunction with the Council's approved Anti Money Laundering Policy and detailed guidance notes.

THE ANNUAL STATEMENT OF ACCOUNTS

38. The Council has a statutory responsibility to prepare its own accounts and to present fairly its operations during the year, and has delegated responsibility for approving the statutory annual statement of accounts to the Audit Committee.

Key controls

39. The key controls for the annual statement of accounts are:

- The Council is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of these affairs (The Chief Finance Officer – The Section 151 Officer).
- The Council's statement of accounts must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom*.

Procedures

40. The Chief Finance Officer should draw up the timetable for final accounts preparation and to advise members, staff and external auditors accordingly, and;

40.1 Select suitable accounting policies and apply them consistently.

40.2 Make judgements and estimates that are reasonable and prudent.

40.3 Comply with Code of Practice on Local Authority Accounting in the United Kingdom

40.4 Sign and date the Statement of Accounts and the associated Annual Governance Statement for the Council for the year end 31 March, and publish the statement of accounts in accordance with the statutory timetable together with the annual audit letter.

41. The Directors should comply with accounting guidance provided by the Chief Finance Officer and supply information when required.

FINANCIAL PLANNING

BUDGETING

42. The format of the budget determines the level of detail to which financial control and management will be exercised.

Key controls

43. The key controls for the budget format are that:
- It complies with all legal requirements.
 - It complies with any relevant code of practice.
 - It reflects the accountabilities of service delivery.

Procedure

44. The Chief Finance Officer is responsible for advising the Cabinet on the format of the budget that is then approved by the Council.
45. The Directors shall comply with budgeting guidance provided by the Chief Finance Officer.

Revenue budget preparation, monitoring and control

46. The revenue budget must be prepared so as to ensure that resource allocation properly reflects the service plans and priorities of the Council.
47. Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent, and it is illegal for the Council to budget for a deficit.
48. Budget management ensures that once the budget has been approved by the Council resources are used for their intended purposes and are properly accounted for.
49. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year, and it also provides the mechanism that calls to account managers for defined elements of the budget.
50. By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

Key controls

51. The key controls for managing and controlling the revenue budget are that:

- 52.1 there is a nominated budget manager for each cost centre headin;.
- 52.2 budget managers follow an approved certification process for all expenditure;
- 52.3 incomes and expenditures are properly recorded and accounted for;
- 52.4 performance levels and levels of service are monitored in conjunction with the budget, and action is taken to align service outputs and budget when necessary.

Procedures

- 52. The Chief Finance Officer shall establish an appropriate framework of budgetary management and control that ensures that:
 - 53.1 Budget management is exercised within annual approved budgets unless the Council agrees otherwise.
 - 53.2 Each budget manager receives regular timely budget monitoring reports that are sufficiently detailed to enable them to fulfil their budgetary responsibilities.
 - 53.3 Expenditure is committed only against an approved budget head.
 - 53.4 All officers responsible for committing expenditure comply with relevant guidance, and the financial regulations (e.g. corporate procurement guidelines, compliance with contracting standing orders etc).
 - 53.5 As a general principle, budget responsibilities should be aligned as closely as possible to the decision-making process that commits expenditure.
 - 53.6 All significant variances from approved budgets are investigated and reported on by budget managers on a regular basis.
 - 53.7 Reports are provided to Cabinet and/or Full Council on:
 - The robustness of these estimates.

- The adequacy of the proposed financial reserves.
 - The earmarked reserve position.
53. The Chief Finance Officer should also:
- 54.1 Submit reports to the Cabinet and Council with recommendations to balance any budget shortfalls.
 - 54.2 Prepare and submit reports on the Council's projected income and expenditure compared with the budget on a regular basis.
 - 54.3 Encourage the best use of resources and value for money by working with the Directors to identify opportunities to improve economy, efficiency and effectiveness.
54. The Directors should maintain budgetary control within their services and ensure that all income and expenditure is properly recorded and accounted for.
55. The Directors should ensure that an accountable budget manager is identified for each item of income and expenditure under their control (as a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure).
56. The Directors should ensure that spending remains within the service's budget, and that individual budgets are not overspent, by monitoring and taking appropriate corrective action where significant variations from the approved budget are forecast.
57. The Directors should ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that it is operating effectively.
58. The Directors shall prepare and submit to the Cabinet reports on the projected expenditures compared with budgets, in consultation with the Chief Finance Officer.
59. The Corporate Directors shall ensure that prior approval by Full Council or Cabinet (as appropriate) is sought for new proposals, whatever the amount involved, that:
- 59.1 Create financial commitments in future years.

59.2 Change existing policies, or initiate new or cease existing policies.

59.3 Materially extend or reduce the Council's services

Budgets and Medium-Term Planning

60. The Council is a complex organisation responsible for delivering a wide variety of services, and it needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities.

61. The budget is a spending plan and the financial expression of the Council's plans and policies, and it must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council.

62. Medium term planning involves a planning cycle in which managers develop their own plans, adding to the Council's Medium Term Financial Strategy (MTFS) as each year passes, to ensure that the Council is always preparing for events in advance.

Key controls

63. The key controls in place for budgets and medium term planning are:

63.1 Specific budget approval for all expenditure.

63.2 Budget managers assist in the development of budgets and service standards for which they will be held responsible.

63.3 Monitoring processes are in place to review the effectiveness and operation of budget preparation, and to ensure that corrective action is taken as and when required.

64. The Chief Finance Officer should:

64.1 Prepare and submit reports on budget and medium-term prospects to the Cabinet, including resource constraints set by the Government.

64.2 Determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget

approved by Full Council, and after consultation with the Cabinet and Corporate Directors.

64.3 Prepare and submit reports to the Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying where appropriate, the implications for the level of council tax to be levied.

64.4 Advise on the medium term implications of spending decisions.

64.5 Encourage the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

64.6 Advise Full Council on Cabinet proposals in accordance with section 151 of the Local Government Act 1972.

65. The Directors should prepare estimates of income and expenditure, in the form as may be prescribed by the Chief Finance Officer. in consultation with the Chief Finance Officer for submission to Cabinet, and prepare budgets that are consistent, the Council's annual budget cycle, and with guidelines issued by the Cabinet.

66. The Directors should integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

67. In consultation with the Chief Finance Officer, and in accordance with issued guidance and timetables, the Directors should prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.

68. When drawing up draft budget requirements, the Directors should have regard to:

64.7 Spending patterns and pressures revealed through the budget monitoring process.

64.8 Legal requirements.

64.9 Requirements defined by Full Council in its approved policy framework.

64.10 Initiatives already under way.

Capital budget preparation, monitoring and control

69. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles.
70. Capital assets support the delivery of services and create long term financial commitments for the future in the form of financing costs and ongoing revenue running costs.
71. The procedures that follow should be read in conjunction with the Capital Asset Strategy, Procurement and Contract Rules and Capital Guidance issued by the Chief Finance Officer.
72. The Government places strict controls on Council borrowing through the Prudential Code, and capital expenditure should form part of an investment strategy and be carefully prioritised in order to maximise the benefit of scarce resources.

Key controls

73. The key controls for capital programmes are:
 - 74.1 Specific approval is required by Council for the programme of capital expenditure.
 - 74.2 A business case and option appraisal for each scheme including cost estimates, project plan, progress targets and associated long term revenue implications is prepared for each capital project for approval by the Cabinet and Full Council as deemed necessary by the Chief Finance Officer.
 - 74.3 Approval by the Cabinet where capital schemes are to be financed from the revenue budget, up to a specified amount, and subject to the approval of the Council, where the expenditure exceeds this amount.
 - 74.4 Proposals for improvements and alterations to buildings must be approved by the appropriate officer, Director. or Cabinet depending on the size and cost of the scheme.

- 74.5 Schedules for individual schemes within the overall budget approved by the Council must be submitted to the Cabinet for approval (for example, minor works), or under other arrangements approved by the Council.
- 74.6 The development and implementation of Asset Management plans.
- 74.7 Accountability for each proposal is accepted by a named manager.
- 74.8 Monitoring of progress in conjunction with expenditure and comparison with approved budget.

Procedure

- 74. The Chief Finance Officer should prepare capital estimates jointly with the Directors and to report them to the Cabinet for approval.
- 75. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to Full Council. Cabinet Member approval is required where a Director proposes to bid for or exercise additional borrowing which is not anticipated in the capital programme. Additional borrowing may increase the Council's financing costs and therefore create a future ongoing commitment.
- 76. The Chief Finance Officer should prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- 77. The Chief Finance Officer should issue guidance in respect of capital schemes and controls, which sets out the definition of "capital" having regard to Government regulation and accounting requirements. The Directors should comply with this guidance and ensure that all capital proposals have undergone a project appraisal.
- 78. The Chief Finance Officer should monitor the overall capital programme, and liaise with the appropriate Corporate Director to ensure that planned corrective action is reported to Cabinet wherever expenditures are likely to significantly exceed budgetary provision.
- 79. A report should be presented to the Cabinet and Full Council where in the opinion of the Chief Finance Officer, the approved prudential

indicators for the authorised limit for external debt, are likely to be breached; setting out what action, if any, should be taken.

80. The Directors should prepare regular reports reviewing the capital programme provisions for their service area and a quarterly return of estimated final costs of schemes in the approved capital programme for submission to the Chief Finance Officer.
81. The Directors should also ensure that adequate records are maintained for all capital contracts, and should only proceed with projects when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer where required.
82. The Directors should prepare and submit reports, jointly with the Chief Finance Officer, to the Cabinet, for any variation in contract costs greater than the approved limits. The Cabinet may meet cost increases of up to 5% by virement from savings elsewhere within their capital programme.
83. The Directors should also ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Finance Officer and seek approval of the scheme through the capital programme.
84. The Directors should consult with the Chief Finance Officer and seek Cabinet approval where a proposal to bid for supplementary credit approvals from Government departments to support expenditure, has not previously been included in the current year's capital programme.

Maintenance and use of Reserves

85. The Council, subject to sections 25-27 of the Local Government Act 2003, must decide on the level of general reserves it wishes to maintain, although they should be at prudent and appropriate level to meet the Council's needs, and determined upon the advice of the Chief Finance Officer.
86. Reserves enable the Council to plan and operate efficiently, and provide contingency against the impact of unexpected events, and for planned purposes..

Key controls

87. Reserves should be maintained in accordance with the Code of Practice on Local Accounting in the United Kingdom: and the Council's agreed accounting policies.

88. For each reserve established its nature and purpose, together with the anticipated timescales for use, should be clearly identified and agreed and reviewed with the Chief Finance Officer on a regular basis.
89. The Cabinet must approve the use of any reserve by the relevant budget holder, which has not been previously budgeted for and approved.
90. It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the Council on prudent levels of reserves for the Council, as part of the three-year revenue and capital forward budget process, after carrying out a financial risk management assessment, and taking account of the advice of the Council's external auditor.
91. It is the responsibility of the Chief Finance Officer to report to the Cabinet and/or the Council on the adequacy of the proposed level of financial reserves held by the Council.
92. It is the responsibility of the Chief Finance Officer to report to the Cabinet and/or the Council where if in relation to the previous financial year it appears that a controlled reserve is or is likely to be inadequate, stating:
 - The reasons for that situation.
 - The appropriate action required to prevent such a situation arising in relation to the corresponding reserve for the financial year under consideration.
93. It is the responsibility of the Directors to ensure that reserves are used only for the purposes for which they are intended and to agree this with the Chief Finance Officer.

RISK MANAGEMENT AND CONTROL OF RESOURCES

RISK MANAGEMENT

94. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event to people, property or the continued operations of the Council. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.

95. The objective of risk management is to secure the assets of the Council and to ensure its continued financial and organisational well being and is therefore, an integral part of good business practice.
96. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks, and then recommending the action the organisation needs to take to control these risks effectively.
97. It is the overall responsibility of Council to approve the risk management strategy, and to promote a framework and culture of risk management throughout the Council.
98. The Audit Committee should monitor and review the effectiveness of the Council's risk management strategy and its application throughout the Council.

Key Controls

99. The key controls for risk management are:
 - 74.9 Ensuring that procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council.
 - 74.10 Maintaining a continuous monitoring process and regularly reviewing the effectiveness of risk reduction strategies and their operation.
 - 74.11 Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
 - 74.12 Ensuring that suitable provision is made for losses that might result from the risks that are difficult to mitigate.
 - 74.13 Acceptable levels of risk are determined and insured against where appropriate.
 - 74.14 The Council has identified business continuity plans for implementation in the event of a disaster that could result in significant loss or damage to its resources.

100. The Associate Directors are responsible for preparing and promoting the Council's risk management policy statement, and develop risk management controls in conjunction with the Corporate Directors.
101. The Associate Director, People and Business Services should ensure that the Council has suitable insurance arrangements in place to protect its interests, fulfil its statutory obligations, and all responsibilities in respect of staff and the public.
102. The Chief Finance Officer should effect corporate insurance cover through external insurance and/or internal funding, and to negotiate all claims in consultation with other officers, where and when necessary.
103. The Corporate Directors should take responsibility for risk management and undertake regular reviews of risk within their service areas in consultation with the Associate Directors, and notify the Associate Director, People and Business Services promptly of all new risks, properties or vehicles that require insurance, and of any factors that may affect existing insurances.
104. The Corporate Directors should consult the Chief Finance Officer and the Associate Director, Legal and Governance on the terms of any indemnity that the Council is requested to give.
105. To ensure that employees, or anyone covered by the Council's insurances, do not admit liability, or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

INTERNAL CONTROLS

106. The Council is a complex organisation and is required to fulfil statutory obligations, and therefore requires internal controls to manage and monitor progress towards its strategic objectives.
107. The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives.
108. Internal controls are therefore necessary to manage and mitigate these risks and provide mechanisms that measure achievement of:
 - 108.1 Efficient and effective operations.
 - 108.2 Reliable financial information and reporting

108.3 Compliance with laws and regulations

108.4 Risk management.

Key Controls

109. The key controls and control objectives for internal control systems are:

108.5 Key controls should be reviewed on a regular basis, and the Council should make a formal statement annually to the effect that it is satisfied its systems of internal control are operating effectively.

108.6 Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.

108.7 Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.

108.8 An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

110. The Chief Finance Officer is responsible for ensuring the Council puts in place an appropriate control environment which incorporates effective internal controls; and provides reasonable assurance that its operations are effective and efficient, and that it conducts business within a framework of sound financial stewardship, probity and in full compliance with all relevant legislation and regulation.

111. To manage processes and to ensure that established controls are being adhered to.

112. Corporate Directors should regularly evaluate the effectiveness of controls, and ensure that their staff have a clear understanding of the consequences and implications of failing to apply adequate controls.

AUDIT REQUIREMENTS

Internal Audit

113. The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”.
114. The Accounts and Audit Regulations 2003, regulation 6, more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control”.
115. Accordingly, internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Key Controls

116. The key controls for internal audit are:
- 108.9 That it is independent in its planning and operation.
- 108.10 The Head of Internal Audit has direct access to the Chairman of Council, the Chairman of the Audit Committee, the Chief Executive and all levels of management.
- 108.11 Internal auditors comply with the Auditing Practices Board’s guideline Guidance for Internal Auditors, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom.

Procedures

117. The Chief Finance Officer shall ensure that internal auditors have the authority to:
- 108.12 Access Council premises at reasonable times.
- 108.13 Access all assets, records, documents, correspondence and control systems.

- 108.14 Receive any information and explanation considered necessary concerning any matter under consideration.
 - 108.15 Require any employee of the Council to account for cash, stores or any other Council asset under his or her control.
 - 108.16 Access records belonging to third parties, such as contractors, when required.
 - 108.17 Directly access the External Auditor.
118. It is the responsibility of the Directors:
- 118.1 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents, records and assets that the auditors consider necessary for the purposes of their work.
 - 118.2 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
 - 118.3 To consider and respond promptly to recommendations in audit reports, and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
 - 118.4 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of Internal Audit prior to implementation.

External Audit

- 119. The external auditor, as appointed from time to time, has rights of access to all documents and information necessary for audit purposes.
- 120. The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in March 2000 sets out the auditor's objectives to review and report upon:

- The financial aspects of the audited body's corporate governance arrangements.
- The audited body's financial statements.
- The audited body's arrangements for managing its performance.

The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question, and complies with the legal requirements.

Key Controls

121. External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Procedures

122. It is the responsibility of the Chief Finance Officer to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, records and assets that they consider necessary for the purposes of their work.

To ensure there is effective liaison between external and internal audit.

To work with the external auditor, and advise the Council, committees and Corporate Directors on their responsibilities in relation to external audit.

123. It is the responsibility of the Directors to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, records and assets which the external auditors consider necessary for the purposes of their work; and to ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

124. The Council will not tolerate fraud and corruption in the administration of its responsibilities.

125. The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

126. The Council also expects that individuals and organisations (e.g. suppliers, contractors and service providers) with which it comes into

contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Key Controls

127. The key controls regarding the prevention of financial irregularities are that:

127.1 The Council has an effective Anti-Fraud and Corruption policy and maintains a culture that will not tolerate fraud or corruption.

127.2 All members and staff act with integrity and lead by example.

127.3 Corporate Directors are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt.

127.4 High standards of conduct are promoted amongst members by the Standards Committee.

127.5 The maintenance of a register of interests in which any hospitality or gifts accepted by staff or members must be recorded in accordance with the Council's Code of Conduct.

127.6 "Whistle blowing" procedures are in place and operate effectively.

127.7 Legislation including the Public Interest Disclosure Act 1998 is adhered to.

Procedures

128. The responsibilities of the Chief Finance Officer include:

128.1 The development and maintenance of an anti-fraud and anti-corruption policy.

128.2 The maintenance of adequate and effective internal control arrangements.

128.3 Ensuring that suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources are reported to at least one of the following: the Head of Internal Audit, the Corporate Directors, the Cabinet and the Audit Committee.

128.4 Ensuring that where financial impropriety is discovered, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are advised to determine with the Crown Prosecution Service whether any prosecution will take place.

129. Responsibilities of the Directors include:

121.1 Notifying the Chief Finance Officer immediately of any actual or suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Directors should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

121.2 Instigating the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

121.3 Maintaining a departmental register of interests.

121.4 Encourage and promoting the Council's Code of Conduct and Confidential Reporting Procedure ("Whistle blowing").

ASSETS

Security

130. The Council holds significant assets in the form of property, vehicles, equipment, furniture and other items.

131. It is important therefore, that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Key Controls

132. The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

121.5 Resources are used only for the purposes of the Council and are properly accounted for.

- 121.6 Resources are available for use when required.
- 121.7 Resources no longer required are disposed of in accordance with the law and the Council's Disposals policy so as to maximise benefits.
- 121.8 A fixed asset register is maintained by the Council, which records assets when they are acquired, and is updated as changes occur with respect to the location, condition or ownership of the asset.
- 121.9 All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection legislation and software copyright legislation.
- 121.10 All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's Computer and Internet Security policies.

Procedures

133. The Chief Finance Officer should ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are:
- Safeguarded.
 - Used efficiently and effectively.
 - Adequately maintained.
134. The Chief Finance Officer should ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
135. The appropriate Director should:
- 121.11 Maintain a fixed asset register in a form approved by the Chief Finance Officer for all properties, plant and machinery and equipment currently owned by the Council.
- 121.12 Ensure that any use of property by a department or establishment other than for direct service delivery is supported

by documentation identifying terms, responsibilities and duration of use.

- 121.13 Ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in an appropriate form approved by the Director in consultation with the Chief Finance Officer has been entered into.
- 121.14 Ensure the proper security of all buildings and other assets under their control, and where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a report by the Director and the Chief Finance Officer.
- 121.15 Ensure that title deeds are passed to the Associate Director, Legal and Governance who is responsible for custody of all title deeds.
- 121.16 Ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council, and ensure that no Council asset is subject to personal use by an employee without proper authority.
- 121.17 Ensure that their service area maintains a register of moveable assets in accordance with arrangements defined by the Chief Finance Officer, and that assets are identified, their location recorded and that they are appropriately marked and insured.
- 121.18 Consult the Chief Finance Officer in any case where security is thought to be defective, or where it is considered that special security arrangements may be needed.
- 121.19 Ensure cash holdings on premises are kept to a minimum, and that the use of keys and security devices are controlled by authorised staff at all times. The loss of any keys or security devices must be reported to the Chief Finance Officer as soon as possible.
- 121.20 Ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess

some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

Inventories

Procedures

136. The Directors should:

121.21 maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £500 in value; and carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies recording, annotating the inventory accordingly.

121.22 Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.

121.23 To make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

Stocks and stores

Procedures

137. It is the responsibility of the Directors:

121.24 To investigate and write-off discrepancies as necessary in accordance with the Council's write off procedures, or to obtain Cabinet approval if they are in excess of £25,000 and to authorise the disposal of redundant stocks and equipment in accordance with Council's Disposals policy.

121.25 Procedures for disposal of such stocks and equipment should be by competitive process or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Cabinet approval is also required to write-off redundant stocks valued in excess of a £25,000.

121.26 In accordance with the closure of accounts timetable to forward to the Chief Finance Officer a stock certificate certifying

quantities of stocks held together with their values as at 31 March.

Intellectual property

138. Intellectual property is a generic term that includes inventions and writing and is covered by various legislation. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Certain activities undertaken within the Council may give rise to items that may be acquire a design right, patent, trade mark or copyright (for example software development). These items are collectively known as intellectual property.

Key Controls

139. In the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Council's approved Intellectual Property policy.

Procedures

140. The Chief Finance Officer should develop and maintain an intellectual property policy and ensure that good practice is disseminated throughout the Council.

141. The Directors should ensure that controls are in place to ensure that staff do not carry out private work in Council time, and that staff are aware of an employer's rights with regard to intellectual property.

Asset Disposal

142. It would be uneconomic and inefficient for the cost of assets to outweigh their benefits, and obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the Council's Disposals policy.

Key Controls

143. Assets for disposal are identified and are disposed of only at the appropriate time, and when it is in the best interests of the Council; and that the best community benefit or price is obtained upon disposal after taking account of other factors such as environmental issues.

144. For items of significant value, disposal should be by competitive tender or public auction.

145. Procedures protect staff involved in the disposal from accusations of personal gain.

Procedures

146. The Chief Finance Officer should issue guidelines representing best practice for disposal of assets , ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records, and record any incomes received upon disposal.
147. The Directors should seek advice from purchasing advisors on the best means of disposal of surplus or obsolete materials, stores or equipment; and to ensure that income received for the disposal of an asset is properly banked and coded.
148. The Directors should record all disposal or part exchange of assets where following consultation with the Chief Finance Officer, the Cabinet has agreed that this can be done other than by competitive tender or public auction. The Director should also arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer.

TREASURY MANAGEMENT

Treasury Management and Banking

149. Significant sums pass through the Council's accounts each year, and the adoption of CIPFA's Code of Practice for Treasury Management in the Public Services (2002), the Prudential Code as determined under the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting (England)) Regulations 2003, as part of Financial Regulations, ensure that there is a strong foundation for the careful management of Council monies.
150. These regulations provide assurances that the Council's monies are properly managed in a way that balances risk with return, but with an overriding consideration been given to the security of the Council's investments.

Key Controls

151. That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's Treasury policy statement, and that any borrowings remain within the

authorised limits required by the Prudential Code for Capital Finance and section 3 Local Government Act 2003.

Procedures

152. It is the responsibility of the Chief Finance Officer:

152.1 To arrange the borrowing and investments of the Council in such a manner as to comply with the latest CIPFA Code of Practice for Treasury Management in the Public Services the Council's Treasury Management policy statement and strategy and Treasury Management Practices.

152.2 To produce an Annual Treasury Management Strategy incorporating the Annual Investment Strategy and Minimum Revenue Provision Policy to be approved by the Council before the start of each financial year, and to report the outturn position to Council, and produce regular reports to Cabinet.

152.3 To operate bank accounts as are considered necessary, opening or closing any bank account

152.4 All bank accounts held shall be in the name of Wiltshire Council.

153. The Directors should seek and follow the instructions issued by the Chief Finance Officer in relation to bank accounts.

Investments and Borrowing

Procedures

153. It is the responsibility of the Chief Finance Officer:

153.1 To ensure that all investments are made in the name of the Council, or where applicable in the name of nominees approved by the Council.

153.2 To ensure all securities that are the property of the Council or its nominees are held securely.

153.3 To determine the requirement for all borrowings on behalf of the Council, and to administer all such borrowings.

- 153.4 To act as the Council's registrar of stocks, bonds and mortgages, and to maintain records of all borrowings made by the Council.

Responsibilities of Corporate Directors

154. The Directors shall ensure that loans are not made to third parties, and that no interests are acquired in companies, joint ventures, or other enterprises without the approval of the Council following consultation with the Chief Finance Officer.

Trust Funds and Funds Held for Third Parties

155. The Directors should arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities etc relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
156. Where funds are held on behalf of third parties, Directors should arrange for their secure administration approved by the Chief Finance Officer and ensure written records of all transactions are maintained.
157. The Directors shall ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Imprest Accounts (and petty cash)

Procedures

158. It is the responsibility of the Chief Finance Officer to provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council, to prescribe rules for operating these accounts, determine petty cash limits, maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
159. The Chief Finance Officer should arrange to reimburse imprest holders as often as necessary to restore the imprest balance.
160. It is the responsibility of the Directors to ensure that employees operating an imprest account:
- 160.1 Obtain and retain vouchers to support each payment from the imprest account, and where appropriate, an official receipted VAT invoice must be also obtained.

- 160.2 Make adequate arrangements for the safe custody of the account.
- 160.3 Produce upon demand by the Chief Finance Officer, cash and all vouchers to the total value of the imprest amount.
- 160.4 Record transactions promptly.
- 160.5 Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.
- 160.6 Provide the Chief Finance Officer with a certificate of the value of the account held at 31 March each year.
- 160.7 Ensure that the float is never used to cash personal cheques or to make personal loans, and that the only payments into the account are to reimburse the float or change relating to purchases where an advance has been made.
- 160.8 On leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, account to the Chief Finance Officer for the full amount of any imprest they hold.

STAFFING

- 161. In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, appropriately qualified staff.

Key Controls

- 162. The key controls for staffing are:
 - 162.1 The Council's People Strategy, in which staffing requirements and appropriate budget allocations are matched.
 - 162.2 Procedures are in place for forecasting staffing requirements and cost.
 - 162.3 Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Council.
 - 162.4 Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Procedures

163. It is the responsibility of the Associate Director, People and Business Services:
- 163.1 To ensure that an appropriate staffing structure is maintained to deliver all services and plans approved by the Council.
 - 163.2 To approve the deletion or creation of posts, and confirm that a sufficient budget exists for all new appointments.
 - 163.3 To ensure that the authorised staffing establishment is accurately maintained by the personnel/ payroll system, and that it maintains the corresponding payroll records.
 - 163.4 To ensure that only authorised posts can be created or deleted on the Establishment, and only authorised personnel can be created or deleted on the Payroll System.
 - 163.5 To advise the Chief Finance Officer when the staffing budget is likely to be materially over, or under spent.
164. It is the responsibility of the Chief Finance Officer to ensure that robust budget provisions exist for all existing employees, and that adequate arrangements exist for monitoring staffing costs against those budgets.
165. It is the responsibility of the Directors:
- 165.1 To produce an annual staffing budget as part of the overall annual budget, and to ensure that it is an accurate forecast of staffing levels and supported by an appropriate revenue budget provision (including employer on-costs and overheads).
 - 165.2 To monitor staff activity and ensure that adequate controls are in place for costs such as sickness, overtime, training and temporary staff.
 - 165.3 To ensure that the Council's staffing budget is not exceeded without due authority, and that it is managed to deliver planned service standards.

FINANCIAL SYSTEMS, DELEGATIONS AND PROCEDURES

GENERAL

166. Service areas have many systems and procedures relating to the control of Council assets, including purchasing, costing and management systems, and are increasingly reliant on computers for their financial management information.
167. The information held must therefore be accurate and systems and procedures sound and well administered, and they should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key controls

168. The key controls for systems and procedures are:
 - 168.1 Data and information exists to enable the Council's objectives, targets, budgets and plans to be properly formulated.
 - 168.2 Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
 - 168.3 Early warning is provided of deviations from targets, plans and budgets that require management attention.
 - 168.4 Operating systems and procedures are secure.
169. The Chief Finance Officer has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes to existing arrangements.

Procedures

175. It is the responsibility of the Chief Finance Officer to make arrangements for the proper administration of the Council's financial affairs, including:
 - 175.1 Issuing advice, guidance and procedures for officers and others acting on the Council's behalf.
 - 175.2 Determining the Council's accounting systems, form of accounts and supporting financial records.
 - 175.3 Establishing arrangements for audit of the Council's financial affairs.
 - 175.4 Approving any new financial systems.
 - 175.5 Approving any changes to be made to existing financial systems.

176. It is the responsibility of the Directors:

175.6 To comply with such directions as the Chief Finance Officer may issue regarding the use and operation of financial information and accounting systems.

175.7 To ensure that accounting records are properly maintained and held securely.

175.8 To ensure that all documents which support financial transactions are retained in accordance with the Council's document retention policy, except in circumstances approved by the Chief Finance Officer.

175.9 To ensure that a complete audit trail is maintained allowing financial transactions to be traced from the accounting records to the original document, and vice versa.

175.10 To incorporate appropriate controls to ensure that, where relevant:

- All input is genuine, complete, accurate, timely and not previously processed.
- All processing is carried out in an accurate, complete and timely manner.
- Output from the system is complete, accurate and timely.

175.11 To ensure that the organisational structure provides an appropriate segregation of duties, and provides adequate internal controls so as to minimise the risk of fraud or other malpractice.

175.12 To ensure that there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

175.13 To ensure that systems are documented and staff trained in operations, and consult with the Chief Finance Officer before changing any existing system, or before introducing a new system.

175.14 To establish a scheme of sub delegation identifying officers authorised to act upon the Director's behalf in respect of

payments, income collection and placing orders, including variations, and showing the limits of their authority.

175.15 To supply lists of authorised officers, with specimen signatures and delegated limit, to the Chief Finance Officer together with any subsequent variations.

175.16 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

175.17 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

175.18 To ensure that relevant standards and guidelines for computer systems issued and observed.

175.19 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

175.20 To comply with the Council's Anti Money Laundering Policy and any guidance issued by the Chief Finance Officer.

INCOME AND EXPENDITURE

177. Effective income collection systems are necessary to ensure that all income due is identified, collected receipted and banked properly.

178. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow, and also avoids the time and cost of administering debts.

Key controls

179. The key controls for income are:

175.21 All income due to the Council is identified and charged correctly, and in accordance with approved charging policies, and that all such policies are regularly reviewed.

175.22 All income is collected from the correct person, at the right time, using the correct procedures and is properly allocated.

- 175.23 All cheques received in payment are made payable to Wiltshire Council.
- 175.24 Council incomes should never be used to cash personal cheques or support other payments.
- 175.25 All monies received by an employee on behalf of the Council are paid without delay into the appropriate account and is properly recorded. The responsibility for cash collection should be separated from that:
- For identifying the amount due.
 - For reconciling the amount due to the amount received.
- 175.26 Effective action is taken to pursue non-payment within defined timescales in accordance with the Council's Debt Recovery policy.
- 175.27 Write-off action is taken only in accordance with the Council's write-off procedures, including obtaining formal approval and ensuring appropriate accounting adjustments are made following write-off action.
- 175.28 All income related documents are retained and stored for the defined period in accordance with the document retention schedule.
- 175.29 All monies collected and deposited are regularly reconciled to the Council's Bank accounts by a person who is not involved in the collection or banking process.

Procedure

180. It is the responsibility of the Chief Finance Officer:
- 175.30 To determine the procedures, systems, form of documentation and all arrangements necessary for the collection of all incomes due to the Council.
- 175.31 To order and supply to all service areas with financial stationery and to regulate the arrangements for the control and storage of all such documents.

- 175.32 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly in accordance with the Corporate Debt Recovery Policy.
- 175.33 To maintain a Corporate Debt Recovery Policy that incorporates write-off procedures and limits which are updated as and when required.
- 175.34 In accordance with the statutory requirements contained within the Money Laundering Regulations 2007 to:
- Produce an anti-money laundering and counter terrorist financing policy.
 - To implement customer due diligence procedures (procedures to verify the customer's identity before entering into a business relationship or transaction).
 - Establishing and maintaining appropriate risk-sensitive policies and procedures.
 - Ensuring employees are trained in and implement those procedures and are aware of the law relating to money laundering and terrorist financing.
 - Appointing a nominated or money laundering reporting officer (MLRO) (The Council's Chief Finance Officer is the MLRO), to receive and make suspicious activity reports to the Serious Organised Crime Agency (SOCA).

181. It is the responsibility of the Directors:

- 181.1 To establish a charging policy for the supply of goods or services (including the appropriate level charging of VAT), and to review it regularly, in consultation with the Chief Finance Officer and in accordance with corporate policies.
- 181.2 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

- 181.3 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly in accordance with the Council's Corporate Debt Recovery Policy.
- 181.4 To ensure that all financial stationery is in a form agreed by the Chief Finance Officer. No officer should give a receipt for money received on behalf of the Council in any form other than an official receipt form.
- 181.5 To ensure that at least two employees are present when post is opened, and that all monies received by post are properly identified and recorded and are securely kept.
- 181.6 To ensure that only levels of cash below the approved maximum limit as set by the Chief Finance Officer are held on the premises.
- 181.7 To hold securely receipts, tickets and other financial records of income for the appropriate period, as determined by the Council's Document Retention policy.
- 181.8 To ensure that incomes are fully and promptly paid into the appropriate Council bank account in the form in which it is received, and that details are recorded as directed by the Chief Finance Officer in order to provide an audit trail. All monies collected and deposited must be reconciled to the bank account on a regular basis.
- 181.9 To supply the Associate Director, People and Business Services with details relating to work done, goods supplied, services rendered or other amounts due, to ensure that all sums owed to the Council are recorded correctly and that accounts are sent out promptly.
- 181.10 Establish performance management systems to monitor recovery of income and identify areas of concern to the Chief Finance Officer.
- 181.11 To assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the

Council's behalf in accordance with the Corporate Debt Recovery policy.

- 181.12 To recommend to the Chief Finance Officer all debts to be written off, and to keep a record of all sums written off up to the approved limit in accordance with the Council's Write-Off policy.
- 181.13 Once raised no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 181.14 To notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.

182. Under no circumstances should an amount of cash in excess of £2,500 be received by anyone on behalf of the Council in payment for any goods or services supplied or provided to any customer of the Council except in circumstances approved by the Chief Finance Officer, as such acceptance could have serious implications under the legislation governing the criminal activity of money laundering.

Ordering and Paying For Work, Goods and Services

- 183. Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value through economy and efficiency, and best value principles should underpin the Council's approach to procurement.
- 184. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements, and these procedures should be read in conjunction with the Council's Procurement and Contract Rules which form part of its Constitution.
- 185. Every officer and member of the Council has a responsibility to declare any links or personal interests that they, or any person living with them or any close member of their family, may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.

186. Official orders must be in a form approved by the Chief Finance Officer, and must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer.
187. The normal method of payment from the Council shall be by BACS, cheque or other instrument approved by the Chief Finance Officer except for in relation to petty cash, schools' own bank accounts and other payments from advance accounts,.
188. Any use of Direct Debits, Standing Orders and CHAPS will require the prior approval of the Chief Finance Officer.
189. Advances for the purpose of defraying certain expenses may be made in accordance with arrangements agreed by the Chief Finance Officer.
190. Officers receiving advances shall observe procedures and maintain records as determined by the Chief Finance Officer.
191. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.
192. Officers can be issued with a purchase card with the authority of the Chief Finance Officer for use in accordance with procedures laid down by the Chief Finance Officer.

Key Controls

193. The key controls for ordering and paying for work, goods and services are:
 - 193.1 Goods and services can only be ordered by authorised persons and must be correctly recorded.
 - 193.2 All goods and services should be ordered in accordance with the Council's Procurement and Contract Rules.
 - 193.3 Goods and services received must be checked to ensure they are in accordance with the order, and goods should not be received by the person who placed the order.
 - 193.4 Payments should not be made unless goods have been received by the Council to the correct price, quantity and quality standards.

- 193.5 All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- 193.6 All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the Document Retention policy.
- 193.7 All expenditure, including VAT is accurately recorded and allocated.
- 193.8 Processes are in place to maintain the security and integrity of electronic transactions.

Procedures

194. It is the responsibility of the Chief Finance Officer:

- 194.1 To ensure that all the Council's financial systems and procedures are sound and properly administered, and to approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 194.2 To approve the form of official orders, and all associated terms and conditions.
- 194.3 Cheques on the Council's bank accounts must be ordered by the Chief Finance Officer who should also make arrangements for their safe custody.
- 194.4 To make payments from the Council's funds for all properly authorised expenditure that has been duly incurred in accordance with financial procedures
- 194.5 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 194.6 To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

194.7 To ensure, where appropriate, that a budgetary control system is established that enables orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

195. It is the responsibility of the Directors:

195.1 To ensure that official orders are used for all goods and services, other than the following exceptions:

- For supplies of utilities, periodic payments such as rent or rates,
- Purchase card or petty cash purchases or
- other exceptions specified by the Chief Finance Officer.

195.2 To ensure that orders are only used for goods and services provided to the Council. Individuals must not use official orders to obtain goods or services for their private use.

195.3 To ensure that only duly authorised staff sign orders, and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority.

195.4 To ensure that the authoriser of the order is satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision available, and that quotations or tenders have been obtained if necessary.

195.5 To follow best value principles that underpin the Council's approach to procurement to ensure that value for money is always achieved.

195.6 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order, and entries should then be made in inventories or stores records as appropriate.

195.7 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, after confirming:

- Receipt of goods or services.
- That the invoice has not previously been paid.
- That expenditure has been properly incurred and is within budget provision.
- That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
- Correct accounting treatment of tax (e.g. VAT and Construction Industry Tax).
- That the invoice is correctly coded.
- That discounts have been taken where available.
- That appropriate entries will be made in accounting records.

195.8 To ensure that at least two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.

195.9 To ensure that payments are not made on a photocopied, e-mailed or faxed invoice, statement or other document other than the formal invoice. Where in exceptional circumstances this is impossible, the Director will ensure that the payment has not already been made and certify the invoice accordingly.

195.10 To encourage suppliers of goods and services to receive payment by the most economical means for the Council (guidance on appropriate payment methods is obtainable from Business Services. It is essential, however, that payments made by direct debit have the prior approval of the Chief Finance Officer.

195.11 To ensure that the Council obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Chief Finance Officer, which are in line with best value principles and contained in the Council's Procurement and Contract Rules.

- 195.12 To ensure officers do not enter into any form of credit arrangement (for example hire purchase or finance leasing agreements) without the prior agreement of the Chief Finance Officer. Following approval a copy of the signed agreement should be sent to the Chief Finance Officer.
- 195.13 To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the Council's accounts closedown timetable determined by the Chief Finance Officer.
- 195.14 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Finance Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of Construction Industry Tax status.
- 195.15 To notify the Chief Finance Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 195.16 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Document Retention policy.
- 195.17 To ensure prompt processing of purchase invoices within agreed payment terms.

Contracts and procurement

196. All procurements and contracts made on behalf of the Council shall be subject to the Council's Procurement and Contract Rules. The financial basis of the contract (for example, fixed price) should be established prior to any procurement process and where appropriate, advice on the financial clauses of contracts should be obtained from the Chief Finance Officer
197. The Associate Director, Legal and Governance and Chief Finance Officer may require that a contract includes a performance bond, or a parent company guarantee.

198. Any tender should comply with the following:
- 198.1 Is within an approved budgetary provision whether of a capital or revenue nature; and
 - 198.2 Has received any necessary Government approvals.
 - 198.3 If from an external organisation, and if over £250,000 in value and if relating to building and constructional works is the subject of a satisfactory performance bond.
199. In the event of a delay on the completion of a contract that is attributable to the contractor, and where the contract provides for it, the Council shall give the contractor notice that the Council may claim liquidated damages in respect of such delay, in accordance with the terms of the contract.
200. Such liquidated damages should only be deducted after consultation with the Associate Director, Legal and Governance, and upon the instructions of the Cabinet where necessary.
201. Claims received from contractors which are likely to cause the approved expenditure limit for the contract to be exceeded must be referred to the Associate Director, Legal and Governance for consideration of the Council's legal liability if they are likely to lead to arbitration, and the Chief Finance Officer for financial consideration before settlement is reached.
202. A subcontractor must not be engaged on a building contract; no matter how small the works are, unless the subcontractor holds a valid Inland Revenue card or certificate.

Procedure

203. The Chief Finance Officer shall examine the systems of control and the monitoring procedures for all types of contract as deemed appropriate to ensure the security and effectiveness of the arrangements.
204. It is the responsibility of the Directors:
- 204.1 To ensure that only those officers authorised to do so under a scheme of sub delegation, identifying in each case the limits of their authority, sign contracts and to retain specimen signatures of each authorised officer.
 - 204.2 To contact Associate Director, People and Business Services to arrange for suitable cover where the Council is the contractor and

the contract requires that the Council provides Performance Indemnity Insurance, .

- 204.3 To ensure a register of contracts is maintained.
- 204.4 To prepare and keep evidence of contract progress, and of any authorised additions or variations to the contract where a contract is payable by instalments.
- 204.5 To compile the final account and authorise the final payment to a contractor. Where required, the final certificate on a contract or accepted estimate should be issued by the Director or a duly authorised officer in accordance with the contract, after the production by the contractor of a detailed final account together with supporting documentation. The Chief Finance Officer may inspect such documents prior to making the payment under the terms of the contract.
- 204.6 To make payments to contractors on account for building or construction contracts should be made only by a certificate issued by the appropriate Director, detailing the total amount of the contract, the value of the work executed to date, retention monies, the amount paid to date and the amount now certified.
- 204.7 To ensure that the Council is provided with reasonable access to all documentation relating to construction and maintenance contracts that are supervised and managed by third parties .
- 204.8 To notify Associate Director, People and Business Services of all contracts for building works for new premises, alterations or extension to existing premises, in order that insurance cover may be obtained for buildings in the course of construction.

Payments to Employees and Members

- 205. It is important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment.
- 206. 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 Council.

Key controls

207. The key controls for payments to employees and members are that proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:

- Starters
- Leavers
- Variations and enhancements

Procedure

208. It is the responsibility of the Associate Director, People and Business Services:

208.1 To ensure that adequate and secure arrangements are made for the reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with agreed procedures, on the due date.

208.2 To ensure that proper arrangements are made for the accurate and timely payment of tax, superannuation and other deductions.

208.3 To ensure that proper arrangements are made for payment of all travel and subsistence claims, and any financial loss allowance.

208.4 To ensure that proper arrangements are made for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.

208.5 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

209. It is responsibility of the Directors:

209.1 To ensure appointments are made in accordance with the Council's regulations approved establishments, grades and scale of pay and that an adequate budget provision is available.

209.2 All time records and other pay documents should be maintained in the Council's agreed format.

209.3 To ensure that all claims for any allowances and expenses (including payment of car allowances, subsistence allowances, travelling and incidental expenses) comply with guidance issued by the Associate Director, People and Business Services. To

certify claims to demonstrate they were properly and necessarily incurred and are paid using the payroll system.

209.4 To notify the Associate Director, People and Business Services of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Associate Director, People and Business Services.

209.5 To ensure that adequate and effective systems and procedures are operated, so that:

- Payments are only authorised to bona fide employees.
- Payments are only made where there is a valid entitlement.
- Conditions and contracts of employment are correctly applied.
- Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

209.6 To give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis and seek advice from the Associate Director, People and Business Services. The Inland Revenue applies a tight definition for employee status.

209.7 To ensure that due consideration is given to potential tax implications relating to claims for allowances and expenses and that advice is sought from the Associate Director, People and Business Services, and/or the Chief Finance Officer when appropriate. The Directors are also responsible for checking the arithmetical accuracy of claims.

209.8 To ensure that the Associate Director, People and Business Services is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

209.9 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Document Retention policy.

210. It is the responsibility of the members of the Council to submit claims for travel and subsistence allowances on a monthly basis and within one month of the year-end.

TAXATION

Part 9

Last Updated 13 May 2014

211. The Council is responsible for ensuring its tax affairs are in order, and as tax issues are often very complex and the penalties for incorrectly accounting for tax are severe, it is therefore very important for all officers to be aware of their role.

Key controls

212. The key controls for taxation are:

212.1 Budget managers are provided with relevant information and kept up to date on tax issues.

212.2 All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.

212.3 Records are maintained in accordance with instructions.

212.4 Returns are made to the appropriate authorities within the stipulated timescale.

Procedure

213. The Associate Director, People and Business Services is responsible for the compilation of all Inland Revenue returns regarding PAYE, and the Chief Finance Officer for certifying all such returns.

214. It is the responsibility of the Chief Finance Officer to complete a monthly return of VAT inputs and outputs to HM Customs and Excise.

215. It is the responsibility of the Associate Director, People and Business Services to provide details to the Inland Revenue regarding the construction industry tax (CIT) deduction scheme.

216. The Chief Finance Officer will maintain up-to-date guidance for Council employees on taxation issues e.g. VAT and CIT.

217. It is the responsibility of the Directors:

217.1 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.

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

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

217.4 To follow taxation guidance issued by the Chief Finance Officer.

TRADING ACCOUNTS AND BUSINESS UNITS

218. Trading accounts are important in areas where authorities are involved in commercial activity, and the Council maintains trading accounts for services provided on a basis other than straightforward recharge of cost, such as quoted price or schedule of rates.

Procedure

219. It is the responsibility of the Chief Finance Officer to provide advice on the requirement for trading accounts and business units.

220. It is the responsibility of the Directors:

220.1 To consult with the Chief Finance Officer and Associate Director, Legal and Governance where a trading business unit wishes to enter into a contract with a third party.

220.2 To observe all statutory requirements in relation to trading accounts and business units, including the maintenance of a separate revenue account to which all relevant income, expenditure, and overheads should be charged.

220.3 To ensure that the Council's accounting principles are applied in relation to trading accounts.

220.4 To ensure that each trading area or business unit, prepares a comprehensive annual business plan.

EXTERNAL ARRANGEMENTS

PARTNERSHIPS

221. Partnerships play an increasingly important role in the delivery of locally developed community strategies, and the Council works closely

with public agencies, private companies, community groups and voluntary organisations.

222. Partnerships as defined in Procurement and Contract Rules should comply with the key controls and be administered in accordance with Procurement and Contract Rules.

Key controls

223. The key controls for financial partnerships:

223.1 These partnerships are expected to follow, in so far as possible, the Council's Financial Rules and Regulations, where appropriate, or an equivalent version approved by the Chief Finance Officer.

223.2 To ensure the partners are aware of their responsibilities under the Council's Financial Rules and Procedures and the Procurement and Contracts Rules.

223.3 To ensure that risk management processes are in place to identify and assess all known risks.

223.4 To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.

223.5 To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.

223.6 To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Procedures

224. It is the responsibility of the Chief Finance Officer to advise on effective controls that will ensure that resources are not wasted and to provide advice on the key elements of funding a project including:

224.1 Scheme appraisal for financial viability in both the current and future years.

224.2 Risk appraisal and management.

224.3 Resourcing, including taxation issues.

224.4 Audit, security and control requirements.

224.5 Carry-forward arrangements.

225. It is the responsibility of the Directors:

225.1 To ensure compliance with the Procurement and Contract Rules and other any relevant Codes of Practice or protocols, in particular, obtaining prior agreement from the Cabinet and the Chief Finance Officer where the Council takes on the role of Accountable Body as required under certain grant conditions, and to obtain advice on the legal and taxation consequences before setting up any partnership/joint venture arrangements with outside bodies.

225.2 To maintain a partnership register

225.3 To ensure that, before entering into partnership agreements with external bodies, a risk management appraisal has been prepared for the Chief Finance Officer.

225.4 To ensure that partnership agreements and arrangements do not impact adversely upon the services provided by the Council.

225.5 To ensure that partnership agreements and arrangements are properly and fully documented.

225.6 To provide appropriate information to the Chief Finance Officer regarding partnership agreements to enable a note to be entered into the Council's statement of accounts concerning material items.

EXTERNAL FUNDING

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

227. Local authorities are increasingly encouraged to provide joint service delivery through working closely with other agencies and private service providers.

228. Funds from external agencies, such as English Heritage and the European Commission, provide additional resources to enable the Council to deliver services to the local community.

Key controls

229. The key controls for external funding are:
- 229.1 Ensuring that key conditions of funding and any statutory requirements are complied with, and that the responsibilities of the accountable body are clearly understood.
 - 229.2 Ensuring that funds are acquired only to meet the priorities approved in the policy framework by the Council.
 - 229.3 Ensuring that any match-funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

Procedure

230. It is the responsibility of the Chief Finance Officer:
- 230.1 To ensure that funding from external bodies is received, and properly recorded in the Council's accounts.
 - 230.2 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
 - 230.3 To ensure that audit requirements are met.
 - 230.4 To ensure that all grant claims are submitted correctly and on time.
 - 230.5 To ensure that terms and conditions of any grant offer are complied with.
231. It is the responsibility of the Directors:
- 231.1 To ensure that all claims for funds are made by the due date.
 - 231.2 To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
 - 231.3 To ensure that both revenue and capital resources are available for any match-funding requirements together with the revenue consequences of capital schemes.

231.4 To ensure the terms and conditions of any grant offer are complied with.

WORK FOR THIRD PARTIES

232. Legislation enables the Council to provide a range of services to other bodies, and such work may enable services to benefit from economies of scale.

233. Arrangements should be in place to ensure that any risks associated with this work is minimised, and that the Council has the legal powers to enter into such arrangements.

Key controls

234. The key controls for working with third parties are:

234.1 To ensure that proposals are costed properly in accordance with guidance provided by the Chief Finance Officer.

234.2 To ensure that contracts are drawn up using guidance provided by the Associate Director, Legal and Governance and the Chief Finance Officer, and that the formal approvals process is adhered to.

234.3 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Procedure

235. It is the responsibility of the Chief Finance Officer to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

236. It is the responsibility of the Directors:

236.1 To ensure that approval is obtained before any negotiations are concluded to work for third parties in respect of amounts in excess of £100,000 as follows:

- Amounts between £100,000 and £250,000 must be approved by the relevant Portfolio Holder and must be reported to the Cabinet.
- Amounts over £250,000 must have the approval of the Cabinet.

236.2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Finance Officer.

236.3 To ensure that appropriate insurance arrangements are made.

236.4 To ensure that no contract is subsidised by the Council other than as conscious decision to contribute towards a partnership or corporate priority, and with the approval of the Chief Finance Officer.

236.5 To ensure that, wherever possible, payment is received in advance of the delivery of the service.

236.6 To ensure the service area has the appropriate expertise to undertake the contract.

236.7 To ensure that such contracts do not impact adversely upon the services provided for the Council.

236.8 To ensure all contracts are properly documented.

236.9 To provide information as required by the Chief Finance Officer so that a note detailing the arrangement can be added to the Council's accounts.