

FINANCIAL REGULATIONS, PROCEDURES AND GUIDANCE

June 2021

FINANCIAL REGULATIONS AND PROCEDURES

Contents

1. Introduction to Tameside MBC's Financial Regulations and Procedures.....	3
2. Key Decisions and the Financial Regulations	5
3. The Medium Term Financial Strategy	16
4. Annual Revenue Budget.....	17
5. Capital Programme	19
6. Budget Guidance and the Budget Timetable	22
7. Budget Control and Monitoring	23
8. Scheme of Virement.....	25
9. Grant Funding	27
10. Treatment of Year End Balances	29
11. Accounting Policies	30
12. Accounting Records and Returns	31
13. Annual Statement of Accounts	33
14. Maintenance of Reserves	35
15. Internal Controls.....	37
16. Risk Management.....	39
17. Insurance	41
18. Treasury Management	43
19. Bank Accounts	45
20. Value for Money.....	46
21. Internal Audit	47
22. External Audit	49
23. Preventing and detecting Fraud, Bribery and Corruption.....	50
24. Anti-Money Laundering.....	52
25. Gifts, Hospitality and Register of Interests	53
26. Asset Management.....	54
27. Financial Systems	57
28. Income Collection and Management.....	59
29. Ordering and Payment of Works, Goods and Services	62
30. Purchase Cards.....	64
31. Payments to Employees, Members and Pensioners.....	65
32. Taxation	67
33. Petty Cash.....	69
34. Funds Held on Behalf of Third Parties	71

FINANCIAL REGULATIONS AND PROCEDURES

1. INTRODUCTION TO TAMESIDE MBC'S FINANCIAL REGULATIONS AND PROCEDURES

- 1.1 Financial Regulations provide the internal framework for managing the Council's financial affairs. They apply to every Member and officer of Tameside MBC and anyone in the public or private sector who acts on behalf of the Council.
- 1.2 The Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are to be followed. These Finance Regulations and Procedures form part of the Constitution and are in place to ensure the Council has sound financial management policies underpinning the conduct of its business.
- 1.3 Under Section 151 of the Local Government Act 1972 each local council shall make arrangements for the proper administration of the Council's financial affairs and arrange for one of their officers (the Chief Finance Officer) to be responsible for the administration of those affairs. For Tameside MBC this officer is the Director of Finance.
- 1.4 The Monitoring Officer is a statutory appointment pursuant to section 5 of the Local Government and Housing Act 1989 with a statutory duty to report to the Council in any case where they are of the opinion that any proposal, decision or omission of the Council, its committees or subcommittees or anyone employed by the Council is, or is likely to be, illegal or to constitute maladministration. If the Monitoring Officer makes such a report to the Council, it will be sent to every Councillor and the proposal, decision, or omission referred to in the report is suspended. Council must consider the report and decide, within 21 days on the steps it is taking in response to the report.
- 1.5 These Financial Regulations and Procedures must be followed by all Members and officers of the Council, and extend to others acting on behalf of the Council. Failure to follow the Financial Regulations and Procedures or financial instructions issued by the Chief Finance Officer may result in action under the Council's disciplinary procedures.
- 1.6 It is the responsibility of Directors to ensure that all officers in their Service are aware of the existence and content of the Council's Financial Regulations, as well as other internal regulatory documents, and also to confirm that they comply with them.
- 1.7 Any person charged with the use or safekeeping of the Council's resources and assets should inform themselves of the Council's requirements under the Financial Regulations and Procedures, with any queries being referred to the Chief Finance Officer.
- 1.8 It is the responsibility of the Chief Finance Officer and/or the Monitoring Officer to provide advice, guidance or any interpretation /clarification to reinforce the Financial Regulations that Members, officers and others acting on behalf of the Council are required to follow. The Chief Finance Officer is also responsible for maintaining a continuous review of the Financial Regulations and Procedures and submitting any additions or changes necessary to the Council for approval.
- 1.9 The Chief Finance Officer shall be authorised to temporarily suspend application of the Financial Regulations and Procedures in exceptional circumstances.
- 1.10 These Financial Regulations and Procedures do not apply to schools. Financial Procedure Rules are detailed in a separate document, which has been provided to all maintained schools.
- 1.11 In line with good practice, each section of the Financial Regulations and Procedures follows the following format:
 - Why is this important?
 - Key Controls, which must be followed;
 - Responsibilities of the Chief Finance Officer;
 - Responsibilities of Directors.

FINANCIAL REGULATIONS AND PROCEDURES

- 1.12 This is intended to allow easy navigation of the regulations so that quick reference can be made and so that the reader can fully understand the important and reason for the regulations in safeguarding the finances of the Council.

FINANCIAL REGULATIONS AND PROCEDURES

2. DECISIONS AND THE FINANCIAL REGULATIONS

- 2.1 The rules of the Council (known as the Constitution, which includes these Financial Regulations define who can make a decision. The decision maker can be the executive sitting as the Cabinet, joint committees for example Strategic Commissioning Board, individual Executive Members, and officers who have delegated responsibility from the Executive to make executive decisions.
- 2.2 An “**executive decision**” means a decision made or to be made by a decision maker in connection with the discharge of a function, which is the responsibility of the executive of a local authority. A written notice must be produced, which reflects the decision along with the following information:
- details of the decision and the date it was made;
 - reasons for the decision;
 - any other options considered and why those options were rejected;
 - details of any conflict of interest of an executive member of the decision-making body; and
 - a note of dispensation granted by the Head of Paid Service in respect of any declared conflict of interest.
- 2.3 A “**key decision**” is defined in law as an executive decision which, is likely—
- (a) to result in the relevant local authority incurring expenditure which is, or the making of savings, which are significant having regard to the local authority’s budget for the service or function to which the decision relates; or
 - (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.

Key’ Decisions in Tameside

- 2.4 By way of defining ‘significant’ for the Council’s purposes a Key Decision is:-
- (a) Any executive decision which requires expenditure of £30k or more in a financial year that is not in the budget presented to Council;
 - (b) Any executive decision to spend and/or vire £500k or more in the budget presented to Council;
 - (c) Any executive decision where the outcomes will have a significant impact on a significant number of people living or working in two or more wards.

The Regulations and Guidance

- 2.5 [The Openness of Local Government Bodies Regulations 2014 \(legislation.gov.uk\)](#) 2014 Regulations came into force on 6 August 2014 build on the [The Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012 \(legislation.gov.uk\)](#) (the 2012 Regulations) which sought to provide greater openness and transparency in decision making at Executive level meetings, including Cabinet and individual Executive Member decisions.
- 2.6 Principally the 2012 Regulations required key decisions and items taken at meetings in private session to be advertised 28 days in advance and for all executive decisions to be recorded as soon as reasonably practicable. This included executive decisions taken by officers. The 2014 Regulations impose additional requirements for local authorities to require written records to be published of certain decisions taken by officers.
- 2.7 The Secretary of State has released a plain English guide to the regulations which provides some further guidance for the public. This is available to view at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343182/140812_Openness_Guide.pdf
- 2.8 The national rules require a council to publish its intention to make a key decision at least 28 clear days prior to when the decision is intended to be made. The notice has to include details of the individual or executive body who will make the decision, the matter that is subject to a decision, other documents to be considered, and where these other documents are available. This notice

FINANCIAL REGULATIONS AND PROCEDURES

must be available at the council's website before the decision is made. This allows interested parties to have sufficient knowledge in advance of those decisions that will be of genuine concern to local communities.

- 2.9 A key decision be made without giving the 28 days' notice provided:
- the relevant Overview and Scrutiny Committee Chairman is informed in advance and in writing (or all the members of the Overview and Scrutiny Committee) about what the decision is concerning;
 - a notice/ and report about the key decision to be made is made available for inspection at the council's offices and published on the website; and
 - 5 clear days elapse following the day a notice/report is published about the key decision to be made.
- 2.10 If there is a case of special urgency, for example an urgent decision on a negotiation, expenditure or contract, the decision must only be made if the agreement of the Overview and Scrutiny Committee Chairman is received. In the absence of the Overview and Scrutiny Committee Chairman, the permission of the Council Chair must be obtained. If agreement is given, a notice explaining why the decision is urgent and cannot reasonably be deferred, must be published and should be available at the council's offices and on its website as soon as reasonably practicable.

What is an Officer Executive Decision

- 2.11 Regulation 7 of the 2014 Regulations provides that a decision making officer must produce a written record of any decision which would otherwise have been taken by the relevant Local Government body (in this case Tameside Metropolitan Borough Council), or a committee, or joint committee, but it has been delegated to an officer either:- (a) Under a specific express authorisation; or (b) Under a general authorisation to officers set out in the Constitution to take such decisions and, the effect of the decision is to – (i) Grant a permission or licence; (ii) Affect the rights of an individual; or (iii) Award a contract or incur expenditure which, in either case, materially affects that relevant local government body's financial position.
- 2.12 Decisions which are taken by officers under specific delegations from a meeting of their council's executive are clearly executive decisions where officers have been empowered to act on behalf of their council's executive, either following a specific decision or through the delegated powers set out in the constitution. The guidance provides a non-exhaustive list of examples of decisions that should be recorded:
- decisions about awarding contracts above specified individual/total values;
 - decisions to exercise powers of Compulsory Purchase;
 - decisions on disposal of and/or provision of land, allotment land and green spaces;
 - decision to purchase new ICT systems;
 - the opening hours of local libraries;
 - the holding of car boot sales/markets on council-owned land;
 - the operating hours of off-street car parks;
 - a decision to close a school;
 - a decision to carry out major road works;
 - awarding of Discretionary Rate Relief

Recording Executive Decisions

- 2.13 When a member or officer takes a decision on matters that are the responsibility of the council's executive, this must be recorded in writing. The form of the written record is for the council to decide, but Regulation 7 goes on to specify the information which must be included in the written record of the decision and in particular:
- (a) details of the decision made
 - (b) the date it was made;
 - (c) the individual executive member or officer by whom the decision was made
 - (d) reasons for the decision;
 - (e) Details of alternative options, if any (taking into account status quo or doing nothing), considered and rejected and why those options were rejected;

FINANCIAL REGULATIONS AND PROCEDURES

- (f) details of any conflict of interest declared by any executive member consulted in relation to the decision noting that anyone with a conflict cannot make the decision unless they have a dispensation; and
- (g) a note of dispensation granted in respect of any declared conflict of interest.

2.14 The requirement to record decisions extends only to “executive decisions”. The existing template used by the Council for recording individual Member Executive Decisions has been adapted for the recording of officer decisions that are not already routinely published. It removes the requirement for legal and financial advice which elected members are required to demonstrate they have had. The template can be completed by decision making officers on a web-form on the intranet site. These decisions will be published on the Council’s website by Democratic Services using the modern.gov software application:
<https://tamesideintranet.moderngov.co.uk/mgDelegatedDecisions.aspx?bcr=1>

2.15 If there is a separate statutory requirement to record the decision together with the date taken and reasons for the decision, then this will be sufficient to satisfy the requirement and in particular planning and building control decisions made by officers under delegated powers are publically available through the minutes of those meetings.

2.16 Where decisions are delegated to officers under specific express authorisation, for example expressly stated in Cabinet decisions, the relevant officer should complete the decision record as soon as practicable after the decision is made

Administrative & Operational decisions

2.17 The plain English guide states that “many administrative and operational decisions officers take on how they go about their day to day work will be delegated within the council’s rules and do not fall within the “executive decisions” category; as such they do not need to be recorded.” Such administrative and operational decisions might include the following examples:

- decisions to allocate social carers or walking aids to particular individuals,
- decisions to allocate a social housing unit to an applicant or to send someone to carry out repairs;
- decisions to give business relief to individual traders;
- decisions to review the benefit claims of an individual applicant;
- decisions to allocate market stalls to individual traders;
- a decision to instruct certain staff within the council to appear in court in connection with proceedings relating environmental issues.

2.18 This is not intended to be an exhaustive list, rather a series of examples to illustrate that, in the interests of maximum transparency, the regulations require more than just key decisions to be recorded.

2.19 In essence the category of decisions that “*affect the rights of an individual*” will be limited to such decisions that have a direct impact by changing the nature of an individual’s legal rights (setting a policy) will be a Key or executive decision. Where a decision is simply implementing an existing framework of legal rights (policy), it will not fall within the rules. In addition, information regarding individuals will often be classed as exempt information and would not be published. The law sets out that it is the importance of decisions rather than the decision maker that determines whether it needs to be on notice 28 days before and made in public and/or whether it needs to be recorded at all.

2.20 Ultimately, individual directors are responsible for ensuring their and their Directorate’s compliance with the national rules.

Access to information

2.21 A councillor can inspect any document that contains material to be discussed at least 5 days before a public meeting is held. In case of a private meeting or decision made by an individual executive member or officer, you can inspect the document within 24 hours of the conclusion of

FINANCIAL REGULATIONS AND PROCEDURES

the meeting or the decision being made. In addition, if you are a member of an overview and scrutiny committee, you can ask for any document that contains business transacted at a meeting of the executive, its committees or sub-committees or officer of the authority. The executive must provide the document within 10 days after it (the executive) receives the request.

- 2.22 It is a criminal offence if, without a reasonable excuse, a person who has in his or her custody a document, which the national rules require to be made available to the public, refuses to supply the whole or part of the document or intentionally obstructs any other person/s from disclosing such a document. If a person is found guilty of such a criminal offence, he/she can be fined up to £200. A document can be the agenda and connected reports for public meetings, documents relating to executive decisions made by an individual member or officer, or any other background papers.
- 2.23 The relevant legislation relating to access to information regarding decisions made by council executives, and their committees/subcommittees and joint committees is Part 1A of the Local Government Act 2000 – see sections 9G and 9GA. It was inserted as a result of amendments made by the Localism Act 2011 and the relevant provisions are available at the following link: <http://www.legislation.gov.uk/ukpga/2011/20/schedule/2/part/1> The detailed provisions are contained in the secondary legislation made under the 2000 Act, that is the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, which can be found at: <http://www.legislation.gov.uk/uksi/2012/2089/contents/made>

Financial Decisions

- 2.24 The vast majority of financial key and non-key decisions can be reported through the regular finance update report presented to Executive Cabinet and SCB. For some more complex decisions a separate report may be required in order to provide the transparency necessary to adhere to the principles of good governance.
- 2.25 The majority of financial decisions will be through either the annual budget or the respective regular revenue and capital budget monitoring reporting process. Full Council is responsible for the setting of the annual revenue budget and 5 year capital programme. The budget is the financial plan that enables the objectives set by Full Council to be achieved.
- 2.26 It is important that the Council operates to these approved budgets. However, from time to time, the activities of the Council may mean that expenditure and income may vary from the original plan, and as a result it is important that safeguards are put in place to ensure the Council effectively records and reports the activity and decisions that have been made that cause these changes.
- 2.27 It is incumbent on budget holders, as those people with delegated authority to spend within the approved budget, to take action wherever possible to mitigate any adverse spend or shortfall income as part of a proactive plan. Actions that are being taken should be reported to Cabinet as part of the regular budget monitoring report and authorisation sought as part of that reporting mechanism if spend or income is likely to fall outside the delegation limits set out as part of these financial regulations and the constitution.
- 2.28 In respect of officer decisions, the following decisions will be recorded, where not already published elsewhere:
- a) Decisions under a specific express authorisation;
 - b) Decisions under a general authorisation to officers to take such decisions and, the effect of the decision is to – (i) Grant a permission or licence; (ii) Affect the rights of an individual; or (iii) Award a contract or incur expenditure which, in either case, materially affects that relevant local government body's financial position." An officer decision will be reported under part (iii) if it meets the financial thresholds as set out as defined below:
 - a decision to spend £50,000 or more from an approved budget,
 - a decision to vire more than £10,000 from one budget to another,
 - a decision which would result in a saving of £10,000 or more to any budget head,

FINANCIAL REGULATIONS AND PROCEDURES

- a decision to dispose or acquire any interest in land or buildings with a value of £50,000 or more,
- a decision to propose the closure of, or reduction by more than ten (10%) percent in the level of service (for example in terms of funding, staffing or hours of operation) provided from any facility from which Council services are supplied.

The constitution sets out a scheme of delegation which is summarised below:

FINANCIAL DELEGATIONS

1) Expenditure, Saving or Income Generation Decisions

The annual budget is set in February of each year by Full Council, where the funding envelope is set by confirming the level of government grant and business rates that will be received and the level of Council tax to be drawn from the Council Tax collection fund, as well as the drawdown of reserves to fund expenditure (if applicable).

The funding available for the Council is therefore relatively stable and the Council effectively sets a budget control total for the year.

Any new expenditure within the overall control total, approved by Full Council, will be subject to the virement rules and delegations, whereby funding can be moved between budget lines within the overall control total.

Any decision to increase the overall expenditure budget outside of the budget process, can therefore only be funded from reserves and must be approved by Full Council usually on the recommendation of Cabinet.

a) New Expenditure

Any in-year drawdown from general reserves to fund new expenditure will therefore need the approval of Council following a recommendation from Executive Cabinet. This will usually be part of the regular budget monitoring report as a specific request, or if significant as a separate report to the Executive Cabinet/Council.

NEW EXPENDITURE GENERATION DECISIONS OUTSIDE OF EXISTING BUDGET PROVISION		
Amount	Who	Decision Type
More than £30k	Council on recommendation of Executive Cabinet	Council
Up to £30k	Executive Member for Finance	Key Decision

Examples, may include a contribution to a new initiative with partners, or agreeing matched funding where additional income is attracted to the authority.

b) Savings and Income Generation Decisions

The majority of savings and income generation decisions are made during the budget setting process and once approved, it is expected that the appropriate plans and action are taken to deliver these. This includes the annual review of fees and charges which are reported and approved by Full Council. Any variations from the approved plans are reported as part of the monthly budget monitoring process.

From time to time, new savings and/or income generation opportunities may arise, and if it is for more than £30,000 and affects two wards or more then the following delegation apply.

SAVING OR INCOME GENERATION DECISIONS AFFECTING TWO OR MORE WARDS		
Amount	Who	Decision Type
More than £30,000 and affecting two or more wards	Executive Cabinet	Key Decision

FINANCIAL REGULATIONS AND PROCEDURES

For savings or income generation decisions that do not affect two wards or more, the following delegations apply.

SAVING OR INCOME GENERATION DECISIONS NOT AFFECTING TWO WARDS OR MORE		
Amount	Who	Decision Type
More than £100,000	Executive Cabinet	Key Decision
£50,000 to £100,000	Director in Conjunction with Executive Member	Executive Decision
Up to £50,000	Director	Executive Decision (officer)

Examples may include an in-year restructure, where the normal HR processes and considerations need apply. Savings arising from normal day to day activities, for example, following a procurement should be reported through the normal budget monitoring process. However, if it fundamentally changes the nature of service delivery a separate report outlining the changes, why they are needed and their impact will be required.

2) Virement

A virement is the transfer of budget from one specific activity area to another and is the result of a proactive decision. This can either be a transfer within revenue budgets or within capital budgets but not between revenue and capital budgets.

Virements can only take place if there is sufficient budget from the donating budget area, and does not create an expenditure pressure or income shortfall against the donating budget area.

All virements are summarised and reported in a separate annex in the regular finance update report considered by Executive Cabinet.

If a virement is for more than £30,000 and affects two or more wards a key decision taken through Executive Cabinet will be required.

The majority of virements along with appropriate approval can and should take place as part of the regular financial reporting presented to cabinet and there should be no need for separate decision papers.

There are four main categories of virement:

- a) Virements between Directorates – This is where a decision is made to change the priority of spend across Directorates by reducing the available budget in one Directorate to increase in another one. This may be because one Directorate is better placed to deliver a particular activity, or a simple change of priority and the need to increase the resources of a particular Directorate at the expense of others.
- b) Virements within Directorates – Directorates may wish to reprioritise resources between the services which they deliver. Directorates can deliver a diverse range of services and as such the virement rules still need to be observed. For example, a decision to reallocate and vire resources between the Library Service and Passenger Transport is a clear move away from the budget set by Council, who agreed a certain spend on Libraries and Passenger Transport. A change in these spend priorities needs to be recorded appropriately within the virement limits.
- c) Virements between Pay and Non-Pay Lines – Staffing is one of our most expensive and valuable resources. Decisions to move budget either to or from pay budgets can be politically sensitive and impact on the way the service is delivered and therefore needs to be approved and recorded. For example, the decision to buy in a service rather than deliver with employees may have employment implications through TUPE and a proper and transparent decision needs to be made in approving a virement of this nature.
- d) Virements to and from contingency budgets – the Council holds contingency budgets to smooth the impact of any adverse conditions or events which either cause income to reduce or expenditure to increase. The majority of budget variances are recorded and monitored on a monthly basis. However, from time to time, it may be necessary to establish a new budget to

FINANCIAL REGULATIONS AND PROCEDURES

- be funded from contingency. Approval for the virement is therefore necessary.
- e) Virements between schemes in the approved capital programme.

Note for finance – the correct alignment of budgets to enable effective budget management may mean that it is necessary to move budgets through the virement mechanism within Agresso. This is permitted providing it does not fundamentally change the nature of the service activity being funded. Examples include budget corrections where budgets are fundamentally in the wrong place. This should be demonstrable through previous years spend activities etc. It is important that budgets are correctly aligned for financial control purposes.

The authorised limits for both Revenue and Capital virements that do not affect two wards or more and subject to principles established under the key controls are set out as:

Budget Virements		
(a) Between Directorates		
(b) Between Services Within Directorates		
(c) Between pay and non-pay		
Amount	Who	Governance required to facilitate - Decision Type
More than £500,000	Executive Cabinet	Key Decision
£250,000 to £500,000	Executive Member for Finance & relevant Executive Member	Executive Decision
£100,000 to £250,000	Director	Executive Decision (officer)
£50,000 to £100,000	Assistant Director	Executive Decision (officer)
Less than £50,000	Budget Manager	Operational recorded through Agresso

Budget Virements – From Corporate Contingency		
Amount	Who	Governance required to facilitate - Decision Type
More than £50,000	Executive Cabinet	Key Decision
Less than £50,000	Chief Finance Officer	Executive Decision (officer)

Any decision taken under these delegated limits still needs to be recorded and documented in the form of a report that sets out the background, options considered and rationale for the decision. This can be addressed as part of the regular Finance Update to Executive Cabinet.

Budget Virements – Capital Programme		
Amount	Who	Governance required to facilitate - Decision Type
More than £250,000¹	Executive Cabinet	Key Decision
Less than £250,000	Chief Finance Officer	Executive Decision (officer)

Any decision taken under these delegated limits will be included in the regular Finance Update to the Strategic Planning and Capital Monitoring Panel.

3) Grants from External Bodies

After Council Tax and Business Rates the Council receives the majority of its funding through grants which have to be accounted for correctly, and spent in the appropriate areas.

¹ This is the aggregate amount for whole project over lifetime of the project - not each individual request

FINANCIAL REGULATIONS AND PROCEDURES

There are two main forms of grant, formulaic and non-formulaic. In general the formulaic grants are provided by central government under the Section 31 legislation (Local Government Act 2003).

However, in a number of cases grants have terms and conditions with detailed grant claims being required in order to draw down funding. The acceptance and spending of some grants place legally binding obligations on the Council. It is therefore necessary for any new grants to be to the Council's budget and reported on in accordance with normal budget monitoring practices.

In order to accept and add new grants to the Council's budget the following limits apply. In each case a decision note is required.

APPLICATION FOR AND ACCEPTANCE OF GRANTS		
Amount	Who	Governance required to facilitate - Decision Type
Over £100,000	Executive Member for Finance & relevant Executive Member	Key Decision
Up to 100,000	Executive Member for Finance & relevant Executive Member	Executive Decision
Up to £50,000	Chief Finance Officer and Relevant Assistant Director	Executive Decision (officer)

4) Procurement Decisions

The procurement standing orders also include financial limits which are summarised below. The authorisation to proceed to procurement is determined by the availability of the budget, which is set by Council.

If as the result of the procurement process there is insufficient budget then the key decision criteria applies and any request for additional funding, whether by virement or drawdown from reserves will have to be made in accordance with the financial limits.

PROCUREMENT - SUPPLIES AND SERVICES		
Amount	Procurement Activity	Advertising of Opportunity
Above £180,000 *	Most appropriate procedure permitted by the Regulations	OJEU Notice
£25,000 to £180,000*	Minimum 3 quotes subject to risk based sourcing	The Chest ²
£5,000 to £25,000	Minimum 3 quotes	n/a
Less than £5,000	Minimum 1 quote	n/a

PROCUREMENT - WORKS AND PUBLIC WORKS CONCESSION		
Amount	Procurement Activity	Advertising of Opportunity
Above £4,500,000	Most appropriate procedure permitted by the Regulations	OJEU Notice
£25,000 to £4,500,000	Minimum 3 quotes subject to risk based sourcing	The Chest ³
£5,000 to £25,000	Minimum 3 quotes	n/a
less than 5,000	Minimum 1 quote	n/a

Many contracts have annual adjustments that reflect changes to general prices or volume adjustments. Such adjustments will only require a key decision if it is in excess of the approved budget or results in a significant change to contractual outcomes.

² Not a requirement for the Pension Fund who will use such methods appropriate to the nature of procurement

³ Not a requirement for the Pension Fund who will use such methods appropriate to the nature of procurement

FINANCIAL REGULATIONS AND PROCEDURES

Non-contractual transactions may occasionally occur where there is no procurement process required. These are common in relation to the Health and Social Care agenda. Any transaction which fall outside the standard procurement regulations or employment of staff will still be an expenditure, saving or income generation decision and therefore the key decision criteria and financial limits outlined in section 2 will apply.

Awarding of New Contracts

Following a procurement, a contract is entered into. For transparency purposes it is important to record this contract on the contract register. The contracts register is updated and published quarterly on the Council Transparency page on the Council's website.

AWARDING OF CONTRACTS – FOR EXISTING SERVICES, WITHIN BUDGET FOLLOWING PROCUREMENT RULES		
Amount	Who	Decision Type
More than >£5,000,000	Executive Cabinet	Key Decision
£100,000 to £5,000,000	Director / Monitoring Officer / Chief Finance Officer	Executive Decision (officer)
£50,000 to £100,000	Assistant Director	Executive Decision (officer)
Up to £50,000	Budget Holder	

For any new contract, for which a service is not currently provided, or additional budget is required to fund the contract, an Executive Decision is required for any contracts entered into for more than £500,000. These type of contracts are usually for capital schemes which are unique in nature and non-routine.

Large contracts of greater than £5,000,000, whether revenue or capital, will require a separate Executive Decision, which clearly states when the budget was approved, the amount of budget that was approved and the details of the contract entered into.

Day to day expenditure approvals (Normal business within approved budget)

Day to day spending approvals on services within the approved budget are not key decisions, but approval limits are in place within the financial system to ensure that only authorised officers are able to approve requisitions and invoices.

EXPENDITURE REQUISITIONS AND APPROVALS (WITHIN APPROVED BUDGETS)		
Amount	Who	Decision Type
Up to £500,000	Director	n/a
Up to £500,000	Assistant Director	n/a
Up to £250,000	Head of Service	n/a
Up to £100,000	Budget Manager	n/a

Agreement of Care Packages

The cost of care packages for individuals can be significant and it is therefore important that appropriate approval is granted at the appropriate level.

PACKAGES OF CARE		
Amount per annum⁴	Who	Decision Type
Above £500,000	Director in consultation with Executive Member	record of consultation
>£250,000	Director	n/a
£100,000 to £250,000	Assistant Director	n/a

⁴ This is the predicted cost if the placement was calculated for 52 weeks even if that is not the length of time intended for placement

FINANCIAL REGULATIONS AND PROCEDURES

<£100,000	Budget Holder	n/a
-----------	---------------	-----

5) Acquisition and Disposal of Assets

The Council's Asset Management Strategy sets out the vision, core values and objectives that form the context for the preparation of the Corporate Asset Management Plan and Service Asset Management Plans. The Council has adopted a Corporate Landlord approach to the ownership and management of its property assets. This means that the ownership of property assets and the responsibility for their management and maintenance is transferred from service directorates to the Corporate Landlord, which is a centralised corporate function. In this way the Corporate Landlord approach:

- enables the Council to utilise its assets to deliver better, more efficient services to our communities.
- unlocks the value of assets, seeks efficiencies through joint arrangements with our public sector partners and maximises private sector investment.
- ensures the provision of a consistent, corporate and strategic approach to the management of the Council's property portfolio, consolidating resources, eliminating duplication, improving efficiency, procurement and the establishment of corporate property standards
- supports the delivery of the Council's Corporate Plan.

The Corporate Landlord's responsibility extends to the acquisition, development and disposal of land and property. This means that the Corporate Landlord is responsible for asset review, feasibility and options appraisal across all services.

The acquisition of assets is only possible if there is sufficient approved budget and falls within the key decision expenditure rules.

The sale of capital assets is an important element of the funding of the Council's capital programme. A disposals strategy should be outlined and refreshed annually as part of the Capital Programme budget setting process that sets the capital receipts target for the following 5 years.

The Council has the duty to secure best consideration for all asset disposals and therefore all disposals must be recorded as an Executive Decision with any disposal worth more than £30,000 should be reported as an Executive decision, which will demonstrate how the consideration was arrived at.

Declaration that Asset is surplus to requirements		
Amount	Who	Decision Type
All	Executive Cabinet	Key Decision

Sale or Disposal of Land or Buildings		
Amount	Who	Decision Type
More than £30,000	Executive Cabinet	Key Decision
Less than £30,000	Executive Member with responsibility for Finance	Executive Decision
Less than £30,000 subject to an existing policy	In relation to the Reversionary Title Policy - Director of Growth	Executive Decision (officer)

Any ad hoc investment or disposal opportunities are likely to be a key decision and therefore will need to be reported within these guidelines.

6) The Raising and Writing off of Debts

The Council raises debts for services provided including the collection of Council tax and business rates and are covered by income budgets.

FINANCIAL REGULATIONS AND PROCEDURES

Where work is ordered from the Council and there is a standard charge as per the fees and charges schedule, wherever possible payment should be taken in advance of the provision of the service. This reduces the need to raise invoices and collect debts.

From time to time debts become uncollectable because they are statute barred or the debtor is bankrupt or insolvent and therefore need to be written off. The limits of delegation in relation to debt write offs are set out in the table below.

DEBT WRITE OFFS		
Amount	Who	Decision Type
More than £30,000	Executive Cabinet	Key Decision
up to £30,000	Deputy S151, Monitoring Officer in conjunction with Executive Member for Finance	Executive Decision
Up to £5,000	Assistant Director – Exchequer	Executive Decision (officer)

7) The Use of Reserves

Category	Description	Approval Required to spend
Accounting reserves	This will include two sub categories: 1) Unusable reserves - those reserves required by proper accounting practice that are not resource backed. 2) General Accounting Reserves - reserves established as good accounting practice for specific accounting purposes (such as the PFI smoothing reserves and Leasing reserves)	Director of Finance
Grants and Contributions	Reserves to hold unspent grants and contributions received from external sources.	1) For the purposes intended by the original contribution - Director of Finance 2) For an alternative purpose - Executive Cabinet
Liabilities and Risk	Reserves held to mitigate against known and anticipated liabilities and risks. This will include for example self-insurance reserves.	Director of Finance
Capital Reserves	Capital Receipts, Capital Grants and Reserves earmarked for capital purposes. These reserves are used to finance the capital programme.	Director of Finance
Schools Reserves	Reserves for Schools and Education expenditure, including the ring fenced schools balances.	Director of Finance
Budget Resilience Reserves	Reserves held for planned revenue investment in services, for example reserves set aside for planned investment in Children's Services, and to provide resilience for specific services not covered by general fund balances such as the waste levy reserve.	Less than £50,000 - Director of Finance More than £50,000 - Executive Cabinet
Strategic Priorities Reserves	Reserves held for planned or intended investment in Strategic Priorities. This will include reserves such as the Care Together Reserve.	Less than £50,000 - Director of Finance More than £50,000 - Executive Cabinet

3. THE MEDIUM TERM FINANCIAL PLAN

What is the Medium Term Financial Plan?

The Medium Term Financial Plan demonstrates how the Council's forecast level of resources will be deployed over the next five years to deliver our declared aims and priorities.

It sets out the overall shape of the Council's budget by determining the level of resources that will likely be available and how they will be allocated between services. This provides a framework to enable Members and officers to develop detailed annual budget plans.

It provides details on:

- ❖ How much it will cost to deliver Council Services
- ❖ The level of expected funding to pay for these services
- ❖ How we will manage our resources to meet our spending plans
- ❖ How the Council will achieve good value for money services

Why is the Medium Term Financial Plan important?

The Plan helps us to meet our statutory responsibilities in respect of financial planning. The Council legally has to set a balanced budget, whereby its spending is funded from its income and reserves, and is critical to ensuring that the Council has a clear understanding of the level of available resources, the costs of delivering existing services and plans for new services. Financial planning facilitates strategic choices around service delivery, efficiency and service reductions.

The Plan is approved by Full Council, and includes information on the spending plans of all services, and the indicative levels of Council tax.

Key Controls

The strategy runs for five years on a rolling basis, and is refreshed each year in line with the processes for reviewing and updating the Council's Corporate Plan. It is finalised each year to enable the setting of the annual budget by Full Council, usually in February before the start of the new financial year, which commences on 1 April each year. It is refreshed to make sure it reflects:

- a) the most recent estimate of resources available;
- b) the budget requirement – which may change as a result of updating estimated resources;
- c) updated operational plans for each Council Service;
- d) any changes in the National Framework for Local Government Finance.

The Plan covers the following areas:

- The Council's Aims & Objectives
- Key assumptions
- The Corporate Plan
- Internal Control
- Risk Management
- The National Context
- Treasury Management Strategy
- Capital Strategy & Plan
- Linked Strategies

Responsibilities of Chief Finance Officer

- ❖ In conjunction with the Single Leadership Team (SLT) to develop a five year Medium Term Financial Plan.
- ❖ To undertake a formal review of the plan on an annual basis and update where necessary.

Responsibilities of Directors

- ❖ To provide information that may be requested by the Chief Finance Officer in respect of the medium term financial plan.

4. ANNUAL REVENUE BUDGET

What is the Annual Revenue Budget?

The Council's budget is an annual detailed income and expenditure plan. It details all known expected expenditure and income from the delivering of Council Services and compares these requirements to the funding available. The budget focuses on the priorities detailed within the Corporate Plan.

Why is the Annual Budget important?

The budget helps us to meet our statutory responsibilities for financial planning. All local authorities are required to prepare a budget annually which is then approved by Full Council. This is supported by a statement by the Chief Finance Officer regarding the robustness of the budget as proposed and the adequacy of general balances and reserves.

The plan also helps us ensure, at a more detailed level, that resources are allocated towards the delivery of Council priorities. The process of developing the budget helps us to assess and balance any gaps between what we estimate it will cost us to deliver plans, and the money available to do this.

Failure to agree and set a balanced budget will require the Chief Finance Officer to issue a Section 114 notice. The authority that gives the Chief Finance Officer power to issue a Section 114 notice comes from Section 151 of the Local Government Act 1972. According to the Act the Chief Finance Officer can also be the Section 151 Officer. If the Chief Finance Officer judges that the Council is unable to set or maintain a balanced budget they must consider the possibility of a Section 114 notice. Such a notice is only given in the gravest of circumstances. The process is governed under legislation and once issued the Council has 21 days to consider a response. However, during that time spending and other financial activity is suspended.

To reach this point would suggest that:

- the authority has failed to heed previous warnings from the Chief Finance Officer about the financial risks to the authority
- the Council has failed to appreciate the seriousness of the budgetary position
- the Chief Finance Officer has failed to warn of the risks.

It may also suggest that there may be a breakdown in the relationship between the Chief Executive and the Chief Finance Officer as warnings and conversations should have been taking place at the very highest level of the organisation.

While issuing a Section 114 notice should not be seen as a failure, it will result in the loss of financial control by the leadership team and the process should be seen as the action of last resort.

External audit will become involved during the process. From past experience the Ministry of Housing Communities and Local Government (MHCLG) would also be made aware of the financial crisis being experienced by the local authority and become involved.

Key Controls

Budget planning begins in June/July of the preceding financial year and the annual revenue budget is presented to Members in February at Full Council.

Detailed estimates of costs and income are developed for each service.

Responsibilities of Chief Finance Officer

- ❖ To develop the budget plan on an annual basis and to ensure a balanced budget is approved.
- ❖ To present the budget to Members for approval in February prior to the start of each financial year.
- ❖ To undertake the budget plan consistent with proper accounting practice and statutory

FINANCIAL REGULATIONS AND PROCEDURES

guidance.

Responsibilities of Directors

- ❖ To provide information that may be requested by the Chief Finance Officer in relation to the budget plan.
- ❖ To support and actively participate in the Budget setting process.

5. CAPITAL PROGRAMME

What is the Capital Programme?

The Capital Programme is the budgeted plan of the capital schemes that the Council is undertaking or planning to undertake. Capital Expenditure is defined as any expenditure, which produces an asset which the Council will benefit from for more than one year, it includes investment in buildings, vehicles and IT equipment. The Capital Programme will normally cover a three year period, and is subject to review on at least an annual basis.

No expenditure may be incurred on a capital project unless the scheme has been approved by Executive Cabinet. Each year Directors consider capital schemes to be included in the Capital Programme, which are then scrutinised through a capital programme prioritisation process before being presented for consideration by Executive Cabinet and ultimately Full Council. All changes to the Capital Programme must be approved by Executive Cabinet.

Once approved the capital programme is monitored through the Strategic Planning and Capital Monitoring Panel.

Why is the Capital Programme important?

Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. It is important that the 'Whole Life Cost' of any capital schemes are considered before approval is given, to ensure adequate funding has been identified. This is an integral part of the budget setting process.

The Government places strict controls on the financing capacity of the Council. This means that expenditure should form part of a capital investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Having a structured approach which reviews all capital scheme proposals helps ensure that the Capital Programme links into the Council's priorities.

The Capital Programme ensures the Council takes a structured approach to the management of its assets.

Key Controls

As part of the overall process for the Council's decision making where capital investment is required, officers are required to follow a clearly defined business case process. Schemes in excess of £500,000 must follow the full 6 stages, for investment decisions below £500,000 a full business case (stage 4) is required.

- **Stage 1 – Initial Idea** - Initial discussion and scoping of investment proposal with finance.
- **Stage 2 – Approval in Principle** – An outline summary 'business case' for investment will need to be developed and approval in principle for the project obtained from Directors, Executive Board before approval by Executive Cabinet (or Single Commissioning Board for monies within the Section 75). A template for approval in principle will be provided. Where officers anticipate that expenditure will be involved in developing a full business case for the project, the stage 2 approval in principle report should seek approval to spend from reserves if this cannot be covered within existing Directorate resources.
- **Stage 3 – Scoping and Design** - Once approval in principle has been obtained from Executive Cabinet, the project can be fully scoped, developed and costed. This will inform the full business case at stage 4.
- **Stage 4 – Full Business Case** – A full business case will need to be presented to Directors, Board and Cabinet (or Single Commissioning Board for monies within the Section 75) to obtain full approval to proceed with the project. A template for the full business case will be provided.
- **Stage 5 – Project Delivery and Monitoring** – Templates for financial planning and monitoring will be developed to support consistent reporting formats including key milestones for delivery. Monitoring of Capital Projects will be to Strategic Planning and Capital

FINANCIAL REGULATIONS AND PROCEDURES

Monitoring Panel.

- **Stage 6 – Project Evaluation** – On project completion, SLT, Board and Cabinet (or Single Commissioning Board for monies within the Section 75) should be provided with a project completion and evaluation report, confirming that the project has been delivered as planned and has delivered the intended objectives

Financial Management will provide templates and guidance to assist officers in the development of reports for Cabinet approval. All investment proposals will need to cover the five areas set out in the guidance, but the level of detail required will vary according to the size, scale and complexity of the proposed investment.

- ❖ The business case will cover:
 - The strategic case – why is the project needed and what options have been considered;
 - The economic case – why the project represents value for money
 - The financial case – why the proposed project is deliverable within the available resources;
 - The commercial case – why the project is deliverable within existing technologies or market capacity
- The management case – how the project will be delivered
- ❖ Accountability for each proposal is accepted by a named officer;
- ❖ Variations in the cost of individual projects are reported to the Strategic Planning and Capital Monitoring Panel and the Executive Cabinet.

Responsibilities of Chief Finance Officer

- ❖ To develop the capital programme on an annual basis for approval.
- ❖ To present the budget to Council for approval in February prior to the start of each financial year.
- ❖ To identify the funding sources of the proposed Capital Programme ensuring any revenue consequences are taken account of in the overall budget setting process.
- ❖ To determine the definition of 'capital' having regard to government regulations and proper accounting practice.
- ❖ To report on the financial progress of capital projects against budget to the Executive Cabinet and Strategic Planning and Capital Monitoring Panel four times a year.

Responsibilities of Directors

- ❖ Where a capital scheme is required to be included in or added to the Capital Programme, the responsible officer shall submit a capital business case for the scheme, including possible alternatives with up-to-date estimates of capital and revenue costs
- ❖ To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.
- ❖ To ensure that adequate records are maintained for all capital contracts.
- ❖ Ensure that no capital expenditure is incurred on any scheme unless:
 - it is within the approved budget for that scheme;
 - the nature of the spend is in line with the original purpose approved for the scheme;
 - government approval to the scheme has, where appropriate, been obtained;
 - the source of funding has been identified;
 - any revenue consequential expenditure which arises from the proposed capital expenditure has been accepted as a commitment by the Council;
 - it has been procured within Public Procurement Regulations.
- ❖ To report on the progress of capital projects to the Strategic Planning and Capital Monitoring Panel four times a year
- ❖ To provide the Chief Finance Officer any information required to compile the regular monitoring report to Executive Cabinet and the Strategic Planning and Capital Monitoring Panel.
- ❖ To ensure budget holders notify the Chief Finance Officer:
 - if a significant alteration of the nature of works is recommended;
 - any extension of time is granted or a delay has arisen;
 - a contractor or other body has submitted a claim which would result in the final account sum

FINANCIAL REGULATIONS AND PROCEDURES

- of £50,000 or more above the original contract sum;
- the contractor has ceased trading or is in liquidation.
- ❖ To explain any variances from the approved gross budget which are in excess of £50,000 or 5% of the capital scheme budget (whichever is lower).

Financial Limits

Notify the Chief Financial Officer:

- ❖ If a contractor or other body has submitted a claim which would result in the final account sum of £50,000 or more above the original contract sum;
- ❖ To explain any variances from the approved gross budget which are in excess of £50,000 or 5% of the capital scheme budget (whichever is lower).

6. BUDGET GUIDANCE AND THE BUDGET TIMETABLE

What is Budget Guidance and the Budget Timetable?

Budget Guidance sets out what we need to do in order to prepare the Council's annual budget. The Budget Timetable outlines the timeframe against activities which will take place, including the key deadlines we ask all involved in budget preparation to follow.

Why is Budget Guidance and the Budget Timetable important?

The guidance ensures that budgets are produced accurately and consistently in line with financial procedures. It also ensures that the level of detail and what is included meets legal requirements.

The timetable ensures that the budgets are produced and approved by Full Council within the dates set out in legislation.

Key Controls

- ❖ The budget guidance and timetable are produced on an annual basis
- ❖ The guidance and timetable will focus on the following:
 - The full year effect of previous year's decisions
 - Consequences of the approved capital programme
 - Adjustments in relation to specific 'one year only' allocations and other time expired funding
 - Other specific Council decisions
 - Budget assumptions on:
 - Levels of pay and the price inflation which is to be applied
 - Council Tax increase
 - Funding allocations from Central Government
 - Pension contribution rates
 - Levels of Discretionary fees and charges
 - Levels of Levies
- ❖ Ensuring approval of budget by Full Council
- ❖ Ensuring Council Tax is set by statutory dates
- ❖ The format complies with legal requirements and reflects the accountabilities of Service Delivery

Responsibilities of Chief Finance Officer

- ❖ To determine the format of the budget that is approved by Full Council
- ❖ To set a balanced budget in order to meet the Section 151 Officer's responsibilities
- ❖ To produce and distribute the guidance and timetable on an annual basis to officers and Members
- ❖ To ensure returns are made to central government in line with their requirements

Responsibilities of Directors

- ❖ To comply with the accounting guidelines and timetable provided by the Chief Finance Officer

7. BUDGET CONTROL AND MONITORING

What is Budget Monitoring and Control?

A budget is a plan expressed financially, which sets out the anticipated income and expenditure for a service area or cost centre. Budgetary control and monitoring is the process used by budget managers, supported by officers within the Financial Management Service, to review revenue and capital expenditure against their budgets, and project estimated spending to the end of the financial year. Accountability is achieved through formal reporting of the budget position, carried out at agreed times.

Why is Budget Monitoring and Control important?

Budget monitoring ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for.

Budgetary control is the process of monitoring financial activity against the financial plan and, where necessary, taking the appropriate action in a timely manner to address any movement from the plan.

Budget monitoring and control also provides the mechanism that calls to account managers responsible for defined elements of the budget. It is therefore important that effective processes for monitoring of budgets are in place and adhered to.

To assist with the above it is essential that quality information is available to budget managers to ensure that sound financial decisions can be made, especially where spending may differ from planned expenditure.

To ensure that the Council in total does not overspend, each Service is required to manage its own expenditure within the budget allocated to it.

Key Controls

- ❖ Budget managers should be responsible only for income and expenditure that they can influence.
- ❖ There is a nominated budget manager for each cost centre heading.
- ❖ Budget managers accept accountability for their budgets, the level of service to be delivered and understand their financial responsibilities.
- ❖ Budget managers have access to the Council's financial management system (Agresso) and should receive training on how to use it, run reports and should access it regularly.
- ❖ Budget managers have named Finance contact from the Financial Management Service and are expected to engage with them for support and advice.
- ❖ Budget managers follow an approved certification process for all expenditure.
- ❖ Income and expenditure are properly budgeted, recorded and accounted for. This means that all budgets should be shown gross alongside any income funding it.
- ❖ Performance levels / levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget. An annual budget monitoring timetable is produced at the start of the year.
- ❖ Budget managers may not incur expenditure in excess of budget (taken as an aggregate amount across all areas of the revenue budget in their control) without a robust plan, agreed with the Chief Finance Officer, to recover such overspending (or under achievement of income) during the financial year. Any expenditure in excess of the budget must be included in the revenue budget monitoring reports to the Executive Cabinet.

Responsibilities of Chief Finance Officer

- ❖ To establish an appropriate framework of budgetary management and control that ensures that:
 - budget management is exercised within approved limits unless the Council agrees otherwise;
 - each Director has available timely information on income and expenditure which is

FINANCIAL REGULATIONS AND PROCEDURES

sufficiently detailed to enable managers to fulfil their budgetary responsibilities.

- ❖ To ensure compliance with the agreed virement procedures.
- ❖ To prepare and submit reports on the Council's projected income and expenditure compared to budget on a regular basis and to make recommendations to Members regarding changes to the budget.
- ❖ To submit reports to the Executive Cabinet, in consultation with the relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under his or her control.

Responsibilities of Directors

- ❖ To maintain budgetary control within their service, as outlined above and to ensure that all income and expenditure is properly recorded and accounted for.
- ❖ To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Director, grouped together in a series of cost centres. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits and/or controls expenditure.
- ❖ To ensure that budget spending remains within the service's overall budget, and that individual budget heads are not overspent. This may require appropriate corrective action to be taken where significant variations from the approved budget are forecast.
- ❖ To 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.
- ❖ To prepare and submit to Cabinet, reports on the Service's projected expenditure and income compared with its budget, in consultation with the Chief Finance Officer.
- ❖ To report and obtain prior approval by Council and Cabinet, where appropriate, before incurring expenditure on schemes of whatever amounts, that:
 - create financial commitments in future years above the budget level – this includes indemnities;
 - change existing policies, initiate new policies or cease existing policies; or
 - materially extend or reduce the Council's services.
- ❖ Emergency expenditure – no proposal should be submitted to Executive Cabinet / Council involving expenditure during a financial year where no provision has been made in the current budget. Only in the case of either urgency or on a matter in which the Council is under a legal obligation, the Chief Executive and Chief Finance Officer, after consultation with the Executive Member for Finance, shall have power to agree that the expenditure will be met subject to the action being reported to Executive Cabinet and the necessary governance being undertaken
- ❖ To ensure compliance with the scheme of virement.
- ❖ To consult with the relevant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.

Financial Limits

- ❖ All actual and forecast budget variances of greater than £30,000 under the control of a single budget manager reported to Executive Cabinet

8. SCHEME OF VIREMENT

What is a Virement?

A virement is the transfer of budget from one specific activity area to another. This can either be a transfer within revenue budgets or capital budgets but not between revenue and capital.

Why is the Scheme of Virement important?

The scheme of Virement, is intended to enable the Directors and their officers to manage budgets with a degree of flexibility within the overall framework determined by the Council, and therefore optimise the use of resources.

The key controls are:

Revenue and Capital

- ❖ Virement into a receiving budget may only occur provided that the donating cost centre will not subsequently become overspent during the budget period;
- ❖ Virements, which involve a key decision should be subject to an Executive Cabinet Report and the Council's decision making process in line with the Council's Constitution; and
- ❖ A record of all virements must be kept.

Revenue

- ❖ Permanent virements can only be processed if the donating cost centre has permanent budget provision to fund the requested virement;
- ❖ Only in year virements can be agreed for Employee budgets unless the virement is linked to a structural change that has received the necessary approvals; and
- ❖ All virements must be authorised in line with the delegated Council approvals.

Capital

- ❖ Provisional budget allocations into subsequent projects require Executive Cabinet approval;
- ❖ Virements between schemes must be authorised in line with the delegated Council approvals; and
- ❖ Capital Schemes must have a matching expenditure and financing budget.

Responsibilities of Chief Finance Officer

- ❖ To prepare virement procedures for approval by Full Council; and
- ❖ To monitor compliance with the agreed virement procedures.

Responsibilities of Directors

- ❖ To ensure compliance with the agreed virement procedures;
- ❖ No virement relating to a specific financial year should be made after 31 March in that year;
- ❖ To ensure that virements are authorised as per the delegated powers approved by Full Council; and
- ❖ A virement that is likely to impact on the level or service activity of another Director should be progressed only after agreement with the relevant Director.

Financial Limits

The majority of virements along with appropriate approval can and should take place as part of the regular financial reporting presented to cabinet and there should be no need for separate decision reports. The authorised limits for both Revenue and Capital virements subject to principles established under the key controls are set out below – noting that any decision can be taken to Executive Cabinet if there are any concerns or additional factors that would warrant that oversight:

FINANCIAL REGULATIONS AND PROCEDURES

Budget Virements		
(d) Between Directorates (e) Between Services Within Directorates (f) Between pay and non-pay		
Amount	Who	Governance required to facilitate Decision Type
>£500,000	Executive Cabinet	Key Decision
£250,000 to £500,000	Executive Member for Finance & relevant Executive Member	Executive Decision
£100,000 to £250,000	Director	Executive Decision (officer)
£50,000 to £100,000	Assistant Director	Executive Decision (officer)
<£50,000	Budget Manager	

Budget Virements – From Corporate Contingency		
Amount	Who	Governance required to facilitate Decision Type
>£50,000	Executive Cabinet	Key Decision
<£50,000	Chief Finance Officer	Executive Decision (officer)

Budget Virements – Capital Programme		
Amount	Who	Governance required to facilitate Decision Type
>£500,000	Executive Cabinet	Key Decision
<£500,000	Chief Finance Officer	Executive Decision (officer)

9. GRANT FUNDING

What is Grant Funding?

Local Authorities receive a number of grants as a method of funding, usually from other Government Grant giving bodies. There are different types of grant:

- ❖ Formula Grants are where recipients receive an amount calculated by formula. The department divides up a finite pot of available grant funds (which is determined in the spending reviews) between those organisations satisfying the formula criteria. Additionally:
 - the formula is set by legislation and regulations and funds are awarded per that formula;
 - Formula Grants are awarded to local government / authorities and local government public bodies, for example, grant funding provided by Central Government to Local Authorities which is determined by factors such as population.
 - by their nature Formula Grants are non-competitive.

Some of these grants are specific and can only be spent on the purpose for which it is intended, such as the Dedicated Schools Grant, which can only be spent on the Education of Children and Schools otherwise known as 'ring fencing'. Some are more general, such as the Revenue Support Grant, which is intended to fund Council General Expenditure and can be spent in line with the Council's own priorities.

- ❖ General Grants – Are defined by Government as a relatively flexible means of funding activities for the public good and/or in support of government departmental policy. The department provides the funds, and can remain at arm's length to the recipient and the outputs whilst still being able to maintain sensible performance management and financial control over the use of the grant funds. These types of grants are subdivided into:
 - competed awards – where the Council bids for funds
 - direct awards that are uncompleted,
 - criteria grants – not usually competed but when an Authority meets a certain criteria, for example grants to assist those affected by flooding,

Certain grants may require the Council to contribute an amount of matched funding from its own resources, and the acceptance of a grant may result in the Council accepting a commitment to deliver certain schemes or services, and therefore accept a liability to deliver.

Why is Grant Funding important?

The Council receives a significant proportion of its funding through grants, which have to be accounted for correctly, and spent in the appropriate areas. In a number of cases detailed grant claims should be completed in order to draw down funding, it is therefore important that any new grants are added to the Council's budget and reported on in line with normal budget monitoring practices.

Key Controls

- ❖ All bids for grant funding require approval under the scheme of delegation as outlined in the financial limits section below.
- ❖ The signing of Grant Funding Agreements require approval under the scheme of delegation.
- ❖ All grants must be budgeted for on the Council's Agresso system following approval under the scheme of delegation.
- ❖ All grant income will be assigned a separate account code to assist with subsequent grant claims and monitoring

Responsibilities of Chief Finance Officer

- ❖ To sign off Grant Funding Agreements
- ❖ To ensure grant returns are submitted under the terms of the Grant Funding Agreement
- ❖ To monitor spend against the available funding in line with the budget monitoring requirements

Responsibilities of Directors

- ❖ To update Executive Cabinet on any new grants entered into and regularly inform them of progress made against the delivery of the grant outcomes..

FINANCIAL REGULATIONS AND PROCEDURES

Financial Delegations

Application for and Acceptance of Grants		
Amount	Who	Governance required to facilitate Decision Type
>£500,000	Executive Cabinet	Key Decision
£250,000 to £500,000	Executive Member for Finance & relevant Executive Member	Executive Decision
£100,000 to £250,000	Chief Finance Officer and Relevant Service Director	Executive Decision (officer)
£50,000 to £100,000	Chief Finance Officer and Relevant Assistant Director	Executive Decision (officer)

10. TREATMENT OF YEAR END BALANCES

What are Year End Balances?

Despite the requirement for Services to limit expenditure to the level of their budget, for a variety of reasons, there may be overspends and in-year savings of expenditure against service budgets at the year end.

The normal arrangement is that all year end balances, both underspends and overspends, are transferred to (in the case of an underspend) or from (in the case of an overspend) general reserves.

If there is a need to carry forward an individual budget that has underspent, or bring forward a budget to fund an overspend, ultimately, it is the decision of Executive Cabinet to approve the carry forward of any under or overspends. This should take account of the overall financial position of the Council and the recommendations of the Chief Finance Officer.

Why are Year End Balances important?

The Council has a scheme in place which covers arrangements for the transfer of resources between accounting years, i.e. a carry forward. It is important that the amounts involved in the transfer of these resources are known to inform the overall financial position of the Council. This then allows for sound future financial decisions being made going forward.

Key Controls

- ❖ All requests for carry forwards in both revenue and capital budgets will be made to Executive Cabinet as part of the final outturn report.
- ❖ An assessment of in-year savings and overspends in relation to Capital Schemes will be made at year end to determine the appropriate treatment.

Responsibilities of Chief Finance Officer

- ❖ To recommend to Executive Cabinet the treatment of year end balances.
- ❖ To monitor compliance with the agreed scheme of carry forward

Responsibilities of Directors

- ❖ To ensure compliance with the agreed scheme.

11. ACCOUNTING POLICIES

What are Accounting Policies?

Accounting policies are the accounting principles, rules and procedures selected and consistently followed by the Council, which dictate what and how financial information is accounted for and presented in the Council's Annual Statement of Accounts.

The key accounting policy guidelines adopted by the Council are the *CIPFA Code of Practice on Local Council Accounting* and *Service Reporting Code of Practice*. These interpret International Financial Reporting Standards for local authorities.

Why are Accounting Policies important?

They are important as they provide:

- a clear and open view of the financial affairs of the Council;
- a level of disclosure which is considered to be relevant, informative and appropriate;
- a consistent standard in the process of preparation and presentation of financial statements;
- an ability to compare between local authorities.

Key Controls

- ❖ Systems of internal control are in place to ensure that financial transactions are lawful.
- ❖ Accounting policies are reviewed annually to ensure they comply with the latest developments in the CIPFA Code of Practice.
- ❖ Suitable accounting policies are selected and applied consistently and approved by the Audit Panel.
- ❖ Proper accounting records are maintained and to the required standard.
- ❖ Financial statements are prepared which present fairly the financial position of the Council and its expenditure and income.
- ❖ Inspection of accounts by External Audit.

Responsibilities of Chief Finance Officer

- ❖ To select suitable accounting policies and to ensure that they are applied consistently.
- ❖ To ensure the accounting policies are reviewed annually and are set out in the Annual Statement of Accounts, which is prepared in line with legislative requirements.
- ❖ To present any amendments to the accounting policies to the Audit Panel.

Responsibilities of Directors

- ❖ To comply with the accounting policies and guidelines approved by the Chief Finance Officer and to supply the Chief Finance Officer with the information when required.
- ❖ To keep proper accounting records that are in line with accounting policies.

12. ACCOUNTING RECORDS AND RETURNS

What are Accounting Records and Returns?

All of the Council's transactions, commitments, contracts and other essential accounting information must be recorded fully, accurately and on a timely basis. Accounting Records must also provide an audit trail leading from the source of income or expenditure through to the accounting statements.

The Council's accounting records in the financial information system, Agresso, is the main system in which financial information is held. The Revenue and Capital accounts, balance sheet, and other financial records, are held within the General Ledger, and its sub-systems including Debtors and Creditors and e-Procurement. Together they form the Council's financial records, from which, along with the Council Tax and Business Rates Systems and the Asset register, the financial statements and financial returns are produced.

Why are Accounting Records and Returns important?

During the financial year, the Council completes financial returns relating to the Council either as a whole or for certain individual services. These can be for a variety of reasons and to different audiences including Central Government Departments, Members, Auditors and the general public. The information is mainly required by legislation.

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibilities for stewardship of public resources. The Council also has to comply with legislation and statute, International Financial Reporting Standards, grant conditions and discharge its duties in line with Her Majesty's Revenue and Customs (HMRC) requirements.

The Council has a statutory responsibility to prepare its annual accounts to present fairly the results of its operations during the year. These are subject to external audit which provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that arrangements have been made for securing value for money in the use of the Council's resources. The auditors do this by examining the accounting records of the Council.

Key Controls

- ❖ The key controls for accounting records and returns are:
 - all Directors, Budget Managers and Finance Officers operate within the required accounting standards and timetables as outlined within the guidance issued;
 - all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
 - all sub-systems that generate a financial activity are correctly interfaced with the Council's finance systems (Agresso) and procedures are in place to ensure that these interfaces are regularly and routinely reconciled to ensure the accuracy of the accounting records;
 - procedures are in place to enable accounting records to be reconstructed in the event of systems failure;
 - reconciliation procedures are carried out to ensure transactions are correctly recorded; and
 - prime documents are retained in accordance with legislative and other requirements;
 - The Agresso system is documented in a systems map which is maintained for new systems and interfaces.

Responsibilities of Chief Finance Officer

- ❖ To issue instructions considered necessary for carrying out the daily financial work of the Council, after consulting with Directors where needed.
- ❖ To determine the accounting procedures and records for the Council.
- ❖ To arrange for the compilation of all accounts and accounting records under his or her direction.
- ❖ To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention schedule.
- ❖ To stipulate the date by which all financial records for any financial year shall be completed.

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To prepare and publish the audited Statement of Accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the Statement of Accounts before the statutory deadline.
- ❖ To make proper arrangements for the audit of the Council's Annual Statement of Accounts in accordance with the Accounts and Audit Regulations.
- ❖ To administer the Council's arrangements for under and overspendings to be carried forward to the following financial year.
- ❖ To comply with the following principles when allocating accounting duties:
 - separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
 - officers with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- ❖ To certify financial returns, grant claims and other periodic financial reports required of the Council.
- ❖ Approve grant applications and any financial arrangement, which could impose a financial liability on the Council.

Responsibilities of Directors

- ❖ To comply with the principles outlined above when allocating accounting duties.
- ❖ To ensure that all claims for funds, including grants, are completed and passed in sufficient time to the Chief Finance Officer for certification to be completed by the due date.
- ❖ To ensure any conditions attached to funds, including grants, are complied with.
- ❖ To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- ❖ To be responsible for all receipts and claims in relation to salary expenses and disbursements made by staff in their service.
- ❖ To supply information required to enable the Statement of Accounts to be completed in accordance with the guidelines issued by the Chief Finance Officer.
- ❖ To maintain an effective and appropriate control environment for staff with finance responsibilities as advised by the Chief Finance Officer.
- ❖ To report changes to operational procedures or circumstances, including new IT systems, which affects the control environment to the Chief Finance Officer.

13. ANNUAL STATEMENT OF ACCOUNTS

What is the Annual Statement of Accounts?

The Annual Statement of Accounts, also known as the Annual Report, is a financial summary of the state of the financial affairs of the Council over the course of a year. It includes:

- ❖ Regulations and Introduction
- ❖ Statement of Accounting Policies
- ❖ The Financial Statements, including:
 - Movement in Reserves
 - Comprehensive Income and Expenditure;
 - Balance Sheet;
 - Cash Flow; and
 - Collection Fund Accounts
 - Pension Fund Accounts
- ❖ Notes to the accounts
- ❖ Glossary.

The Council is required to follow the CIPFA Code of Practice on Local Council Accounting in the United Kingdom, supported by International Financial Reporting Standards (IFRS). The Accounts and Audit Regulations, as amended from time to time, set out the statutory dates for approval and publication of the Annual Statement of Accounts. The Statement of Accounts is made available for inspection by interested parties, and is subject to external audit to ensure that it presents a fair view of the financial position of the Council.

Why is the Annual Statement of Accounts important?

By legislation, the Council is required to produce an Annual Statement of Accounts each financial year. The Statement of Accounts shows not only a snapshot of the financial position as at the 31 March each year, but also provides the reader with an understanding on how the Council has performed financially during that financial year.

After audit, the Statement of Accounts give assurance to key stakeholders that the financial affairs of the Council have been conducted properly and appropriately, and that they give what is considered to be a 'true and fair' view of the financial position of the Council.

Key Controls

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. In this Council, that officer is the Chief Finance Officer;
- ❖ To manage the Council's affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ❖ The Council's Statement of Accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Council Accounting in Great Britain: "the Code of Practice" (as amended from time to time).

Responsibilities of Chief Finance Officer

- ❖ To comply with the Code of Practice.
- ❖ To comply with statute and regulations.
- ❖ To draw up the timetable and guidance notes for financial accounts preparation and to advise staff and external auditors accordingly.
- ❖ To sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the financial year ended 31 March.
- ❖ To ensure that the Statement of Accounts are approved by the Overview (Audit) Panel.

FINANCIAL REGULATIONS AND PROCEDURES

Responsibilities of Directors

- ❖ To comply with accounting guidance provided by the Chief Finance Officer and to supply the Chief Finance Officer with the information when required.
- ❖ To keep proper accounting records that are up to date.

14. MAINTENANCE OF RESERVES

What are Reserves?

Reserves are amounts of funding that have been raised but not yet spent, and are usually set aside to fund specific or unexpected expenditure. There are different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' which are used for accounting purposes.

Usable reserves are analysed into those that are earmarked for specific purposes and those that are held to ensure that the Council can continue to provide services if an unexpected event occurs, also known as 'general' reserves.

The majority of reserves are earmarked to specific areas of activity and allow the management of expenditure and risks across financial years.

Why is the Maintenance of Reserves important?

By legislation (Local Government Act 2003), the Chief Finance Officer must report to Full Council, immediately prior to setting the Budget and Council Tax, on the robustness of the budget as proposed and the adequacy of general reserves and earmarked reserves. The Council then agrees on the level of reserves it will maintain before it then decides on the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes are also maintained with full details provided in the Annual Statement of Accounts.

Reserves can only be used for the purpose for which they were created. The Executive Cabinet can change the use of the earmarked reserve if it so wishes or move funds between reserves, providing this is not contrary to proper accounting practice. The Director of Finance will make recommendations to Executive Cabinet as part of the annual review of reserves. Reserves are categorised to aid understanding and decision making for reserves.

Key Controls

- ❖ Reserves are reviewed on an annual basis to ensure compliance with the Local Government Act 2003.
- ❖ To maintain reserves in accordance with the CIPFA Code of Practice on Local Council Accounting in the United Kingdom, supported by International Financial Reporting Standards (IFRS).
- ❖ For each reserve clearly establish its purpose, usage and amount to be set aside.
- ❖ Authorisation to establish and add to a reserve is by the Chief Finance Officer, subject to the financial limits below.
- ❖ Authorisation to incur expenditure against the reserve is set out below.
- ❖ All movements to and from reserves are reported to Executive Cabinet as part of the routine monitoring cycle.

Responsibilities of Chief Finance Officer

- ❖ To advise the Council on prudent levels of balances for the Council.
- ❖ To authorise the establishment of new reserves.
- ❖ To agree expenditure to be used against each reserve.

Responsibilities of Directors

- ❖ To comply with guidance provided by the Chief Finance Officer and ensure that reserves are used only for the purpose for which they were intended.

FINANCIAL REGULATIONS AND PROCEDURES

Financial Limits

Category	Description	Approval Required to spend
Accounting reserves	This will include two sub categories: 1) Unusable reserves - those reserves required by proper accounting practice that are not resource backed. 2) General Accounting Reserves - reserves established as good accounting practice for specific accounting purposes (such as the PFI smoothing reserves and Leasing reserves)	Chief Finance Officer
Grants and Contributions	Reserves to hold unspent grants and contributions received from external sources.	1) For the purposes intended by the original contribution – Chief Finance Officer 2) For an alternative purpose - Executive Cabinet
Liabilities and Risk	Reserves held to mitigate against known and anticipated liabilities and risks. This will include for example self-insurance reserves.	Chief Finance Officer
Capital Reserves	Capital Receipts, Capital Grants and Reserves earmarked for capital purposes. These reserves are used to finance the capital programme.	Chief Finance Officer
Schools Reserves	Reserves for Schools and Education expenditure, including the ring fenced schools balances.	Chief Finance Officer
Budget Resilience Reserves	Reserves held for planned revenue investment in services, for example reserves set aside for planned investment in Children's Services, and to provide resilience for specific services not covered by general fund balances such as the waste levy reserve.	Less than £50,000 – Chief Finance Officer More than £50,000 - Executive Cabinet
Strategic Priorities Reserves	Reserves held for planned or intended investment in Strategic Priorities. This will include reserves such as the Care Together Reserve.	Less than £50,000 – Chief Finance Officer More than £50,000 - Executive Cabinet

15. INTERNAL CONTROLS

What are Internal Controls?

Internal Controls include the policies, processes, tasks, behaviours and other areas of the Council that taken together:

- enable it to react to significant risks in achieving its objectives. This includes protecting anything which is considered valuable to the organisation from misuse or loss and fraud;
- help ensure the quality of internal and external reporting. This requires the maintenance of proper records, and processes which create a flow of timely, relevant and reliable information from both within and outside the organisation; and
- help ensure relevant laws and regulations are followed, as well as internal policies with respect to the conducting of the business.

Why are Internal Controls important?

The Council is complex and beyond the direct control of individuals. As such it requires internal controls to manage and monitor progress towards strategic objectives;

The Council has statutory obligations, including those set out within the Local Government Act 1972 and Accounts and Audit (England) Regulations 2015, which require internal controls to be established to ensure compliance with these obligations;

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. Internal controls are necessary to manage these risks;

The system of internal controls is established in order to provide measurable achievement of:

- efficient and effective operations;
- reliable financial information and reporting;
- compliance with laws and regulations; and
- risk management.

Key Controls

- ❖ Key controls should be reviewed on a regular basis and the Council should make a formal statement annually to the effect that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.
- ❖ 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.
- ❖ Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- ❖ An effective Internal Audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guidelines Guidance for Internal Auditors, the Public Sector Internal Audit Standards (PSIAS) and with any other statutory obligations and regulations.

Responsibilities of Chief Finance Officer

- ❖ To direct and assist the Council to put into place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations. This will ensure compliance with Section 151 of the Local Government Act 1972, which requires every local Council to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers (the Chief Finance Officer) has responsibility for the administration of those affairs.

FINANCIAL REGULATIONS AND PROCEDURES

Responsibilities of Directors

- ❖ To establish and maintain controls as well as processes which ensure such controls are being adhered to and evaluated, in order to be confident in the proper use of resources, achievement of objectives and management of risks on an ongoing basis.
- ❖ To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Chief Finance Officer.
- ❖ Ensure that officers have a clear understanding of the consequences of a lack of control or not adhering to agreed processes.
- ❖ To maintain an effective and appropriate control environment for staff with finance responsibilities as advised by the Chief Finance Officer.
- ❖ To report changes to operational procedures or circumstances which affects the control environment to the Chief Finance Officer.

16. RISK MANAGEMENT

What is Risk Management?

All organisations face risks to people, property and the day-to-day running of the business. Risk is the chance of something going wrong, and the possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted action or event, which we have no control over. Risk can impact upon all officers within the Council as well as the Council's partners, businesses and residents.

Risk Management is a planned and methodical way of identifying areas of risk, evaluating them and taking a look at how the risks can be controlled or mitigated. Risk Management looks at the measures which an organisation already has in place to deal with identified risks, the adequacy of these measures and the actions required to control these risks effectively to a level that the Council can tolerate.

It is the overall responsibility of the Audit Panel to approve the Council's Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council.

Why is Risk Management important?

The challenges that the Council faces, and the rate of change, puts the organisation under increasing pressure to improve the quality of management at all levels. This means that the Council needs to make sure that risk management processes are structured, as well as being instinctive and intuitive. If management are to meet these challenges, high quality risk management needs to be at the core of decision making at all levels of the Council.

There is an ongoing requirement from the Accounts and Audit Regulations to produce an Annual Governance Statement (AGS) which is attached to the Annual Accounts, setting out the processes in place for managing the most significant risks to the achievement of objectives. Risk management processes are an integral part of the AGS.

All local authorities are increasingly being held to account by external assessors for the way in which risk management has been implemented. The Council needs to continue to demonstrate that all Services have a structured approach, which is embedded into planning and reporting cycles and decision making processes at all levels.

Key Controls

The key controls for Risk Management are:

- ❖ The Council has adopted a Risk Management Strategy which has been approved by Audit Panel and is regularly updated.
- ❖ The Council maintains and reviews a register of its corporate risks and assigns named individuals to lead on the actions identified to mitigate each risk.
- ❖ Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council.
- ❖ The Audit Panel receives reports on a regular basis, and takes appropriate action to ensure that corporate business risks are being identified and effectively managed.
- ❖ A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls.
- ❖ Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
- ❖ All reports to support strategic policy decisions must include reference to the risks associated along with the decisions being taken, in both a positive and negative scenario (i.e. the risks of taking the decision as recommended and the risks of doing nothing).
- ❖ Documents for all major projects include a risk assessment which must be completed.
- ❖ The risk management process specifically considers risks in relation to significant partnerships, and provides for assurances to be obtained concerning the management of those risks.
- ❖ Business Continuity Plans are in place in the event of a disaster or major incident that results

FINANCIAL REGULATIONS AND PROCEDURES

in significant loss or damage to resources and dependencies.

Responsibilities of Chief Finance Officer

- ❖ To prepare and promote the Council's Risk Management Strategy.
- ❖ To prepare and promote the Council's Business Continuity Management System.
- ❖ To develop risk management controls in conjunction with other Directors.
- ❖ To regularly report to Members of Audit Panel on the effectiveness of the risk management process.
- ❖ To report to Members of the Audit Panel and Overview (Audit) Panel on the effectiveness of the risk management process and any changes to it in the Annual Governance Statement.

Responsibilities of Directors

- ❖ To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers.
- ❖ The Risk Management Strategy requires Directors to:
 - Identify corporate and operational risks;
 - Maintain a risk register;
 - Assess the risks for likelihood and impact;
 - Prioritise risks;
 - Identify mitigating controls; and
 - Allocate responsibility for the mitigating controls.
- ❖ To ensure that there are regular reviews of all risks within Services.
- ❖ To ensure that Business Continuity Plans are updated at least annually.

17. INSURANCE

What is Insurance?

Insurance for the Council is, in many ways, similar to the insurance that private individuals take out to protect items that they either:

- cannot replace easily; or
- are required to insure as a condition of purchase e.g. a house purchased via a mortgage etc.
- the decision to insure an item or not is based on:
 - its replacement cost; or
 - the likelihood of it needing to be replaced.

The Council has to go through a similar process for the various risks it faces, e.g. the security of physical assets or the work carried out by its officers. Where the Council believes it is not able to manage risks internally, it will take out insurance in the same way a private individual would, e.g. the Council insures its buildings, its officers (employee liability), and cover for members of the public when using Council facilities (public liability) etc.

Why is Insurance important?

Insurance is a major area within risk management, enabling risks from unfortunate events to have less of a negative effect due to taking out cover policies. However, insurance is not without a cost, and risk prevention is always preferable to paying higher premiums, where this is possible.

Key Controls

- ❖ Adequate insurance is in place to cover assets and liabilities of the organisation.
- ❖ Policies are reviewed on an annual basis to ensure that they continue to provide adequate cover for the Council in line with current risk management strategies and to confirm exclusion clauses are being complied with.
- ❖ Procedures are in place to investigate claims within required timescales.
- ❖ Acceptable levels of risk are determined and insured against where appropriate.
- ❖ The Council has an Insurance Manual which provides details of the Council's insurance cover and procedures for claims.

Responsibilities of Chief Finance Officer

- ❖ To ensure that the Council has the appropriate insurance cover in place.
- ❖ To include all appropriate officers of the Council in a suitable fidelity guarantee insurance.
- ❖ To arrange all insurance cover through external insurance and internal funding and negotiate any claims in consultation with appropriate Directors and outside claims agencies.
- ❖ To inform Directors of any conditions affecting insured risks.
- ❖ To review all insurances in consultation with appropriate Directors either annually or when necessary.
- ❖ To administer any self-funding arrangement set up to run alongside or replace conventional externally provided insurance.
- ❖ Any failure by the Council's appointed insurers to carry out inspections of engineering plant and equipment will be notified to immediately to the appropriate Director.
- ❖ To offer insurance cover to maintained schools as per the Tameside Support for Schools arrangement.

Responsibilities of Directors

- ❖ To ensure that all officers are aware of their responsibilities with regard to the use of insurance policies.
- ❖ To identify and report to the Chief Finance Officer and Monitoring Officer any amendments which could be required for the insurance of the Council.
- ❖ To notify the Chief Finance Officer and Monitoring Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Chief Finance Officer or the Council's insurers.
- ❖ To ensure that any conditions affecting insured risks are met and that their actions do not

FINANCIAL REGULATIONS AND PROCEDURES

invalidate any claims.

- ❖ To notify the Chief Finance Officer and Monitoring Officer promptly of all new risks, properties or vehicles that require insurance and any alterations affecting existing insurances.
- ❖ To seek approval from the Monitoring Officer on the terms of any indemnity that the Council is requested to give.
- ❖ To keep suitable records to ensure that inspections of engineering plant/equipment under their control are duly carried out by the appointed Insurance Company within the periods prescribed and that any necessary action arising from them is addressed in a timely manner.
- ❖ Not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

18. TREASURY MANAGEMENT

What is Treasury Management?

CIPFA defines Treasury Management as:

“The management of the Council’s investments, borrowing and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the Treasury Management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. Any debt previously drawn may be restructured to meet Council risk or cost objectives.

Why is Treasury Management Important?

Millions of pounds pass through the Council’s books each year. It is critical that these resources are properly managed in a way that balances risk with return whilst ensuring the Council can meet its financial obligations. The scale of borrowing, the inter-relationship between capital and revenue cash management and the fact that the Council may have surplus funds for investment require the development of sound borrowing and investment strategies that encompass all of these activities in a safe, efficient and consistent manner.

The main objectives of the Treasury Management function are:

- To effectively manage and control risks;
- To ensure that sufficient cash is available to enable the Council to discharge its financial obligations when they become due;
- To undertake all borrowing at or below budgeted rates on the basis of best value, and also seek opportunities to reduce the cost of servicing existing debt;
- To plan cash flows and minimise the cost of any temporary borrowing (which is required for day to day cash flow reasons);
- To invest prudently having regard to the security and liquidity of investments and the predictability of returns; and
- To aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity.

Key Controls

The Council has adopted the recommendations of CIPFA’s Code of Practice on Treasury Management and the Prudential Code. The Council has developed its own Treasury Management Strategy in accordance with these documents. The Strategy outlines the Council’s

- ❖ Key Treasury Management Principles;
- ❖ Scheme of Delegation and Reporting Requirements;
- ❖ Key Prudential Indicators – covering financing requirements, borrowing limits, debt maturity / type, cost of borrowing and investment income; and
- ❖ Policy for both borrowing and investments.

Responsibilities of the Chief Finance Officer

- ❖ To prepare the Council’s Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management in Local Authorities for approval by Cabinet

FINANCIAL REGULATIONS AND PROCEDURES

and Full Council at the Annual Budget Meeting.

- ❖ To arrange for all Council borrowing and investment in such a manner as to comply with this Statement / Strategy.
- ❖ To borrow on behalf of the Council under powers contained in the Local Government Act 1972 and subsequent legislation in accordance with the agreed proactive borrowing strategy.
- ❖ To arrange for the investment or utilisation for the Council's own purposes of surplus funds in accordance with agreed creditworthiness criteria.
- ❖ To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by Cabinet.
- ❖ To maintain a scheme of delegation for the operation of the treasury management function to ensure a satisfactory separation of duties.
- ❖ To ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate officer.
- ❖ To effect all borrowings in the name of the Council.
- ❖ To hold in safe custody all stock certificates and other documents substantiating any investments which may from time to time be made and to maintain records of all borrowing of money by the Council.
- ❖ To ensure that there is adequate monitoring of Treasury Management activities, involving both Members and senior Finance officers.
- ❖ To report to Executive Cabinet at regular intervals on Treasury Management activities

Responsibilities of the Monitoring Officer

- ❖ To act as the Council's registrar of stocks, bonds and mortgages.

Responsibilities of Directors

- ❖ To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council following consultation with the Chief Finance Officer and the Monitoring Officer.
- ❖ To inform officers with responsibility for Treasury Management of significant movements and changes in the Council's anticipated cash flows.

Financial Limits

The decision to borrow and make investments are day to day are delegated to the Chief Finance Officer within the limits set by the Treasury Management Strategy and the Prudential Code. All routine investment decisions are reported in retrospect as part of the statutory reporting requirements that require Executive Cabinet to receive a minimum of three reports per annum.

Any long term borrowing that is undertaken an Executive Decision is required to be signed by the Chief Finance Officer and the Executive Member for Finance.

19. BANK ACCOUNTS

What are Bank Accounts?

Bank accounts are financial accounts between the Council and a Financial Institution. The Council has a number of bank accounts for which money is received to and from our stakeholders. The Council banks with Barclays Bank.

Why are Bank Accounts Important?

Failure to adhere to proper banking arrangements will present a number of unacceptable risks for the Council:

- theft, fraud or other loss; and
- reputational risk.

In order to mitigate these risks, proper procedures must be developed and strictly adhered to.

Key Controls

The key controls for bank accounts and foreign currencies are that:

- ❖ All Bank Accounts held shall be in the name of "Tameside Metropolitan Borough Council"
- ❖ All banking arrangements, including opening or closure of bank accounts, shall require the approval of the Chief Finance Officer;
- ❖ Only the Council's banker(s) as appointed by the Chief Finance Officer can be used by the Council, excluding investment accounts used for Treasury Management purposes;
- ❖ Main bank accounts must be reconciled to the Council's financial accounts on a regular basis;
- ❖ Segregation of payroll expenditure account, general payment account and income account to enhance control and transparency;
- ❖ Proper arrangements are made for the secure printing, secure retention and issue of cheques; and
- ❖ All appropriate income documents relating to banking are retained and stored for the defined period in accordance with the document retention guidelines.

Responsibilities of the Chief Finance Officer

- ❖ To specify arrangements for the operation of the Council's bank accounts, prescribing rules concerning the number, amount and type of transactions which are to be passed through an account and the extent of any permitted overdraft on the Council's aggregated accounts.
- ❖ To ensure that main bank accounts are regularly reconciled with the Council's accounts.
- ❖ To make secure arrangements for the design, printing, storage and issue of cheques.
- ❖ To ensure that every cheque drawn on the main bank accounts of the Council shall bear the facsimile signature of the Chief Finance Officer or an employee designated by them for this purpose. Every cheque for above an amount to be determined by the Chief Finance Officer (currently £10,000) shall be countersigned by such employees designated by the Chief Finance Officer for this purpose.
- ❖ To approve delegation to named officers for the transmission of payments from the Council bank accounts.
- ❖ To be responsible for the Council's banking and security service contracts.

Responsibilities of Directors

- ❖ To make arrangements for the proper operation of approved subsidiary bank accounts, including the security and issue of cheques, and prevention of overdrafts on such accounts.
- ❖ To ensure that all money received on behalf of the Council is paid promptly into the Council's accounts or is available for collection in accordance with arrangements approved by the Chief Finance Officer.
- ❖ To ensure that all payments to be made by the Council shall be made from bank accounts opened or approved by the Chief Finance Officer.
- ❖ To ensure income or other monies held are not used to cash personal cheques or other payments.
- ❖ To make secure arrangements for the receipt of income.

20. VALUE FOR MONEY

What is Value for Money?

Value for money has long been described as the relationship between economy, efficiency and effectiveness. It is sometimes known as the 'value chain' where:

- 'Economy' is the price paid for what goes into providing a service;
- 'Efficiency' is a measure of productivity – how much you get out compared to what is put in; and
- 'Effectiveness' is a measure of the outcome achieved, and can be measurable in terms of quantity or assessed in terms of Quality.

'Value for money' or the best value is high when there is an equal balance between all three sections of the chain; relatively low costs; high productivity, and successful outcomes.

Why is Value for Money important?

If we as a Council, are to improve overall performance by improving our services, achieving greater value for money must be a significant factor. In addition, research indicates that Councils which deliver high quality services that demonstrate value for money are likely to have the highest level of customer satisfaction.

Public money should be spent wisely and follow the Council's procedure rules. With reduced funding for Council services and service user expectations increasing, it is essential that the Council looks at ways to provide and show value for money.

The Council's procedures should also help to ensure that services receive value for money from their procurement and purchasing arrangements.

Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government and Public Involvement in Health Act 2007) places a duty on local authorities to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Key Controls

- ❖ Value for money must always be considered when committing to spend money on behalf of the Council.
- ❖ Value for money should be embedded into all aspects of performance, planning and service delivery.
- ❖ Value for money should also be assessed in services delivered by partners or through contractual arrangements.
- ❖ Value for money is a key feature of the Council's business case process.

Responsibilities of Chief Finance Officer

- ❖ To ensure that value for money is achieved in all transactions undertaken on behalf of the Council.
- ❖ To provide guidance on how to achieve value for money to both Members and officers.

Responsibilities of Directors

- ❖ To gather and analyse performance data, to ensure that Services provided are value for money.
- ❖ To provide the Chief Finance Officer with any evidence as requested to demonstrate that value for money is achieved in services.
- ❖ To consider value for money when presenting options for decision, in line with the delegation of decisions as approved within the Council's Constitution.

21. INTERNAL AUDIT

What is Internal Audit?

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

The Council is required to have an effective Internal Audit function in order to comply with section 5 of the Accounts and Audit (England) Regulations 2015 which requires the Council to "undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". Section 151 of the Local Government Act 1972 also requires every local Council to make arrangements for the proper administration of its financial affairs.

All Internal Audit reviews are reported to and discussed by the Audit Panel as the body charged with overall responsibility for governance within the Council.

Why is Internal Audit important?

Internal Audit is a key element of the overall governance structure of the Council which is designed to ensure that appropriate controls are in place throughout the organisation. Through the provision of a high quality independent appraisal of all of the activities of the Council, Internal Audit aims to improve operational efficiency, risk management and internal control systems, and also provide reliable and effective support to management to ensure that their objectives are achieved.

Key Controls

The key controls for Internal Audit are:

- a) that it is independent in its planning and operation and determines its own priorities in providing unrestricted coverage of the Council's operations;
- b) The Head of Risk Management and Audit Services has direct access to the Chief Executive and all levels of management and Members; and
- c) The internal auditors comply with the Public Sector Internal Audit Standards (PSIAS).

Responsibilities of Chief Finance Officer

- ❖ To ensure that internal auditors have the authority to:
 - access premises/land when required;
 - access all assets, records, documents, correspondence and control systems;
 - require and receive information and explanation considered necessary concerning any matter under consideration;
 - require any employee of the Council to account for cash, stores and any other Council asset under the employee's control;
 - access records belonging to third parties, such as contractors, when required;
 - directly access the Chief Executive.
- ❖ To approve the strategic and annual audit plans prepared by the Head of Risk Management and Audit Services, which take account of the current risk profile of all activities undertaken by the Council, prior to approval by the Audit Panel.
- ❖ To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
- ❖ When initial evidence suggests that a criminal offence has been committed, to consult with the appropriate Director about involving the Police, in accordance with the Council's Anti-Fraud, Bribery and Corruption Statement of Intent.

Responsibilities of Directors

- ❖ To ensure that Internal Audit are granted access to premises/land when required;
- ❖ To ensure that Internal Audit are provided with any documents, information and explanations they require during the course of their work;

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To consider and respond to recommendations in audit reports within one month;
- ❖ Any agreed actions arising from audit recommendations are carried out as per the agreed timetable;
- ❖ New systems for maintaining financial records, records of assets, or changes to such systems, are discussed with, and agreed by, the Head of Risk Management and Audit Services before implementation; and
- ❖ To notify the Head of Risk Management and Audit Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.

22. EXTERNAL AUDIT

What is External Audit?

External Audit provides an important contribution to the stewardship of public resources and corporate governance of public services by:

- a) Giving an independent opinion on whether the public bodies financial statements fairly present its financial position and its expenditure and income for the year in question; and
- b) Reviewing and reporting on aspects of the arrangements which are put in place by public bodies to ensure the proper conduct of their financial affairs, and for securing economy, efficiency and effectiveness in its use of resources.

The responsibilities and powers of the external auditor are derived from the Local Audit and Accountability Act 2014.

Why is External Audit important?

Independent external audit is a key process of evaluation of governance processes which seek to protect the management of public money. It is, however, the responsibility of management to put arrangements in place to ensure proper governance and to regularly review the adequacy and effectiveness of these arrangements.

The Council's financial statements 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 all relevant legal requirements.

Key Controls

- ❖ External auditors must follow the National Audit Office (NAO) Code of Audit Practice when carrying out their audits.

Responsibilities of Chief Finance Officer

- ❖ To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- ❖ To ensure there is effective liaison between External and Internal Audit.
- ❖ To work with the External Auditor and advise the Council, Executive Cabinet and Officers on their responsibilities in relation to External Audit.

Responsibilities of Directors

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

23. PREVENTING AND DETECTING FRAUD, BRIBERY AND CORRUPTION

What is Fraud, Bribery and Corruption?

The Fraud Act 2006 defines three separate ways of committing fraud:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

“Dishonesty” and “intent to make gain or cause loss” are core themes involved in the committing of fraud. Bribery can be described as giving someone a financial inducement or other form of advantage to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so, in order to gain a personal, commercial, regulatory or contractual advantage. It is an offence under the Bribery Act 2010.

Corruption is ‘the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.’ It is an offence under the Prevention of Corruption Acts 1889 – 1916, as amended, and Section 117(3) of the Local Government Act 1972.

Why is Fraud, Bribery and Corruption important?

There is an expectation and requirement that all Members, officers, consultants, contractors, and service users be fair, honest and act with the utmost integrity at all times.

The Council is resolute that the culture and tone of the Council is one of honesty and opposition to fraud, bribery and corruption.

There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council officers or its agent(s) at all levels will lead by example in these matters.

The Council's Codes of Conduct for Members and Officers set out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members and officers must act in line with the codes at all times.

Key Controls

- ❖ The Council should maintain an effective Anti-Fraud, Bribery and Corruption Statement of Intent and a culture of zero tolerance to fraud, bribery and corruption.
- ❖ All Members and officers should act with integrity and lead by example.
- ❖ Officers should raise any concerns that they may have about fraud, bribery and corruption preferably with their line manager or another senior manager identified in the Anti-Fraud, Bribery and Corruption Strategy.
- ❖ Any information reported by officers will be dealt with fairly and confidentially.
- ❖ Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council, commit a bribery offence or who are corrupt.
- ❖ High standards of conduct should be promoted amongst Members.
- ❖ The maintenance of a register of interests and a record of gifts and hospitality received in accordance with the officers’ and Members’ Codes of Conduct and the gifts and hospitality policy..
- ❖ Whistle blowing procedures should be in place and operating effectively.
- ❖ All relevant legislation should be complied with including the Fraud Act 2006, the Bribery Act 2010 and the Public Interest Disclosure Act 1998.
- ❖ The Council should maintain an adequate internal control framework.

Responsibilities of Chief Finance Officer

- ❖ To develop and maintain an effective Anti-Fraud, Bribery and Corruption Statement of Intent.
- ❖ To develop and maintain effective Anti-Bribery Guidance.

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To maintain adequate and effective internal control arrangements.
- ❖ To take advice and support from relevant parts of the Council before referring matters to the Police for cases where it is apparent that a criminal offence may have been committed.

Responsibilities of Directors

- ❖ To ensure that all suspected irregularities are reported to the Head of Risk Management and Audit Services without delay.
- ❖ To instigate the Council's disciplinary procedures where the outcome of an investigation into suspected fraud or corruption indicates that improper behaviour has taken place.
- ❖ To ensure that where financial impropriety is discovered, the Chief Finance Officer is informed.

24. ANTI-MONEY LAUNDERING

What is Money Laundering?

Money laundering means:

- Concealing disguising, converting or transferring criminal property or removing it from the UK;
- Entering into, or becoming concerned in, an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or possessing criminal property; and
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer of nominees, or any other retention or control of terrorist property.

These are the primary money laundering offences and prohibited acts under legislation.

Why is Money Laundering important?

Although the risk to the Council of contravening the legislation is low, it is extremely important that all officers and Members are familiar with the legislation and their legal responsibility as serious criminal sanctions may be imposed for breaches of the legislation. Potentially any officers could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way or do nothing about it.

The Anti-Money Laundering Policy applies to all employees of the Council, and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.

Key Controls

- ❖ A Money Laundering Reporting Officer (MLRO) is appointed to receive disclosures from officers concerning money laundering activity.
- ❖ Implement a procedure to enable the reporting of suspicions of money laundering.
- ❖ Maintain client identification procedures in certain circumstances.
- ❖ Maintain record keeping procedures.

Responsibilities of Chief Finance Officer

- ❖ Appoint a Money Laundering Reporting Officer (MLRO) who is to receive disclosures from officers concerning money laundering activity.
- ❖ Implement a procedure to enable the reporting of suspicions of money laundering.
- ❖ Maintain client identification procedures in certain circumstances.
- ❖ Maintain record-keeping procedures.

Responsibilities of Directors

- ❖ Be aware of their roles and responsibilities in respect of Anti Money Laundering.
- ❖ Ensure they and officers within their service are aware of who is the MLRO.

25. GIFTS, HOSPITALITY AND REGISTER OF INTERESTS

What are gifts, hospitality and a register of Interests?

During day to day work, there may be times when officers or Members are offered gifts and/or hospitality; for example, a meal, a 'thank you' present or gift or a trip to a sporting event.

A register of interests means that arrangements are in place for officers and Members to declare any interests that they have which may be seen to cause a conflict during the course of their work, or when making decisions in Committee meetings. For example:

- an officer or Member being related to a Director of a company that the Council trades or deals with;
- a committee where a Member serves is being asked to make a decision that would affect the Member, either personally or in relation to a project s/he is supporting.

Why are the receipt of Gifts and Hospitality and the Register of Interests important?

In order to safeguard officers and Members in terms of independence (and therefore that of the Council) it is necessary for clear rules to be in place and adhered to.

In relation to Register of Interest, there is the possibility of criminal liability in relation to corrupt practises by officers and Members. Under the Bribery Act 2010 it is an offence:

- (a) to request or accept an advantage or reward intending personally, or through another, to perform improperly a public function or business activity;
- (b) request or accept such advantage when the request or acceptance would constitute improper performance of a public function or business activity;
- (c) to improperly perform such a function or activity in anticipation of receiving such an advantage.

To quote from the judgment in a 1970s corruption case:

"People who take you to Wimbledon or to watch the Rugby are not doing it because they like you, it is because they want you to like them. It is because when you go to make a decision on a contract it is going to be based on friendship".

Key Controls

Employees and Councillors should usually refuse gifts offered to them or to a member of their immediate family by any person or body who has or seeks to have dealings with the Authority. Councillors must record all offers of gifts and hospitality received with a value of £25 or more but are encouraged to register all gifts, even those under £25. Employees must record all offers of gifts and hospitality regardless of value or whether accepted or not. Full guidance of what is and is not acceptable is provided in this link

<https://intranet2.tameside.gov.uk/TamesideIntranet/media/HR/protocol.doc>

Responsibilities of Monitoring Officer

- ❖ To produce and maintain a register of gifts and hospitality received by officers and Members.
- ❖ To produce and maintain a register of interests received by officers and Members.

Responsibilities of Directors

- ❖ To comply with the guidance as provided by the Monitoring Officer.
- ❖ To maintain an up to date list of gifts, hospitality and interests within their Service in adherence with the principles in the guidance.

Financial Limits

- ❖ Councillors Items over £25 should record items over £25 within 28 days of the receipt of the gift or hospitality. Written notification must be provided to the Monitoring Officer of the existence and nature of that gift or hospitality.
- ❖ Officers must refuse all gifts or hospitality except with approval from the Monitoring Officer.

26. ASSET MANAGEMENT

What is Asset Management?

Asset Management is the system of monitoring and maintaining items of value to the Council. Asset management is a systematic process of operating, maintaining, upgrading and disposing of assets cost-effectively.

Asset Management relates to land and buildings; furniture, vehicles and equipment; and stocks and stores and it covers their acquisition, disposal, security and recording.

Why is Asset Management important?

The Council owns a diverse portfolio of assets in the form of property, vehicles, equipment, furniture and other items. It is important that these assets are safeguarded and used efficiently and effectively in supporting the delivery of services. The development of a comprehensive and effective approach to asset management is key to ensuring that:

- utilisation of assets is maximised;
- maintenance expenditure is prioritised;
- major capital investment requirements are identified and quantified;
- appropriate insurance is in place; and
- surplus property and other assets are identified for rationalisation and/or disposal.

Key Controls

- ❖ A corporate asset management strategy is in place.
- ❖ Asset Registers/inventories are in place to record all assets.
- ❖ Accounting policies are in place to control asset classification, capitalisation, depreciation and disposal.
- ❖ Assets are disposed of at the most appropriate time and only when it is in the best interests of the Council and that the best price is obtained.
- ❖ Managers are responsible for the care, protection and security of assets within their control.
- ❖ Insurance covers are in place to protect the Council from catastrophic loss by sharing the risk with the private sector.
- ❖ Land and Buildings are acquired in accordance with the Asset Management Strategy.
- ❖ Land and Buildings are purchased only following appropriate authorisation and approval.
- ❖ A terrier of all land and buildings owned is maintained, with assets recorded when they are acquired (including the reinstatement value) and this record is updated as changes occur.

Responsibilities of Chief Finance Officer

- ❖ To maintain an Asset Register, which contains details of all assets owned by the Council which exceed the capital de-minimums levels.
- ❖ To ensure appropriate accounting entries are made for the addition and depreciation of assets into the Council's records.
- ❖ To ensure that assets are valued in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice*.
- ❖ Ensuring that all acquisitions are properly recorded within accounting records
- ❖ To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Responsibilities of Directors - General

- ❖ To maintain proper security, care and protection of all building, equipment, vehicles, stocks, stores and cash under their control.
- ❖ To inform the Chief Finance Officer and Head of Risk Management and Audit Services of any missing equipment or significant shortfalls in stock as soon as possible after discovery, together with explanations for the loss, if known.
- ❖ To ensure the Chief Finance Officer and the Head of Risk Management and Audit is provided with the appropriate information requested annually for insurance renewal purposes.

FINANCIAL REGULATIONS AND PROCEDURES

Responsibilities of Directors – Building and Land

- ❖ The Director of Growth shall maintain a terrier of all land and buildings owned by the Council. The terrier will record the holding Service, purpose for which each property/site is held, location and purchase details and reinstatement values for insurance purposes.
- ❖ The Director of Growth shall arrange for condition surveys to be carried out to inform the asset management plan;
- ❖ Arranging for the valuation of land and buildings as necessary to meet the accounting requirements and insurance requirements of the Chief Finance Officer.
- ❖ To inform the Chief Finance Officer of all building acquisitions so that the insurance portfolio reflects the correct properties to be insured by the Council
- ❖ To ensure the proper security of all land and buildings under their control.

Responsibilities of Directors - Furniture, Equipment and Vehicles

- ❖ The Director of Operations and Neighbourhoods will maintain appropriate records of the vehicles held by the Council.
- ❖ The Assistant Director, Digital Tameside, will maintain appropriate records of the IT equipment held by the Council.
- ❖ Directors will maintain appropriate records of all other furniture and equipment held or deployed by their service. This will include maintaining an up to date inventory of all individual items with a purchase value in excess of £200.
- ❖ Directors should arrange for the accuracy of the inventory to be verified periodically at a frequency appropriate to the risk of loss of the individual items recorded.
- ❖ To ensure that Council property (owned or hired) should not be removed other than in the ordinary course of the Council's business except in accordance with directions issued by the Director concerned.
- ❖ To ensure the safe custody of furniture, equipment & vehicles.

Responsibilities of Directors - Stocks and Stores

- ❖ To make arrangements for the maintenance of reasonable levels of stocks and stores in their control.
- ❖ To ensure that appropriate up to date records of the level and value of stocks and stores held are maintained.
- ❖ To ensure periodical physical examinations of stocks and stores held, against the stock records, should be carried out at a frequency based on the value and vulnerability of the stock.
- ❖ To ensure proper security is maintained at all times for all stocks and stores.

Responsibilities of Directors – Disposal of Assets

- ❖ Once land, buildings or equipment have been declared surplus to requirements, to arrange for the disposal of these assets in accordance with the Council's strategy.
- ❖ Details of any vehicles which are deemed surplus to requirements shall be advised to Director of Operations and Neighbourhoods. Where the vehicle is considered no longer suitable for use within the Council, the Director of Operations and Neighbourhoods shall arrange for its suitable disposal.
- ❖ Details of any ICT equipment which a Director deems surplus to requirements shall be advised to the Assistant Director, Digital Tameside. ICT equipment can only be disposed of by ICT Services, and if it is considered redundant in accordance with the ICT Strategy.
- ❖ The Assistant Director, Digital Tameside, is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. The Data Protection Act must be a key consideration in the decommissioning of IT equipment.
- ❖ To identify assets which are deemed obsolete and surplus to requirements.
- ❖ To secure the best price obtainable for the sale of assets.
- ❖ To record all disposals of assets.
- ❖ To ensure that income received for the disposal of an asset is properly banked and coded.
- ❖ To consult with the Chief Finance Officer to ensure all financial implications, including accounting for Value Added Tax, are fully considered.
- ❖ To inform the Chief Finance Officer of all building disposals so that the insurance portfolio

FINANCIAL REGULATIONS AND PROCEDURES

reflects the correct properties to be insured by the Council.

Financial Limits

The following limits apply to the purchase and disposal of assets.

Sale or Disposal of Land or Buildings		
Amount	Who	Decision Type
>£50,000	Executive Cabinet	Key Decision
< £50,000	Executive Member with responsibility for Finance	Executive Decision
< £50,000	In relation to the Reversionary Title Policy - Director of Growth	Executive Decision (officer)

All disposal of non-land and building assets greater than £10k must be accompanied by a decision note, this includes purchases or disposals made in aggregate, for example, the disposal of 100 laptops that in aggregate are valued at more than £10k.

27. FINANCIAL SYSTEMS

What are Financial Systems?

Financial systems are the key systems of the Council which perform the following actions:

- ❖ recording, in an organised way, the Council's financial transactions (General Ledger – Agresso)
- ❖ facilitating payments to people or organisations that the Council owes money to, and a record of what has been paid (Creditors and e-Procurement)
- ❖ recording invoices sent to people or organisations who owe the Council money, and recording payments received (Debtors)
- ❖ other payment systems (e.g. Payroll (iTrent) and Council Tax/Business Rates (Capita))
- ❖ other receipting systems
- ❖ other information systems which involve finance, e.g.
 - job costing systems; and
 - asset register/database; and
 - certain financial management improvement systems.

Why are Financial Systems important?

Robust and effective financial information systems are essential to the overall aim of quality financial management. Quality financial information will only be available where input is created from a trusted source, with good controls over the inputting and processing of information, and the output generated.

This can only be achieved if there are effective methods in place to document and control such tasks. In particular, internal controls need to be built into the system and manual processes which support the electronic systems need to be well managed and controlled.

Key Controls

- ❖ Basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated.
- ❖ Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- ❖ Early warning is provided of deviations from target, plans and budgets that require management attention.
- ❖ Operational systems are secure.
- ❖ Developments and upgrades to systems are managed and controlled. Any computer system that is used to maintain, produce or access financial information or accounting systems shall require the written approval of the Chief Finance Officer before being implemented.
- ❖ Systems are compliant with Data Protection Legislation

Responsibilities of Chief Finance Officer

- ❖ To make arrangements for the proper administration of the Council's financial affairs including to:
 - issue advice, guidance and procedures for officers and others acting on the Council's behalf;
 - determine the accounting systems, form of accounts and supporting financial records;
 - establish arrangements for audit of the financial affairs of the Council;
 - approve any new financial systems to be introduced;
 - approve any changes to be made to existing financial systems;
 - arrange training and produce procedural guidance for users of the Council's Financial and E- procurement Systems;
 - develop, maintain and arrange distribution of management reports from the main Accounting systems;
 - ensure integrity of the Agresso and E-procurement databases;
 - liaise with and assist users in all aspects of database maintenance;
 - develop a chart of account which is fit for purpose;
 - arrange for both the Finance and E-procurement systems to be upgraded to ensure the applications are kept up to date;

FINANCIAL REGULATIONS AND PROCEDURES

- ensure documents are retained in accordance with the Council's document retention policy;
- liaise with the Council's IT service/ software provider, as appropriate, to ensure any problems/ issues are dealt with in a speedy manner;
- ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained for the Council's financial and E-procurement systems.
- ❖ To be responsible for the development, maintenance and security of the Council's main Financial and E-procurement Systems.
- ❖ To ensure Due Diligence checks are undertaken on all proposed changes to existing systems or where a new system is being introduced, before approval is given for the system to be implemented.
- ❖ To provide advice and guidance in relation to Data Protection Legislation

Responsibilities of Directors

- ❖ To ensure that accounting records are properly maintained and held securely;
- ❖ To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Chief Finance Officer.
- ❖ To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- ❖ To incorporate appropriate controls to ensure that, where relevant:
 - all input is genuine, complete, accurate, timely and not previously input;
 - all processing is carried out in an accurate, complete and timely manner;
 - output from the system is complete, accurate and timely.
- ❖ To ensure that an appropriate segregation of duties is in place to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- ❖ To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- ❖ To ensure that systems are documented and all officers are trained to use the system.
- ❖ To consult with the Chief Finance Officer in a timely manner at the outset of any development project (before changing any existing system or introducing new financial systems), so that appropriate due diligence checks can be undertaken before any changes are implemented.
- ❖ To undertake Data Protection Impact Assessments (DPIA) where personal data is involved as the General Data Protection Regulations (GDPR) make DPIAs mandatory for certain classes of personal data. Privacy by design is advocated.
- ❖ To establish a scheme of 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 Council.
- ❖ To supply lists of authorised officers, with specimen signatures and delegated limits to the Chief Finance Officer, together with any subsequent variations.
- ❖ 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.
- ❖ To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that officers are aware of their responsibilities under the legislation.
- ❖ To ensure that relevant standards and guidelines for computer systems issued by the Director are observed.
- ❖ To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- ❖ To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
 - only software legally acquired and installed by the Council is used on its computers;
 - officers are aware of legislative provisions;
 - in developing systems, due regard is given to the issue of intellectual property rights.

28. INCOME COLLECTION AND MANAGEMENT

What is Income Collection and Management?

Some Services have the facility to charge for the services provided as part of their day to day operations. All charges must ensure compliance with the relevant statutes governing local Council activities. Charges may be levied in advance when a service is booked, at the point of sale or by the raising of a debtors invoice after the service has been delivered. Examples of these include:

Charges at point of sale:

- entrance fees;
- school meals;
- car parking; and
- professional fees e.g. Local Search Fees and Planning Permission Fees.

Debtor Invoices

- -sundry debtors.

The Council also collects income arising from local taxation, namely Council Tax and Business Rates, and income from fixed penalty notices, for example, parking fines.

Why is Income Collection and Management important?

The collection of income is a significant part of the Council's business and is a vulnerable asset. Effective revenue collection systems are necessary to ensure that all revenue due is identified, collected, receipted and banked securely and effectively. It is preferable to obtain revenue 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.

In order to ensure that cash flow is maximised and costs are minimised, it is essential that income is collected in as complete and timely manner as is possible. This would normally be at the point of sale or service.

Key Controls

- ❖ All debtor invoices must be raised via the corporate debtors system, or other collection system authorised by the Chief Finance Officer. Invoices raised need to be appropriate and legitimate and are calculated correctly.
- ❖ All income due to the Council is legitimate, recorded and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.
- ❖ Value Added Tax (VAT) at the appropriate rate must be levied and collected in line with VAT guidance.
- ❖ All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery. Appropriate supporting documentation is retained in the event of debt recovery procedures being invoked.
- ❖ All money received by an employee on behalf of the Council is banked, or handed to the Council's appointed cash collection contractor in a timely manner and is properly recorded in the Council's financial system.
- ❖ There is adequate separation in duties in identifying amounts due and the responsibility for collection, as far as is practicable.
- ❖ Effective action is taken to pursue non-payment within defined timescales.
- ❖ Formal approval in accordance with the scheme of delegation, for debt write-off is obtained.
- ❖ Appropriate accounting adjustments are made following write-off action.
- ❖ All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- ❖ Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of Chief Finance Officer

- ❖ To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection and accounting for VAT.

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To approve the design of controlled stationery and arrangements for its control and security.
- ❖ To agree the write-off of bad debts in accordance with the Scheme of Delegation. To develop and maintain a Corporate Debt Management Policy.
- ❖ To develop and maintain up to date procedural guidance for the collection of income due to the Council.
- ❖ To ensure that appropriate accounting adjustments are made following write off action.
- ❖ To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- ❖ To seek approval from Executive Cabinet on an annual basis for discretionary fees which will apply to transactions in the following financial year.
- ❖ To provide guidance on the retention and storage of income related documents.

Responsibilities of Monitoring Officer

- ❖ To provide guidance to ensure compliance with the relevant statutes governing local Council activities.

Responsibilities of Directors

- ❖ To establish a charging policy for the supply of goods or services for approval by Executive C, including the appropriate charging of VAT, and to review it annually, in line with corporate policies.
- ❖ To determine where charges can be made in advance or at point of sale without the need to offer credit facilities.
- ❖ To determine where charges can be made in advance and where there is a need to raise a debtor's invoice.
- ❖ To establish adequate procedures and controls to ensure that all staff entrusted with Council money are properly accountable.
- ❖ To comply with cash and card handling procedures issued by Financial Management
- ❖ To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable and ensure staff are clear of their roles and responsibilities.
- ❖ To issue official receipts or to maintain other documentation for income collection. Officers must issue machine printed or official receipt forms or tickets when receiving all monies due to the Council. All official receipt forms (miscellaneous receipt books) shall be pre-printed, and Officers must sign all such receipts when issued.
- ❖ To ensure that at least two employees are present when post is opened so that money is received by post is properly identified and recorded under arrangements agreed with the Chief Finance Officer.
- ❖ To hold securely receipts, tickets and other records of income for the appropriate period.
- ❖ To order and issue all controlled stationery (receipt forms, books or tickets and similar items). The design of controlled stationery and arrangements for its control and security should be approved by the Chief Finance Officer.
- ❖ To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- ❖ To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Paying in slips shall contain a reference to the related debt (such as the receipt number or name of debtor) or otherwise indicate the origin of payment. On the back of each cheque shall be entered the name of the Service or establishment receiving the payment and the receipt number.
- ❖ To reconcile monies collected to evidence of bankings in accordance with procedures determined by the Chief Finance Officer.
- ❖ To keep a record of all unders and overs so that any necessary adjustments can be made by arrangement with the Chief Finance Officer.
- ❖ To ensure income is not used to cash personal cheques or other payments.
- ❖ To supply the Assistant Director, Exchequer, with details relating to work done, goods supplied, services rendered or other amounts due, to enable a sundry debtor invoice to be raised in a form approved by the Chief Finance Officer.
- ❖ To ensure that sundry debtor invoices are raised promptly and within seven calendar days of supply and the debt is supported by sufficient documentary evidence.

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To ensure that VAT is appropriately applied and the correct VAT category is used.
- ❖ Directors have a responsibility to assist the Director of Governance and Pensions in collecting debts that they have originated, by providing any further information that may be requested by the debtor or by Legal Services in the event of Court action.
- ❖ If a debt remains unpaid the Council will cease to provide services to that debtor except in circumstances agreed by a Director and the Chief Finance Officer.
- ❖ To ensure that cash held on premises does not exceed approved safe/ security limits and adequate insurance coverage has been obtained.
- ❖ To keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- ❖ To recommend to the Assistant Director, Exchequer, all debts to be written off and to keep a record of all sums written off up to the approved limits. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note can only be issued in relation to a debt in order to correct a factual inaccuracy or administration error in the calculation and/ or billing of the original debt.
- ❖ To notify the Chief Finance Officer of outstanding revenue relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.

29. ORDERING AND PAYMENT OF WORKS, GOODS AND SERVICES

What is Ordering and Payment for Goods and Services?

Every day officers within the Council will order and/or authorise payments for goods and services. An order is a formal instruction requesting goods and services for which a payment will be given. An order should be electronic, represent a commitment on behalf of the Council, and form a contract with suppliers.

The Council has Procurement Standing Orders in place which aim to achieve value for money in the purchase of goods and services. These rules set the framework to ensure that procurement delivers value for money across all services and directly contributes to the achievement of our corporate priorities.

Why is ordering and payment important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Councils have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Procurement Standing Orders.

Key Controls

- ❖ All goods and services are ordered only by appropriate persons and are correctly recorded.
- ❖ Goods and services received are checked to ensure they are in accordance with the order.
- ❖ Goods should not be received by the persons who placed the order.
- ❖ Payments are not made unless goods received have been received by the Council to the correct prices, quantity and quality standards unless in exceptional circumstances as agreed by the Chief Finance Officer.
- ❖ All payments are made to the correct supplier, for the correct amount and are properly recorded, regardless of payment method.
- ❖ Normal method for all payments is via BACs.
- ❖ All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention guidelines.
- ❖ All expenditure, including VAT is accurately recorded against the right budget and any exceptions are corrected. If VAT is being re-claimed there is a need to ensure that it is appropriate to do so and a VAT invoice is provided.
- ❖ All invoices with Construction Industry Tax liability are accurately processed in accordance with the scheme.
- ❖ All invoices are addressed to Tameside MBC.
- ❖ In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of Chief Finance Officer

- ❖ To ensure that the Council's main financial systems and procedures are sound and properly administered.
- ❖ To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- ❖ To make payments from the Council's funds on the authorisation of officers in line with the Scheme of Delegation that the expenditure has been duly incurred in accordance with financial regulations.
- ❖ To ensure the security, safe keeping and maintenance of blank cheques.
- ❖ To ensure that payments are authorised in accordance with the bank mandate.
- ❖ To ensure payments are processed for the correct amount.
- ❖ To make payments, whether or not provision exists within the estimate, where the payment is specifically required by statute or is made under a court order.
- ❖ To make payments to contractors based on the certification of the appropriate Director or nominated representative which must include details of the value of work, retention money,

FINANCIAL REGULATIONS AND PROCEDURES

amount previously certified and amounts now certified.

- ❖ To provide advice and encouragement on making payments by the most economical means.

Responsibilities of Directors

- ❖ The form of official orders and associated terms and conditions are approved by the Director of Governance and Pensions
- ❖ To ensure that officers use e-procurement for the raising of purchase orders and details of goods/services receipted are recorded in the system unless there are exceptional circumstances as approved by the Chief Finance Officer.
- ❖ To ensure that goods and services are purchased in accordance with the Council's Contract Procedure Rules.
- ❖ To ensure orders for goods and services are correctly addressed.
- ❖ To ensure individuals do not use official orders to obtain goods or services for their private use.
- ❖ Each order sent to a supplier must include the contract price or quotation obtained as well as the contract/ quotation reference.
- ❖ All invoices are in the name of Tameside MBC and contain accurate information in line with the order.
- ❖ To ensure the adequate controls are in place to ensure that undisputed payments are:
 - promptly processed;
 - made for the correct amount;
 - correctly coded
 - paid within the relevant time period i.e. complies with regulation and any internal target.
- ❖ To ensure that a proper scheme of delegation has been established within their area and is in effective operation. The Scheme of Delegation should identify officers authorised to act on the Directors behalf, or on behalf of the Cabinet, in respect of payments and placing orders, and be clear of their approval limits. A copy should be provided to the Chief Finance Officer.

30. CREDIT CARDS

What are Credit Cards?

Credit cards allow goods and services to be procured where normal procurement and purchasing routes are not practical or reasonable. Credit cards are issued directly to employees of the Council subject to approval by service Directors and Financial Management.

Why are Credit Cards important?

Credit cards provide the Council with another method of payment for goods and services and reduce the need for cash within the Council. credit cards also provide the Council with greater visibility of ad-hoc transactions.

Key Controls

- ❖ All Credit card transactions must be logged on the Council's financial systems.
- ❖ Cards must be held securely.
- ❖ Credit Cards must not be used for personal transactions.
- ❖ Credit Cards must only be used by the individual who it is assigned to.
- ❖ Credit Cards will only be issued to individuals who have received appropriate training.
- ❖ Individual transaction and monthly limits must be agreed by the Chief Finance Officer.

Responsibilities of Chief Finance Officer

- ❖ To provide guidance to all officers on the use of Credit Cards within the Council.
- ❖ To ensure that appropriate accounting guidelines are in place for transactions where the Credit card is used, including the accounting for VAT.
- ❖ To approve Credit cards to be issued to individual officers and approve individual and monthly transaction limits.
- ❖ To arrange cancellation of the Credit Cards when an officer leaves the Council.
- ❖ To provide guidance on receipt retention.
- ❖ To set the individual and monthly transaction limits.

Responsibilities of Directors

- ❖ To comply with the rules and guidance provided by the Chief Finance Officer.
- ❖ To ensure that officers who are allocated Credit Cards and their Managers are aware of their responsibilities regarding this.
- ❖ To ensure that the card is returned to the Financial Management Team, in person, in the event the cardholder leaves the Council.
- ❖ To ensure that VAT receipts are retained for the appropriate period.

31. PAYMENTS TO EMPLOYEES, MEMBERS AND PENSIONERS

What are Payments to Employees, Members and Pensioners?

As part of main Council business, the Council has to pay officers their salaries. In addition, payments can be made for other expenses which they have occurred in carrying out their duties.

Salaries and wages are paid in accordance with employment contracts entered into by the Council. Salaries are paid on the same date of each month, partly in advance and partly in arrears. All payments are made by BACS.

Payment of contractors affected by HMRC IR35 regulations are paid through the payroll system.

Members' allowances are paid monthly through the payroll system.

Pensions and pension benefits from the Greater Manchester Pension Fund are paid on agreed dates throughout the month, some in advance and others in arrears.

Why are Payments to Employees, Members and Pensioners important?

Officer costs are a significant item of expenditure for most Council services. Pension benefits represent the largest cost of the GM Pension Fund. It is important therefore that payments are made accurately, timely, made only when they are due and that payments accord with individuals' conditions of services.

It is also important that all payments are made accurately, recorded and accounted for and that Members allowances are authorised in accordance with the scheme adopted.

Key Controls

Key controls are:

- a) Proper authorisation procedures are in place and that there is adherence to corporate timetables and procedures in relation to the prompt notification of all changes including:
 - Starters;
 - Leavers;
 - Variations; and
 - Enhancements.
- b) All payments are made in accordance with the terms and conditions of employment, and approved timesheets and claims where appropriate;
- c) Frequent reconciliation of payroll expenditure against approved budget and bank account;
- d) All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule; and
- e) HMRC regulations are complied with.

Responsibilities of Chief Finance Officer

- ❖ To agree the procedures and control environment for the secure and reliable payment of salaries, wages, pensions, compensation or other emoluments.

Responsibilities of Director of Governance and Pensions

- ❖ To arrange and control secure and reliable payment of salaries, wages, pensions, compensation or other emoluments to existing and former officers, and to determine and approve the associated procedures.
- ❖ To record and make arrangements for the accurate and timely payment of tax, pension and other deductions complying with statutory requirements.
- ❖ To make arrangements for payment of all travel and subsistence claims or financial loss allowance in accordance with the Council's Travel and Subsistence Procedures.
- ❖ To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- ❖ To provide advice to secure payment of salaries and wages by the most economical means.
- ❖ To ensure that there are adequate arrangements for administering Pension matters on a day-

FINANCIAL REGULATIONS AND PROCEDURES

to-day basis.

Responsibilities of Directors

- ❖ To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- ❖ To notify the HR Service of all matters affecting payments as soon as possible and in the required manner. In particular:
 - appointments, resignations, dismissals, suspensions, secondments and transfers;
 - absences for sickness or other reason, apart from approved leave;
 - changes in pay rates, other than pay awards and agreements of general application; and
 - information necessary to maintain records of service for pensions, income tax and national insurance.
- ❖ To ensure that adequate and effective systems and procedures are operated so that:
 - payments are authorised to bona fide officers only;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employments are correctly applied; and
 - officer's names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- ❖ To ensure all officers' expenses are paid via payroll.
- ❖ To certify travel and subsistence claims and other allowances in accordance with the Council's Travel and Subsistence Procedures. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Chief Finance Officer is informed where appropriate.
- ❖ Officers' claims submitted more than three months after the expenses were incurred will be assessed and determined, for payment or otherwise, by the Director of Governance and Pensions. The Chief Finance Officer will provide guidance on which the assessments and determination can be made.
- ❖ To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines and schedule.

32. TAXATION

What is Taxation?

In addition to taxes that the Council levies, Council Tax and National Non-Domestic Rates (Business Rates), there are five types of taxation which the Council will be aware of and take account of when it carries out its business. These are:

- Value Added Tax (VAT);
- Income Tax and National Insurance;
- Construction Industry Scheme (CIS) Tax;
- Insurance Premium Tax; and
- Stamp Duty Land Tax (SDLT).

Each has its own rules and relates to different areas of the Council's business.

Why is Taxation important?

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Officers to be aware of their role.

Detailed consideration of future spending is required to ensure that the Council can continue to recover all the VAT it incurs, both on new schemes and on its existing expenditure. It is therefore important for all officers to be aware of their role in ensuring the Council's compliance with and adherence to HMRC's VAT Regulations and the requirements of the Council's VAT guidance.

It is important that the Council does not waste resources through under recovery of VAT, failing to identify taxable transactions and account for VAT due at the correct time, unnecessarily incurring non-UK VAT that is generally unrecoverable, or by making poor decisions due to inadequate information.

Key Controls

- ❖ Budget Managers are provided with the relevant information and kept up to date on tax issues.
- ❖ Budget managers are instructed on required record keeping.
- ❖ All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- ❖ Records are maintained in accordance with instructions.
- ❖ Returns are made to the appropriate Authorities within the stipulated timescale.

Responsibilities of Chief Finance Officer

- ❖ To ensure that there are proper arrangements in place for the administration and accounting of the four areas of taxation.
- ❖ To ensure that all arrangements comply with the Council's statutory responsibilities.
- ❖ To complete a monthly return of VAT input and outputs to HMRC.
- ❖ To maintain up-to-date guidance for officers on taxation issues in the taxation manual on the Intranet with updates on significant changes.
- ❖ Complete a forecast of the Council's annual partial exemption calculation prior to the start of the financial year and ensure that the 5% threshold is not exceeded.
- ❖ Provide VAT advice, both strategically and operationally.

Responsibility of Director of Governance and Pensions

- ❖ To complete all HMRC returns regarding PAYE and National Insurance on a timely basis.
- ❖ To provide details to HMRC regarding the CIS Tax deduction scheme.

Responsibilities of Directors

- ❖ To ensure that the correct VAT liability is attached to all income due.
- ❖ To ensure that all VAT recoverable on purchases complies with HMRC regulations.
- ❖ To ensure that all capital work and revenue development is notified to the Council's VAT

FINANCIAL REGULATIONS AND PROCEDURES

Officer at the earliest opportunity where any of the following apply:

- significant VAT is incurred;
 - any VAT-exempt income is generated; or
 - there are non-cash benefits, e.g. land swap or provision of services at below market price.
- ❖ To fund any interest charges or penalties falling upon the Council from HMRC that result from their Directorate's failure to account for the correct VAT at the correct time.
 - ❖ To retain all VAT-related documents in accordance with the Council's document retention guidance and schedule.
 - ❖ To ensure that, as far is possible, tax is accounted for in the correct tax accounting period.
 - ❖ To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
 - ❖ 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 assessed under HMRC IR35 regulations as self-employed or are employed by a recognised agency .
 - ❖ To ensure officers are aware of and follow the guidance on taxation issued by the Chief Finance Officer or Director of Governance and Pensions in the Council's Tax manual.

33. PETTY CASH

What is Petty Cash?

Petty cash accounts are small amounts of cash maintained on site to make small purchases where the formal ordering process is not appropriate for the purchase being made. Use of petty cash is facilitated by reimbursement of personal monies spent for business use, on production of proof of the expenditure and should only be used in exceptional circumstances.

Why is Petty Cash important?

The e-procurement system is the corporate ordering system adopted by the Council through which all purchases should be made, alongside purchase cards where these are in use. However, occasionally the Finance Service, on the request of Service Managers, may consider it appropriate to create small Petty Cash accounts for the purpose of settling small value transactions. Often, small value supplies are required urgently and it makes business sense if the officer requiring the goods simply buys them him or herself, without having to go through the formal ordering and receipt process.

The majority of Petty Cash transactions are indeed for low-value items where it is not possible (rather than convenient) to go through the e-procurement system, iTrent (the Council's HR and Payroll System for reimbursement of car mileage and expenses), or via a Purchase or Prepaid Card.

Internal Audit provides an independent check that individual petty cash accounts are properly managed and reconciled.

Key Controls

The key controls which must be adhered to are as follows:

- ❖ The maximum limit for one transaction is £30. Only minor items may be purchased.
- ❖ Petty cash must not be used to avoid alternative methods of payment.
- ❖ Goods that are subject to a corporate contract must not be purchased through Petty Cash.
- ❖ Employee expenses must not be claimed via petty cash. These should be claimed via the iTrent system.
- ❖ No income should be paid into a petty cash float;
- ❖ All petty cash floats should be securely held and in line with the insurance arrangements of the Council.
- ❖ All payments must be supported by a receipt and a claim form which must be signed by a manager.
- ❖ VAT must be accurately recorded and a VAT receipt kept to support the claim.
- ❖ All petty cash floats should be reconciled to the accounting records on a regular basis.
- ❖ Records of all petty cash floats are held and verified by the Financial Management Service.
- ❖ Petty cash should not, under any circumstances, be used to pay suppliers or contractors cash in hand.

Responsibilities of Chief Finance Officer

- ❖ To provide each Service of the Council with appropriate cash imprests or (exceptionally) bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- ❖ To determine the petty cash limit for individual minor items.
- ❖ To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

Responsibilities of Directors

- ❖ To obtain and retain vouchers to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained.
- ❖ To ensure no payment is above £30.
- ❖ To make adequate arrangements for the safe custody of the cash.

FINANCIAL REGULATIONS AND PROCEDURES

- ❖ To designate an officer who is personally responsible for the administration and security of the petty cash imprest account.
- ❖ To produce upon request from the Chief Finance Officer cash and all vouchers to the total value of the imprest amount.
- ❖ To accurately account for VAT on all petty cash transactions.
- ❖ To record all petty cash transactions promptly.
- ❖ To reconcile and balance the account at least monthly. Reconciliations sheets to be signed and retained by the imprest holder.
- ❖ To provide the Chief Finance Officer with a certificate of the value of the account held at 31 March each year.
- ❖ To ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- ❖ To ensure on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an officer shall account to the Director for the amount advanced to him or her.
- ❖ To maintain a list of all officers who are responsible for authorising petty cash claims.
- ❖ To ensure all claims are consecutively numbered. A simple system should be established to record paid vouchers. Details of the expenditure, cost code, employee signature together with the net, VAT and gross amounts should be recorded separately.

34. FUNDS HELD ON BEHALF OF THIRD PARTIES

What are Funds Held on Behalf of Third Parties?

Funds held on behalf of third parties comprise any financial assets held or managed by Council Officers on behalf of others which are not for the direct benefit of the Council. Such funds may comprise funds held in trust for the benefit of another person, monies held and managed on behalf of clients who are not necessarily able to manage such funds for themselves (often under appointeeship arrangements) or any other funds which may be held voluntarily on behalf of others by Council staff.

Why are Funds held on behalf of third parties important?

It is essential that good management and control is exercised over funds held on behalf of third parties because the Council has assumed financial responsibility for the funds and therefore any issues that may arise may impact upon the Council's reputation.

Key Controls

- ❖ All funds held on behalf of third parties should be managed and controlled using the same standards of financial probity that are applied to any financial asset of the Council.
- ❖ All such funds should be separately identifiable and reportable on from other Council funds.
- ❖ All expenditure should have some form of independent approval.
- ❖ Any income should be promptly recorded and banked.
- ❖ Cash and bank balances should be regularly reconciled and independently verified.
- ❖ Any trust funds should be held in the name of the Council wherever possible and managed in accordance with relevant legislation and trust fund conditions.
- ❖ All financial assets, documents and records should be held securely.

Responsibilities of Chief Finance Officer

- ❖ To make officers aware of the expectations placed upon them for managing funds held on behalf of third parties, specifically in terms of financial controls.
- ❖ To ensure there is appropriate guidance in place to support the management and control of appointeeship arrangements in conjunction with any relevant legislation or regulations.
- ❖ Be informed of any funds left in trust to the Council or to be administered by its officers.
- ❖ Ensure any trust funds are managed in line with any relevant legislation, regulations, guidance or trust conditions and annual audited accounts and annual returns are prepared where appropriate.

Responsibilities of Directors

- ❖ To notify the Chief Finance Officer of any trust funds within their Services.
- ❖ Ensure they are aware of all funds being held and managed on behalf of third parties.
- ❖ To administer all such funds in accordance with guidance issued by the Chief Finance Officer and ensure appropriate financial controls are maintained.