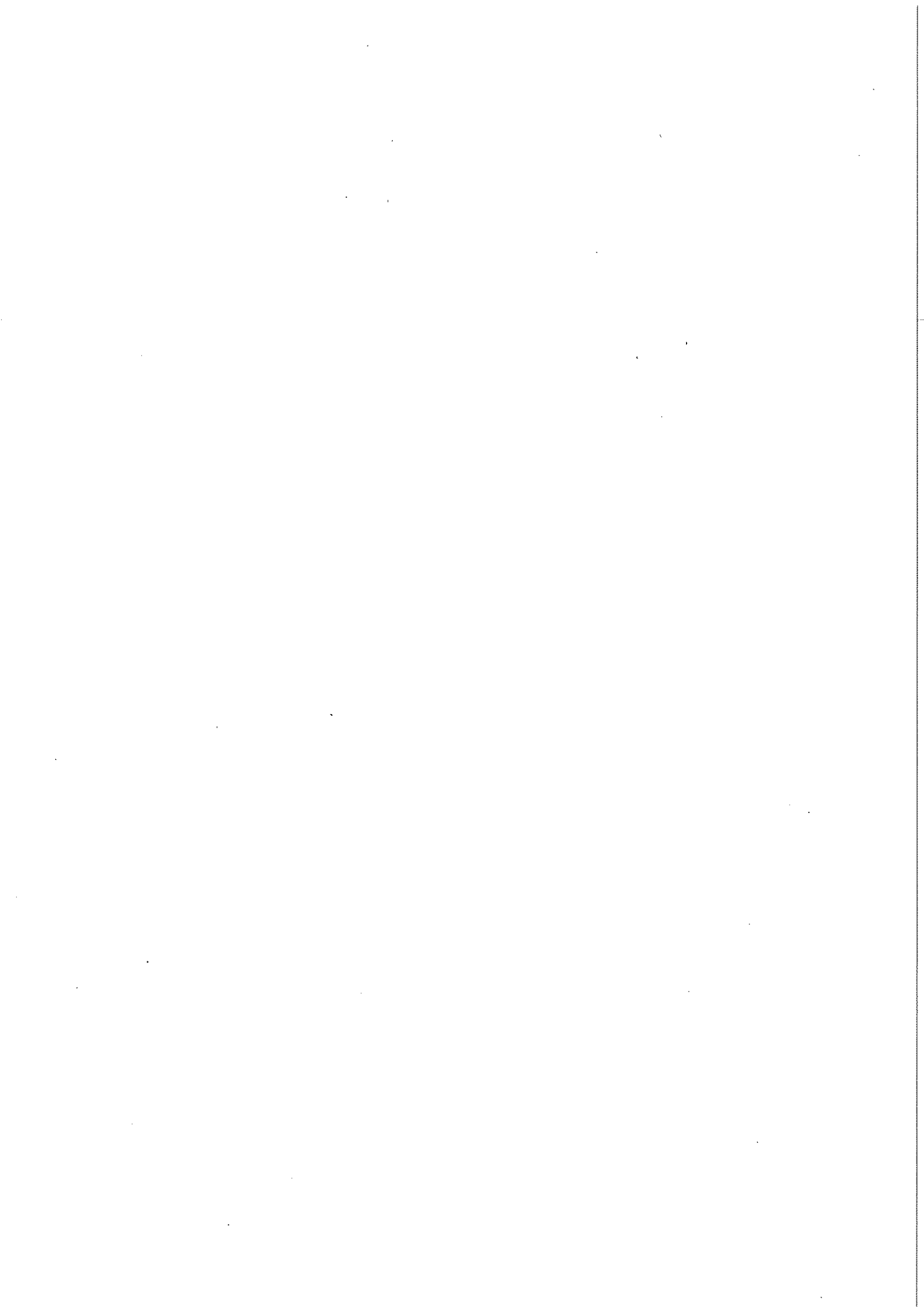




SHROPSHIRE COUNCIL

FINANCIAL RULES

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1. INTRODUCTION Financial Rules

- 1.1 The Leader is elected by the Council to be Leader of Cabinet, and forms part of Cabinet with two or more other Councillors appointed to Cabinet by Cabinet Leader or by the authority. Cabinet may not total more than ten.
- 1.2 To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. This demonstrates to the public that proper safeguards and controls exist in relation to managing public money and assets. Part of this process is the establishment of Financial Rules which set out the financial policies of the authority.
- 1.3 These Financial Rules provide clarity about the accountabilities of individuals in the new operating model that came into being in April 2011 – Cabinet Members, the Chief Executive, the Corporate Head of Strategic Planning and Public Information, the Monitoring Officer (Corporate Head of Legal and Democratic Services), the Chief Finance Officer (Corporate Head of Finance), Directors, Group Managers and Budget Holders.
- 1.4 There are five areas covered by Financial Rules. These are:
 1. Financial management and control.
 2. Financial planning.
 3. Risk management and control of resource.
 4. Systems and procedures.
 5. External arrangements.

These Financial Rules link with other internal regulatory documents forming part of the Council's Constitution. Detailed financial procedures and processes are also contained in the Corporate Finance Manual which is an integral part of ensuring a high standard of financial management and control is maintained.

- 1.5 These Financial Rules will be subject to an annual review to ensure that they reflect current legislation, guidance and best practices.

2. FINANCIAL RULES FOR SHROPSHIRE COUNCIL: BACKGROUND

- 2.1 Shropshire Council has a population of 296,000 and an area of 319,000 hectares. It provides a diverse range of services to its residents. It works in partnership with parish/town councils and a number of other organisations and agencies to deliver the most appropriate quality services to the residents of Shropshire.

<p>Footnote: Group Managers is the collective term used which incorporates Group Managers and Corporate Heads of Service.</p>
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- 2.2 The Council provides the complete range of local authority services, exemplified at Appendix F, managed through a Corporate Director of People aided by a Director of Care, and a Corporate Director of Places. Some of these services are delivered at a local level through three Area Directors. The Finances are organised into two main blocks: Revenue, for the day to day expenses (which is subdivided into the General Fund and the Housing Revenue Account), and Capital, for investment into assets with a life of over a year.
- 2.3 The Council's governance structure is laid down in its Constitution.

3. STATUS OF FINANCIAL RULES

- 3.1 Financial Rules provide the framework for managing the authority's financial affairs. They apply to every Member and officer of the Council and anyone acting on behalf of the Council. The rules apply equally where officers are undertaking work in partnership for external organisations.
- 3.2 The rules identify the financial responsibilities of the full Council, Cabinet and Overview and Scrutiny Members, Directors, Group Managers and the Chief Executive in their capacity as the Head of Paid Service, the Corporate Head of Legal and Democratic Services in their capacity as Monitoring Officer, and the Corporate Head of Finance in their capacity as Chief Finance Officer. A written record should be maintained where these responsibilities have been delegated to members of staff, including seconded staff. Where responsibilities have been delegated or devolved to other responsible officers, such as school governors, references to the Corporate Director in the rules should be read as referring to them. 'Directors' means:
- a) Corporate Director People, aided by a Director of Care;
 - b) Corporate Director Places;
 - c) Area Directors.
- 3.3 All Members and staff have a personal responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value. This should be done whilst acting in accordance with these rules.
- 3.4 The Corporate Head of Finance is responsible for maintaining a continuous review of the Financial Rules and advising the Council of any additions or changes necessary. The Corporate Head of Finance is also responsible for reporting, where appropriate, breaches of the Financial Rules to the Council and/or to Cabinet Members.
- 3.5 The Council's detailed financial procedures setting out how the rules will be implemented are contained in the appendices to the Financial Rules, the Corporate Finance Manual and in other separate guidance issued to officers.
- 3.6 Directors and Group Managers are responsible for ensuring that all staff in their service areas are aware of the Financial Rules, the Corporate Finance Manual and other internal regulatory documents and that they comply with them.

- 3.7 The Corporate Head of Finance is responsible for issuing advice and guidance to underpin the Financial Rules which Members, officers and others acting on behalf of the Council are required to follow.

4 FINANCIAL RULE 1 – FINANCIAL MANAGEMENT AND CONTROL

The Full Council

- 4.1 The full Council is responsible for adopting the authority's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which Cabinet operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in the Constitution. The full Council is also responsible for monitoring compliance with policies and related Cabinet decisions.

Cabinet

- 4.2 Cabinet is responsible for proposing the policy framework and budget to the full Council and for discharging Cabinet functions in accordance with the policy framework and budget.
- 4.3 Cabinet decisions can be delegated to a Committee of Cabinet, an individual Cabinet Member, a joint Committee or an officer within the rules set out in the Delegation to Officers.
- 4.4 Together with the Council, Cabinet is responsible for monitoring compliance with policies, Cabinet decisions and the framework of accountability and control.

Committees of Cabinet

Scrutiny Committees

- 4.5 The Council has Scrutiny Committees responsible for scrutinising Cabinet or individual decisions before or after they have been implemented and for holding Cabinet to account. These Committees are responsible for making recommendations on future policy options and reviewing the general policy and service delivery of the Council.

Performance and Strategy Scrutiny Committee

- 4.6 The Performance and Strategy Scrutiny Committee is an independent advisory body and reports to the full Council. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors.

Audit Committee

- 4.7 The Committee is responsible for reviewing and monitoring work of internal and external audit. It will review reports from internal and external audit in particular it will receive the Annual Governance Statement and the Annual Audit and Inspection letter from the external auditors and the Annual Internal Audit report. It will consider the effectiveness of the Council's risk management strategy and the robustness of the treasury management reports before their submission at Cabinet.

Standards Committee

- 4.8 The Standards Committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the full Council on the adoption and revision of the code of conduct and for monitoring the operation of the code.

Other Regulatory Committees

- 4.9 Planning, conservation and licensing are not Cabinet functions but are exercised through the multi-party Planning Committee which reports to the full Council.

The Statutory Officers**Head of Paid Service (and Chief Executive)**

- 4.10 The Head of Paid Service is the Chief Executive. The Chief Executive is responsible for the corporate and overall strategic management of the authority as a whole. The Chief Executive must report to and provide information for Cabinet, the full Council, the Overview and Scrutiny Panels and other Committees. The Chief Executive is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to the full Council's decisions.

Monitoring Officer

- 4.11 The Monitoring Officer is the Corporate Head of Legal and Democratic Services and is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to Cabinet and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- 4.12 The Monitoring Officer is responsible for:
- a) Ensuring that reports encompass the statutory obligations with regard to their legal and financial content;

- b) Ensuring that Cabinet decisions and the reasons for them are made public. They must also ensure that Council members are aware of decisions made by Cabinet and of those made by officers who have delegated Cabinet responsibility.
 - c) Advising all Councillors and officers about who has authority to take a particular decision.
 - d) Advising Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
 - e) Maintaining an up to date Constitution.
- 4.13 The Monitoring Officer together with the Corporate Head of Finance is responsible for advising Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- a) Initiating a new policy;
 - b) Committing expenditure 'in-year' above the revenue or capital budget level. Any proposal for expenditure in excess of the current year's budget requires the agreement of full Council;
 - c) Committing expenditure in future years to above the budget level;
 - d) Incurring interdepartmental transfers above the virement limits.

The Chief Finance Officer

- 4.14 The Chief Finance Officer is the Corporate Head of Finance. The Corporate Head of Finance¹ has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:
- a) Section 151 of the Local Government Act 1972.
 - b) Local Government Finance Act 1988.
 - c) The Local Government and Housing Act 1989.
 - d) The Local Government Act 2003.
 - e) The Accounts and Audit Regulations 2003. (Amended 2006) or any successor legislation.
- 4.15 There are five principles that are critical to the achievement of the Corporate Head of Finance' statutory responsibilities:
- a) Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
 - b) Is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications,

¹ See "Statement on the Role of the Director of Finance in Local Government " (CIPFA 2010) and Application Note to Delivering Good Governance in Local Government: a Framework (CIPFA/SOLACE 2010)

opportunities and risks are fully considered, and alignment with the authority's overall financial strategy;

- a) Leads the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively;
- b) Must lead and direct a finance function that is resourced to be fit for purpose;
- c) Must be professionally qualified and suitably experienced.

If different organisational arrangements are adopted, reasons should be explained publicly in the organisation's annual governance report, together with how these deliver the same impact ('comply or explain').

4.16 Section 114 of the Local Government Finance Act 1988 requires the Corporate Head of Finance to report to the full Council and Cabinet and the external auditor of the council where the Council:

- a) Has made, or is about to make, a decision which involves incurring unlawful expenditure.
- b) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority.
- c) Is about to make an unlawful entry in the Council's accounts. Section 114 of the 1988 Act also requires;
- d) The Corporate Head of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally.
- e) The authority to provide the Corporate Head of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114.

4.17 Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to Members on the robustness of estimates and the adequacy of reserves.

Directors and Group Managers

4.18 It is the responsibility of the above to:

- a) Ensure that all Cabinet Members are advised of the financial implications of all proposals and that they are agreed by the Corporate Head of Finance;
- b) To authorise which staff can sign contracts on behalf of the Council up to a contract value of £140,000.
- c) Consult with the Corporate Head of Finance and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Other Financial Accountabilities

Virement

- 4.19 The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.
- 4.20 Directors and Group Managers are responsible for agreeing in-year virements within delegated limits. Any virement between budget heads should only be made in order to cover any unavoidable overspendings elsewhere and must be notified and agreed in advance with the Corporate Head of Finance. Full details are set out in Appendix A.

Treatment of Year-end Balances

- 4.21 The full Council is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

Accounting Policies

- 4.22 The Corporate Head of Finance is responsible for selecting accounting policies and ensuring that they are applied consistently. Directors and Group Managers will adhere to the accounting policies and guidelines approved by the Corporate Head of Finance.

Accounting Records and Returns

- 4.23 The Corporate Head of Finance in consultation with Directors and Group Managers is responsible for determining the accounting procedures and records for the authority.

The Annual Statement of Accounts

- 4.24 The Corporate Head of Finance is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is reviewed and updated annually'. The full Council is responsible for approving the annual Statement of Accounts.

5 FINANCIAL RULE 2 – FINANCIAL PLANNING

- 5.1 The full Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by Cabinet. In terms of financial planning, the key elements are:
- a) The Corporate Plan;
 - b) The Revenue Budget, for both the General Fund and the Housing Revenue Account;
 - c) The robustness of estimates and the adequacy of reserves;
 - d) The Tax Base and Collection Fund;
 - e) The Capital Programme;

- f) Prudential Indicators and Treasury Management strategy;
- g) The Medium Term Financial Strategy.

- 5.2 In terms of the policy framework, it comprises of a number of statutory plans and strategies and each service area will also have their own.
- 5.3 The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the full Council by the Monitoring Officer.
- 5.4 The full Council is responsible for setting the level at which Cabinet may reallocate budget funds from one service to another. Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

Preparation of the Corporate Plan

- 5.5 The Chief Executive is responsible for proposing the Corporate Business Plan to Cabinet for consideration before its submission to the full Council for approval.

Budget Guidelines

- 5.6 Guidelines on budget preparation are issued to Members, Directors, Group Managers and budget holders by Cabinet following advice from the Corporate Head of Finance. The guidelines will take account of:
- a) Legal requirements.
 - b) Medium term planning prospects
 - c) Forecasts of available resources externally.
 - d) Forecasts of internal resources available.
 - e) Spending pressures.
 - f) Best value and other relevant Government guidelines.
 - g) Cross cutting issues (where relevant).
 - h) Impact assessments.
 - i) Risk factors.
 - j) Consultation with residents and businesses.

Budget Format

- 5.7 The general format of the budget will be approved by the full Council and proposed by Cabinet on the advice of the Corporate Head of Finance. The draft budget should include allocations to different services and projects, forecasts of funding from central government, proposed taxation levels and contingency funds and the robustness of estimates and the adequacy of levels of reserves.

Budget Preparation

- 5.8 The Corporate Head of Finance is responsible for ensuring that a robust revenue budget is prepared on an annual basis for consideration by Cabinet, before submission to the Council. The Council may amend the budget or ask Cabinet to reconsider it before approving it.
- 5.9 Cabinet is responsible for issuing guidance on cash limits and the general content of the budget on advice from the Corporate Head of Finance.
- 5.10 It is the responsibility of Directors and Group Managers to ensure that budget estimates reflecting agreed service plans and within the notified cash limits, are submitted to Cabinet.
- 5.11 The Corporate Head of Finance is responsible for ensuring that a capital programme and Treasury Management plan are prepared on an annual basis for consideration by Cabinet, before submission to the Council. The Corporate Head of Finance is responsible for establishing the taxbase for the authority on an annual basis for the consideration by Cabinet and Council between 1 December and 31 January

Budget Monitoring and Control

- 5.12 The Corporate Head of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Corporate Head of Finance must monitor and control expenditure against budget allocations and report to Cabinet on the overall position on a regular basis, at least monthly from May to February.
- 5.13 It is the responsibility of Directors and Group Managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Corporate Head of Finance. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Corporate Head of Finance to any problems.

Medium term financial strategy (MTFS)

- 5.14 The Corporate Head of Finance shall ensure the MTFS is agreed annually at full Council, at the same time the budget is agreed. The MTFS should:
- a) Build on all the aspects of budget compilation, set out above in 5;
 - b) Be at least three years in duration;
 - c) Take account of the Government's Spending Review and settlement for local government;
 - d) Consider consultation with and take account of changes in the Shires demographics, underlying drivers and changes in policy;
 - e) Consider the impact of measures to improve efficiency and value for money;
 - f) Consider Government legislation plans;
 - g) Consider the Administration's long term goals, priorities and approved policies;

- h) Consider the direction of the economy.

6 FINANCIAL RULE 3 – RISK MANAGEMENT AND CONTROL OF RESOURCES

- 6.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

Risk Management

- 6.2 Cabinet is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. This includes the adequacy of provisions, reserves and balances. Cabinet is responsible for ensuring that proper insurance exists where appropriate on the advice of the Corporate Head of Business Improvement.
- 6.3 The Council Management Team is responsible for preparing the Council's risk management policy statement and for promoting it throughout the authority and for advising Cabinet on proper insurance cover where appropriate.

Internal Control

- 6.4 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- 6.5 The Corporate Head of Finance, in conjunction with the Head of Audit, is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 6.6 It is the responsibility of Directors and Group Managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

- 6.7 The Accounts and Audit Regulations 2003 (amended 2006) issued by the Community of Local Government Office require every local authority to maintain an adequate and effective internal audit.
- 6.8 The Audit Commission is currently responsible for appointing external auditors to each Local Authority. The basic duties of the external auditor are governed by the Audit Commission Act 1998 and the Local Government Act 1999 and Commission's Statutory Code of Audit Practice.

- 6.9 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs who have statutory rights of access.

Preventing Fraud and Corruption

- 6.10 The Corporate Head of Finance is responsible for the development and maintenance of a counter-fraud and anti-corruption policy.

Assets

- 6.11 Directors and Group Managers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Treasury Management and the Pension Fund

- 6.12 This Council will create and maintain,
- a) A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - b) Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 6.13 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.
- 6.14 Full Council will receive reports on treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.
- 6.15 The Full Council is responsible for the implementation and regular monitoring of the treasury management policies and practices. The execution and administration of treasury management decisions is delegated to Section 151 Officer.
- 6.16 All money in the hands of the authority is controlled by the officer designated for the purposes of Section 151 of the Local Government Act 1972 (the Corporate Head of Finance).
- 6.17 The Corporate Head of Finance is responsible for reporting to Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year, mid year review and an annual review by 30th September of the succeeding financial year.

- 6.18 The Corporate Head of Finance is responsible for reporting to Cabinet not less than four times in each financial year on the performance of the treasury management operation.
- 6.19 The Council acts as Administering Authority for the Shropshire County Pension Fund. The Corporate Head of Finance is the designated Scheme Administrator for the Fund.
- 6.20 The Corporate Head of Finance (Scheme Administrator) is responsible for administering the Shropshire County Pension Fund in accordance with overriding pensions regulations and:
- a) Local Government Pension Scheme (Benefits, membership and contributions) Regulations 2007 (as amended).
 - b) Local Government Pension Scheme (Transitional provisions) Regulations 2008 (as amended).
 - c) Local Government Pension Scheme (Administration) Regulations 2008 (as amended).
 - d) Local Government Pension Scheme Regulations 1997.
 - e) Local Government Pension Scheme (Transitional provision) Regulations 1997 (as amended).
 - f) Local Government Pension Scheme Regulations 1995 (as amended).
 - g) Local Government Pension Scheme (Management and Investment of funds) Regulations 2009.
- 6.21 The Corporate Head of Finance (Scheme Administrator) is responsible for producing and maintaining a Governance Compliance Statement, Funding Strategy Statement, Statement of Investment Principles and Communications Policy for the Fund.
- 6.22 The Pensions Committee is responsible for approving matters relating to the Shropshire County Pension Fund and reports into Full Council via the Chair / Vice Chair of the Pensions Committee.
- 6.23 The Corporate Head of Finance is responsible for ensuring employers within the Fund are aware of their responsibility in respect of the local government pension scheme regulations.

Staffing

- 6.24 The Council is responsible for determining how officer support for non-Cabinet roles within the Council will be organised.
- 6.25 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 6.26 Directors and Group Managers are responsible for controlling total staff numbers by:

- a) Ensuring that an approved post exists and that budget provision has been made to cover the cost of filling the post for the period contemplated before commencing the recruitment process.
- b) Advising Cabinet on the budget necessary in any given year to cover estimated staffing levels.
- c) Adjusting the staffing numbers to that which can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
- d) The proper use of appointment procedures.

7 FINANCIAL RULE 4 – SYSTEMS AND PROCEDURES

- 7.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

- 7.2 The Corporate Head of Finance is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Directors and Group Managers to the existing financial systems or the establishment of new systems must be approved by the Corporate Head of Finance. However, Directors and Group Managers are responsible for the proper operation of financial processes in their own Directorates.
- 7.3 Any changes to agreed procedures by Directors and Group Managers to meet their own specific service needs should be agreed with the Corporate Head of Finance.
- 7.4 Directors and Group Managers should ensure that their staff receive relevant financial training.
- 7.5 Directors and Group Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Directors must ensure that staff are aware of their responsibilities under freedom of information and data protection legislation and that the information held within the systems must be adequately protected and secured.

Income and Expenditure

- 7.6 It is the responsibility of the Directors and Group Managers to ensure that a proper scheme of delegation has been established and is operating effectively. It should identify staff authorised to act on behalf of Directors and Group Managers or that of Cabinet, in respect of
- a) Placing orders together with the limits of their authority, within the precepts of good procurement practices and budgetary provision;
 - b) Payments for goods received;
 - c) The raising of income;
 - d) The collection of income and the annual writing off of bad debts.

- 7.7 The Council is responsible for approving procedures for the writing off debts as part of its overall control framework of accountability and control.

Taxation

- 7.8 The Corporate Head of Finance is responsible for advising on all taxation issues that affect the authority maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

8 Financial Rule 5 – External Arrangements

- 8.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 8.2 Cabinet is responsible for approving delegations, including frameworks for partnerships. Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs. It is responsible for approving the contractual arrangements for any work for third parties or external bodies.
- 8.3 The Corporate Head of Finance is responsible for ensuring that all funding notified by external bodies is accepted (or refused), received and properly recorded in the authority's accounts.
- 8.4 Cabinet can delegate functions, including those relating to partnerships to officers. They are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated, Cabinet remains accountable for them to the full Council.
- 8.5 The Chief Executive or an officer nominated by him represents the authority on partnership and external bodies in accordance with the Scheme of Delegation.
- 8.6 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial affairs in partnerships that apply throughout the authority.
- 8.7 The Corporate Head of Finance must ensure that the accounting and auditing arrangements to be adopted relating to partnerships, joint ventures and accountable bodies are

9 APPENDIX A: FINANCIAL MANAGEMENT

A1 Financial Management Standards.

A2 Managing and Controlling Spending.

- a) Revenue budget.
- b) Scheme of virement.
- c) Treatment of year end balances.

A3 Accounting Policies.

A4 Accounting Records and Returns.

A5 Format of the Accounts.

A1 FINANCIAL MANAGEMENT STANDARDS**Why is this important?**

A1.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved in part by ensuring that every one is clear about the standards to which they are working, and the controls which are in place to ensure that these standards are met.

Key controls

A1.2 The key controls for financial management standards are:

- (a) Their promotion throughout the Council.
- (b) Having in place a monitoring system to review compliance with financial standards, and that regular comparisons of performance indicators and benchmark standards are reported to Cabinet and full Council.
- (c) A comprehensive Corporate Finance Manual

Responsibilities of Corporate Head of Finance

A1.3 To ensure the proper administration of the financial affairs of the Council.

A1.4 To set the financial management standards, and to monitor compliance with them.

A1.5 To ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Authority.

A1.6 To advise on the key strategic controls necessary to secure sound financial management.

- A1.7 To ensure that financial information is available to enable accurate and timely reporting of comparisons of financial performance indicators.

Responsibilities of Directors and Group Managers

- A1.8 To promote the financial management standards set by the Corporate Head of Finance in their service areas and to monitor adherence to those standards and practices.
- A1.9 To promote sound financial practices in relation to the standards performance and development of staff in their service areas.

A2 MANAGING AND CONTROLLING SPENDING AND INCOME**Revenue Budget****Why is this important?**

- A2.1 Budget management ensures that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget.
- A2.2 By identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the cash limited budget allocated to it.
- A2.3 For the purposes of budgetary control by managers, a budget head will normally be a cost centre. However, it may be at a more detailed level in the standard coding structure if this is required by the Directors or Group Managers scheme of delegation.

Key controls

- A2.4 The key controls for managing and controlling the revenue budget are:
- (a) Budget holders should be responsible only for expenditure and income which they can influence.
 - (b) Each "£" of budgeted expenditure is allocated to a named budget manager.
 - (c) Budget managers accept accountability for their budgets and the level of service to be delivered.
 - (d) Budget managers follow an approved certification process for all expenditure.
 - (e) Income and expenditure is properly recorded and accounted for.
 - (f) Performance levels/levels of service are monitored in conjunction with the budget and necessary action taken to align service outputs and budget.

Responsibilities of Corporate Head of Finance

- A2.5 These responsibilities are carried out through the Finance Officers reporting to the Corporate Head of Finance. To establish an appropriate framework of budgetary management and control this ensures that:
- (a) Budget management is exercised within the annual cash limits agreed by Council.
 - (b) Each Director and Group Manager has available timely information on income and expenditure on each budget heading, to enable budget managers to fulfil their budgetary responsibilities.
 - (c) Expenditure is committed only against an approved budget.
 - (d) All officers responsible for committing expenditure comply with relevant guidance, including Financial Rules.
 - (e) Each budget has a single named manager, determined by the Director and Group Managers. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.
 - (f) Significant variances from approved budgets are investigated and reported by managers regularly.
 - (g) Procedures are in place for corrective action to be taken to manage significant variances.
- A2.6 To administer the Council's scheme of virement.
- A2.7 To submit regular reports to Cabinet and to Council, in consultation with the Directors or Group Managers, where a Director or Head of Service of is unable to balance expenditure and resources within existing approved budgets under his or her control.
- A2.8 To prepare and submit regular budget monitoring reports on the Council's projected expenditure compared with the budget.

Responsibilities of Directors and Group Managers

- A2.9 To maintain budgetary control within the Service, in adherence to the principles in A2.5 and to ensure that all income and expenditure is properly recorded and accounted for.
- A2.10 To ensure that a single accountable budget officer is identified for each item of expenditure under the control of the Director or Group Managers. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.
- A2.11 To ensure that spending remains within the service's overall cash limit, and that individual budgets are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or underspent, taking appropriate corrective action.
- A2.12 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that any necessary action is taken.

- A2.13 To prepare and submit to Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Corporate Head of Finance.
- A2.14 To advise the Corporate Head of Finance immediately where it is clear that they are unable to balance expenditure or income (when a loss of income arises) within existing approved budgets under their control.
- A2.15 To ensure prior approval by the Council for new proposals², of whatever amount, which:
- (a) Creates financial commitments in future years.
 - (b) Initiates new policy or ceases existing policies.
 - (c) Materially extends or reduces the Council's services.
- A2.16 To ensure compliance with the Council's scheme of virement.
- A2.17 To consult with the relevant Director or Group Managers and Corporate Head of Finance where it appears that a budget proposal, including a virement proposal, may impact materially on another service, Director's or Group Managers level of service activity.

Scheme of virement

Why is this important?

- A2.18 The scheme of virement is intended to enable Directors, Group Managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, whilst maintaining a corporate system of overview to ensure best use of resources.

A2.19 Key Controls

Key controls for the scheme of virement are:

- (a) That it is administered by the Corporate Head of Finance within guidelines set by Council. Any variation from this scheme requires the approval of Council.
- (b) That the overall budget is agreed by Cabinet and approved by Council. Directors, Group Managers and budget holders are therefore authorised to incur expenditure in accordance with those estimates. The rules below cover virement that is switching resources between budget heads. For the purposes of these Rules a budget head is considered to be a line in the Council's budget book which, as a minimum, is at an equivalent level to the standard service sub-division as defined by CIPFA. The scheme applies equally to a reduction in income as to an increase in expenditure.

² A report on new proposals should explain the full financial implications, after consultation with the Corporate Head of Finance. Unless the Council has agreed otherwise, Directors and Group Managers must plan to contain the financial implications of such proposals within their cash limit.

A2.20 Directors and Group Managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors and Group Managers must plan to fund such commitments from within their own budgets.

Responsibilities of Corporate Head of Finance

A2.21 To prepare jointly with the appropriate Group Manager and/or Director a report to the Council where virements in excess of £1,000,000 are proposed. To report to Cabinet where virements:

- (a) In excess of £500,000 and below £1,000,000 are proposed.
- (b) From salaries budgets are proposed.

A2.22 To maintain a register of all virements.

A2.23 To report all virements over £140,000 and below £500,000 to Cabinet for information.

Responsibilities of Directors and all Group Managers

A2.24 A Group Manager or Director, with the approval of the Corporate Head of Finance, may exercise virements on budgets within or outside of their own area for amounts below £500,000. There shall be full agreement between the Group Manager(s) and, or Director(s) with responsibility for the policy area.

A2.25 No virement relating to a specific financial year should be made after 31 March in that year.

A2.26 Any virements undertaken in housing must not have any overall effect on the HRA.

A2.27 No virement should occur from salaries budgets to non salary budgets without prior approval of the Corporate Head of Finance and Cabinet.

A2.28 A school's governing body may transfer budget provision between heads of expenditure within the delegated schools' budgets.

A2.29 Where an approved budget heading is a contingent sum intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- a) The amount is used in accordance with the purposes for which it has been established.
- b) Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to Cabinet.

Treatment of year end balances**Why is this important?**

A2.30 The rules below cover arrangements for the transfer of resources between accounting years i.e. a 'carry forward'. For the purposes of this scheme a budget heading is a line in the Council's budget book.

Key controls

A2.31 Appropriate accounting procedures are in operation to ensure that carried forward totals are correct.

Responsibilities of Corporate Head of Finance

A2.32 To approve 'carry forward' schemes and administer the scheme of 'carry forward' within the guidelines set by Council.

A2.33 To report the extent of overspendings and underspendings on service estimates carried forward to Cabinet and to Council.

Responsibilities of Directors and Group Managers

A2.34 Any overspending on service estimates in total on budgets under the control of the Director or Group Managers must be carried forward to the following year, unless it falls into an exception category as defined by the Corporate Head of Finance and will constitute the first call on service estimates in the following year. The extent of overspendings carried forward will be reported by the Corporate Head of Finance to Cabinet and to the Council.

A2.35 Net underspendings on service estimates, under the control of the Director or Group Managers, may be carried forward, subject to the annual report to Cabinet on the source of underspending or additional income and the proposed application of those resources. For example, if the underspend is a result of a project slipping the funds may be carried forward any general underspend which have no future commitment will be transferred into balances.

A2.36 All internal business unit surpluses shall be retained for the benefit of the Council and their application shall require the approval of Cabinet (or other locally determined rules).

A2.37 Schools' balances shall be available for carry forward to support the expenditure of the school concerned. Any school wishing to operate a licensed deficit shall notify the Authority of its intent by 1st February preceding the start of the first financial year to which the deficit would apply. The Corporate Director (People), the Head of Finance or their representative will meet with the finance committee of the governing body, to agree the basis of the licensed deficit.

A2.38 The maximum length over which schools may repay the deficit shall be five years. A school operating a licensed deficit will be required to report to the Head of

Finance on an annual basis as to the position in relation to the agreed staging for repaying the deficit. Failure to keep to the agreed plan, or negotiate variations to it with the Authority, may lead to the withdrawal of delegation.

A3 ACCOUNTING POLICIES

Why is this important?

- A3.1 The Corporate Head of Finance is responsible for the preparation of the Council's statement of accounts in the format required by the CIPFA Code of Practice on Local Authority Accounting in United Kingdom (a statement of recommended practice), for the financial year ending 31 March.

Key controls

- A3.2 The key controls for accounting policies are:

- (a) Suitable accounting policies are selected and applied consistently.
- (b) Judgements are made and estimates prepared which are reasonable and prudent.
- (c) Statutory and other professional requirements are observed to maintain proper accounting records.
- (d) All reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

Responsibilities of Corporate Head of Finance

- A3.3 To adopt suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts which is prepared at 31 March each year, and will cover such items as:

- (a) Basis of accounting for Items of Expenditure and Income.
- (b) Reserves.
- (c) Provisions.
- (d) Fixed Assets.
- (e) Depreciation.
- (f) Investments.
- (g) Charges to Revenue in Respect of Fixed Assets.
- (h) Deferred charges.
- (i) Government Grants and Contributions.
- (j) Interest on Surplus Funds and Balances.
- (k) Capital Receipts.
- (l) The Redemption of Debt.
- (m) Leases.
- (n) Debtors and Creditors.
- (o) Stock.
- (p) Costs of Support Services.
- (q) Group Accounts.
- (r) Value Added Tax (VAT).
- (s) Pensions.
- (t) Foreign Currency Transactions.

- (u) Prior Period Adjustments.
- (v) PFI – Statement of Accounting Policy Private Finance Initiative Schemes (PFI).

Responsibilities of Directors and Group Managers

A3.4 To adhere to the accounting policies approved by the Corporate Head of Finance.

A4 ACCOUNTING RECORDS AND RETURNS

Why is this important?

A4.1 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resource.

Key controls

A4.2 The key controls for accounting records and returns are:

- (a) All Cabinet Members, finance staff and budget managers operate within the required accounting standards of the Council.
- (b) All the authority's transactions, material commitments and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis.
- (c) Procedures are in place to enable accounting records to be reconstituted in the event of failure.
- (d) Balances and reconciliation procedures are carried out to ensure transactions are correctly recorded.

Responsibilities of Corporate Head of Finance

A4.3 To determine the accounting procedures and records for the Council. Where these are maintained in a Directorate other than that of the Corporate Head of Finance, shall, before making any determination, consult the Director of People and, or Places.

A4.4 To compile all accounts and accounting records or ensure they are compiled under his direction.

A4.5 To comply with the following principles when allocating accounting duties:

- (a) 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.
- (b) Employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

- A4.6 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations.
- A4.7 To prepare and publish the audited accounts of the Council, with no qualifications, for each financial year, in accordance with the statutory timetable, and with the requirement for the Council to approve the draft Statement of Accounts and to publish the audited statement of accounts by 30 June.
- A4.8 To administer the Council's arrangements for under and overspendings to be carried forward to the following financial year.
- A4.9 To ensure the proper retention of financial documents. The periods for which documents are to be retained will be specified separately to these financial procedures in the Corporate Retention Schedule.
- A4.10 To complete all statutory financial returns to government departments.

Responsibilities of Directors and Group Managers

- A4.11 To consult and obtain the approval of the Corporate Head of Finance before making any changes to accounting records and procedures.
- A4.12 To comply with the principles outlined in paragraph A4.5 when allocating accounting duties.
- A4.13 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.
- A4.14 To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the Corporate Head of Finance.
- A4.15 To observe such accounting instructions as may be made from time to time.
- A4.16 To maintain the corporate register of specific grants supported by detailed records to support claims submitted.
- A4.17 To supply information required to enable all statutory financial returns to be submitted within timescales.

A5 FORMAT OF THE ACCOUNTS

Why is this important?

- A5.1 The format of the budget will determine the level of detail on which financial control and management will be exercised. The format will shape how the rules around virement will operate, the operation of cash limits and set the level at which funds may be re-allocated within budgets.

Key controls

A.5.2 The key controls for the budget format are:

- (a) The format complies with all legal requirements.
- (b) The format complies with CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (a statement of recommended practice).
- (c) The format meets the requirements of Best Value. Accounting Code of Practice issued by CIPFA.

Responsibilities of Corporate Head of Finance

A5.3 To advise Council on the format of the budget.

Responsibilities of Directors and Group Managers

A5.4 To comply with accounting guidance provided by the Corporate Head of Finance

APPENDIX B: FINANCIAL PLANNING

B1 Strategic Plans

B2 Budgeting

- a) Format of the budget.
- b) Resource allocation.
- c) Capital programmes.
- d) Preparing revenue budgets and medium term planning.

B3 Use of Reserves

B1 STRATEGIC PLANS**Why is this important?**

B1.1 Each local authority has a statutory responsibility to publish various strategic plans.

Key controls

B1.2 The key controls for strategic plans are:

- (a) To ensure that all relevant plans are produced and that they are consistent with each other;
- (b) To produce plans in accordance with statutory requirements;
- (c) To meet the timetables set.

Responsibilities of the Corporate Head of Finance

- (a) To advise the Council and supply the financial information that needs to be included in strategic plans in accordance with statutory requirements and agreed timetables;
- (b) To contribute to the development of corporate and service targets and objectives and performance information.

Responsibilities of the Directors and Group Managers

- (a) To contribute to the development of strategic plans in line with statutory requirements;
- (b) To contribute to the development of corporate and service targets and objectives and performance information.

B2 BUDGETING

Why is this important?

Format of the Budget

- B2.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Key controls

- B2.2 The key controls for the budget format are:

- (a) The format complies with all legal requirements;
- (b) The format complies with CIPFA's "Best Value Accounting - Code of Practice";
- (c) The format reflects the accountabilities of service delivery.

Responsibilities of Corporate Head of Finance

- B2.3 To advise Cabinet on the format of the budget that is approved by the full Council.

Responsibilities of Directors and Group Managers

- B2.4 To comply with accounting guidance provided by the Corporate Head of Finance.

Revenue Budget Preparation, Monitoring and Control

Why is this important

- B2.5 Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- B2.6 By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- B2.7 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required.

Key controls

B2.8 The key controls for managing and controlling the revenue budget are:

- (a) Budget Managers should be responsible only for income and expenditure that they can influence.
- (b) There is a nominated Budget Manager for each cost centre heading.
- (c) Budget Managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- (d) Budget Managers shall order in accordance with these Financial Rules and Contract Procedure Rules.
- (e) Budget Managers follow an approved certification process for all expenditure.
- (f) Income and expenditure are properly recorded and accounted for.
- (g) Performance levels and levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

Responsibilities of Corporate Head of Finance

B2.9 To establish an appropriate framework of budgetary management and control to ensure that:

- (a) Budget management is exercised within annual cash limits unless the full Council agrees otherwise.
- (b) Each Director or Group Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- (c) Expenditure is committed only against an approved budget head.
- (d) All officers responsible for committing expenditure comply with relevant guidance, and the Financial Rules.
- (e) Each cost centre has a single named manager, determined by the relevant Director or Group Manager. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
- (f) Significant variances from approved budgets are investigated and reported by Budget Managers regularly.

B2.10 To administer the authority's scheme of virement.

B2.11 To submit reports to Cabinet and to the full Council, in consultation with the relevant Director or Group Managers, where a Director or Group Manager is unable to balance expenditure and resources within existing approved budgets under his or her control.

B2.12 To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a quarterly basis to Cabinet.

Responsibilities of Directors and Group Managers

- B2.13 To maintain budgetary control within their Service Area in adherence to the principles in B2.9 and to ensure that all income and expenditure are properly recorded and accounted for.
- B2.14 To ensure that an accountable Budget Manager is identified for each item of income and expenditure under the control of the Director or Group Managers (grouped together in a series of cost centres). As a general principle, budget responsibilities should be aligned as closely as possible to the decision-making that commits expenditure.
- B2.16 To use accredited suppliers in the purchase of goods, supplies and services.
- B2.17 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B2.18 To ensure that a monitoring process is in place to review performance levels and levels of service in conjunction with the budget and is operating effectively.
- B2.19 To prepare and submit to Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Corporate Head of Finance.
- B2.20 To ensure prior approval by the full Council or Cabinet (as appropriate) for new proposals of whatever amount, that:
- (a) Create financial commitments in future years.
 - (b) Change existing policies, initiate new policies or cease existing policies.
 - (c) Materially extend or reduce the authority's services.
- B2.21 To ensure compliance with the scheme of virement.
- B2.22 To agree with the relevant Director or Group Manager where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.

Resource Allocation

Why is this important?

- B2.23 A report on new proposals should explain the full financial implications, following consultation with the Corporate Head of Finance. Unless the full Council or Cabinet has agreed otherwise, Director and Group Managers must plan to contain the financial implications of such proposals within their cash limit.
- B2.24 A mismatch often exists between available resources and required resources.

A common scenario is that available resources are not adequate to fulfil need and desire. It is therefore imperative that resource allocation is carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

B2.25 The key controls for resource allocation are:

- (a) Budget Managers obtain appropriate resources for the specified level of service delivery.
- (b) Resources are acquired using an approved authorisation process.
- (c) Resources are only used for the purpose intended by the Council, to achieve the approved policies and objectives, and are properly accounted for.
- (d) Resources are secured for use when required.
- (e) Resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of Corporate Head of Finance

B2.26 To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

B2.27 To prepare a Medium Term Financial Strategy which is reviewed annually to identify new service pressures, developments and likely levels of resource available. To assist in the allocation of resources to managers.

Responsibilities of Directors and Group Managers

B2.28 To work within budget limits and to utilise resources allocated and further allocate resources in the most efficient, effective and economic way.

B2.29 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.

Capital Programmes**Why is this important?**

B2.30 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs. They may also generate income.

B2.31 The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

B2.32 The Council wishes to minimise prudential borrowing unless it is self funding and maximise its capital receipts.

Key controls

B2.33 The key controls for capital programmes are:

- (a) Specific approval by the full Council for the programme of capital expenditure and its funding streams.
- (b) Expenditure on capital schemes is subject to the approval of the Corporate Head of Finance.
- (c) A scheme appraisal, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by Cabinet.
- (d) Proposals for improvements and alterations to buildings must be approved by the appropriate Director or Group Managers
- (e) Schedules for individual schemes within the overall budget approved by the full Council must be submitted to Cabinet for approval (for example, minor works), or under other arrangements approved by the full Council.
- (f) The development and implementation of asset management plans.
- (g) Accountability for each proposal is accepted by a named manager.
- (h) Monitoring of progress in conjunction with expenditure and comparison with approved budget.

Responsibilities of Corporate Head of Finance

B2.34 To prepare capital estimates jointly with Directors and Group Managers and to report them to Cabinet for approval at the same time as the revenue budget is agreed and approved. Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council. Cabinet Member approval is required where a Director or Group Manager proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.

B2.35 To prepare and submit reports to the Council on the projected expenditure and resources compared with the approved estimates.

B2.36 To issue guidance concerning capital schemes and controls for example on project appraisal techniques. The definition of 'capital' will be determined by the Corporate Head of Finance, having regard to Government rules and accounting requirements.

B2.37 To obtain authorisation by Cabinet for individual schemes where the proposed expenditure exceeds the capital programme provision by more than 5% of the scheme budget or £5,000 whichever is the greater.

B2.38 To prepare and submit monthly monitoring reports to Cabinet comparing expenditure to estimates, clearly identifying variances plus or minus, with explanations for the variances and recommendations for any actions to be taken.

B2.39 To report to Cabinet on capital expenditure compared to estimates, including all contracts where the final expenditure exceeds the approved estimate by more than

the prescribed amount of 5% of the scheme budget or £5,000 whichever is the greater.

B2.40 The Chief Officers' Capital Steering Group has overall responsibility for monitoring the capital programme in conjunction with Council Management Team. The Corporate Head of Finance is responsible for agreeing and approving variations up to £500,000 and jointly with the appropriate Director or Group Manager reporting; variations in excess of £500,000 and below £1,000,000 to Cabinet for approval; variations in excess of £1,000,000 to full Council for approval.

B2.41 To maintain a register of all virements and report all those over £140,000 and below £500,000 to Cabinet for information.

Responsibilities of Directors and Group Managers

B2.42 To comply with guidance concerning capital schemes and controls issued by the Corporate Head of Finance.

B2.43 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Corporate Head of Finance.

B2.44 To prepare regular reports reviewing the capital programme provisions for their services and to prepare a monthly return of estimated final cost of schemes in the approved capital programme for submission to the Corporate Head of Finance.

B2.45 To ensure that adequate records are maintained in respect of all capital contracts.

B2.46 To proceed with projects only when there is adequate provision in the capital programme, and with the agreement of the Corporate Head of Finance where required.

B2.47 To ensure that any variation that results in a revenue increase has a funding source identified and is approved by the Corporate Head of Finance and Cabinet.

B2.48 A Group Manager or Director, with the approval of the Corporate Head of Finance, may approve variations on the capital programme within or outside of their own area for amounts up to and including £500,000 on any one project area during the year where they have agreed the variation with the other Group Manager(s) or Director(s) with responsibility for the area to be impacted upon.

B2.49 To prepare and submit monthly monitoring reports, jointly with the Corporate Head of Finance, to Cabinet and of any variation in contract costs greater than the approved limits. Cabinet will consider all variations in excess of 5% of the current scheme budget or £5,000, whichever is greater.

B2.50 To prepare and submit reports, jointly with the Corporate Head of Finance, to Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than 5% of the current scheme budget of £5,000, whichever is the greater.

- B2.51 To ensure that they do not enter into credit arrangements, such as leasing agreements, without the prior approval of the Corporate Head of Finance and, if applicable, approval of the scheme through the capital programme.
- B2.52 To consult with the Corporate Head of Finance and to seek Cabinet approval where the Director or Group Managers proposes to bid for additional borrowing approvals to be issued by Government departments to support expenditure which has not been included in the current year's capital programme.

Preparing revenue budgets and medium term planning**Why is this important?**

- B2.53 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- B2.54 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the spending plans and priorities of the Council. Budgets (spending plans), are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- B2.55 Medium term planning (or a three to five year planning system) involves a planning cycle in which each manager develops their own plans. As each year passes, another future year will be added to the medium term plan. Medium term planning ensures that the Council is always preparing for events in advance.

Key controls

- B2.56 The key controls for budget preparation are:
- (a) Specific budget approval for all expenditure.
 - (b) Budget Managers accept accountability within delegations set by Cabinet for their budgets and the level of service to be delivered.
 - (c) A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and that any corrective action is taken.
 - (d) Proper accounting practices and policies are adhered to.

Responsibilities of Corporate Head of Finance

- B2.57 To prepare and submit reports and provide advice on budget strategy for Cabinet, including base budget build up and resource constraints set by the Government. Reports should take account of medium term prospects, where appropriate.
- B2.58 To determine the detailed form of revenue estimates, consistent with the general directions of the Council, and after consultation with Cabinet and Directors and Group Managers.

- B2.59 To prepare and submit reports to Cabinet on the aggregate spending plans of Directorates and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.
- B2.60 To advise on the medium term implications of Government statements on public spending and distribution of central government resources.
- B2.61 To encourage best use of resources and value for money by working with Directors and Group Managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- B2.62 To advise Council on Cabinet proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of Directors and Group Managers

- B2.63 To prepare estimates of income and expenditure, in consultation with the Corporate Head of Finance, to be submitted to Cabinet.
- B2.64 To prepare budgets which are consistent with any relevant cash limits, with the Council's annual budget cycle and with guidelines issued by Cabinet. The format should be prescribed by the Corporate Head of Finance in accordance with the Council's general directions.
- B2.65 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B2.66 To consult with Cabinet Members and relevant Directors and Group Managers, where it appears that a budget proposal is likely to impact on another service or level of service activity.
- B2.67 In consultation with the Corporate Head of Finance and in accordance with the laid down guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by Cabinet and full Council.
- B2.68 To have regard to:
- a) Spending patterns and pressures revealed through the budget monitoring process.
 - b) Legal requirements.
 - c) Policy requirements as defined by the Council.
 - d) Initiatives already underway when drawing up draft budget requirements.

B3 USE OF RESERVES

Why is this important?

B3.1 Reserves are maintained as a matter of prudence.

Key controls

B3.2 To maintain reserves on a risk basis over a three year period and in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.

Responsibilities of Corporate Head of Finance

B3.3 To advise on prudent levels of reserves for the Council, and to act on the advice of external audit in this matter.

APPENDIX C: RISK MANAGEMENT AND CONTROL OF RESOURCES

- C1 Internal Controls.
- C2 Audit Requirements.
 - a) Internal audit.
 - b) External audit.
 - c) Preventing financial irregularities.
- C3 Resources: Land, Buildings, Fixed Plant and Machinery
 - a) Security.
 - b) Inventories.
 - c) Stocks and stores.
 - d) Intellectual property.
- C4 Asset Disposal.
- C5 Risk Management and Banking.
- C6 Treasury Management and Banking.
- C7 Investments and Borrowing.
- C8 Staffing, including Gifts and Hospitality.

C1 INTERNAL CONTROLS**Why is this important?**

- C1.1 The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- C1.2 The Council has statutory obligations to meet and requires internal controls to identify, meet and monitor compliance with these obligations.
- C1.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Internal controls are necessary to identify, evaluate and control these risks.
- C1.4 The system of internal controls is established in order to provide measurable occurrence of:
 - a) Efficient and effective operations.
 - b) Reliable financial information and reporting.
 - c) Compliance with laws and rules.

Key controls

- C1.5 Effective review on a regular basis.
- C1.6 Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance, and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- C1.7 Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- C1.8 An effective internal audit function which operates in accordance with the principles embroiled in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, and with any other statutory obligations and rules.

Responsibilities of S151 Officer

- C1.9 Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, internal financial controls and compliance with laws and rules.
- C1.10 Ensure that the Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervisions, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

Responsibilities of Directors, Group Managers and Budget Holders

- C1.11 To ensure they have adequate internal control systems in place covering all aspects of their operations, both financial and non financial
- C1.12 To manage processes to check that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources.
- C1.13 To provide an annual assurance statement to the Section 151 Officer in respect of the adequacy and effectiveness of the internal control environment within their areas of operations, and to identify any material weaknesses and how these are being addressed. This annual assurance statement will form part of the evidence to support the Annual Governance Statement
- C1.14 To up-date existing controls and establish and implement new ones and keep the Section 151 Officer informed of all changes.
- C1.15 To ensure staff have a clear understanding of the consequences of a lack of control in the areas within which they work and the consequences of these not being followed.

C2 AUDIT REQUIREMENTS**Internal Audit****Why is this important?**

- C2.1 The Section 151 Officer has a statutory responsibility for the overall financial administration of the Council's affairs and is responsible for maintaining an adequate and effective continuous internal audit.
- C2.2 Internal audit is 'an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources' (CIPFA Code of Practice for Internal Audit in Local Government 2006).
- C2.3 It contributes to the council's governance arrangements by bringing a systematic and disciplined approach to the evaluation of risk management, control and governance processes.

Key controls

- C2.4 The key controls for internal audit are:
- (a) That it remains independent in its planning and operation.
 - (b) The Head of Audit has direct access to the Head of Paid Service, all levels of management and to elected members including the Council's Audit Committee.
 - (c) Internal auditors comply with CIPFA's Code of Practice for Internal Audit, and other relevant guidance.

Responsibilities of Section 151 Officer

- C2.5 The Section 151 Officer has been delegated with maintaining an adequate and effective system of internal audit. He or she must ensure that internal auditors have the authority to:
- (a) Access at reasonable times, premises or land used by the Council.
 - (b) Access all assets, records, documents, correspondence and control systems except for those from which they are statutorily prevented.
 - (c) Require and receive any information and explanation considered necessary concerning any matter under consideration.
 - (d) Require any employee of the Council to account for cash, stores or any other Council property under their control and produce for inspection if required.
 - (e) Access records belonging to third parties, such as contractors, when required.
 - (f) Report directly to the Head of Paid Service, all levels of management and to elected members including the Council's Audit Committee.

- (g) Evaluate the adequacy effectiveness of internal controls designed to secure assets and data to assist management in preventing and deferring fraud.
- C2.6 The Head of Audit should maintain Strategic and Annual Audit Plans which take account of the characteristics and relative risks of the activities involved. She should liaise with Directors or Group Managers on the Audit Strategy and cover required. In addition to the statutory requirement, this takes account of the need to seek added value, effective use of resources, improved performance and cost-effective controls.
- C2.7 Where an appropriate response to audit recommendations has not been made within a reasonable period, the S151 Officer and, or the Head of Audit may refer the matter to the Head of Paid Service and, or the Audit Committee.
- C2.8 To investigate promptly any fraud or irregularity of which they become aware of and to report to the Head of Paid Service who will consider any legal proceedings and disciplinary action in consultation with the appropriate Director or Group Manager.
- C2.9 To report annually to the Head of Paid Service and to the Audit Committee on the main issues raised by Internal Audit during the year.

Responsibilities of Directors and Group Managers

- C2.10 To ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets which the auditors consider necessary for the purposes of their work.
- C2.11 To ensure that auditors are provided promptly with any information and explanations which they seek in the course of their work.
- C2.12 To consider and respond promptly to recommendations in audit reports.
- C2.13 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- C2.14 To notify the Section 151 Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Director or Group Managers should take all necessary steps to prevent further loss and to secure records and documentation against removal, destruction or alteration.
- C2.15 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of Audit prior to implementation.
- C2.16 To ensure that all employees within their services are aware of the Council's 'Speaking up about Wrongdoing Policy' and the Counter Fraud and Anti Corruption Policy.

External Audit

Why is this important?

- C2.17 The Local Government Finance Act 1982 set up the Audit Commission for local and police authorities in England and Wales, which is responsible for appointing external auditors to each local authority. The Section 151 Officer is responsible for working with the external auditor and for advising the Council, Cabinet, Directors and Group Managers on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents which are necessary for audit purposes.
- C2.18 The basic duties of the external auditor are governed by Section 15 of the 1982 Act, under which auditors need to satisfy themselves that:
- a) The accounts are prepared in accordance with rules made under Section 23 of the 1982 Act and comply with the requirements of all statutory provisions applicable to the accounts.
 - b) Proper practice has been observed in compilation of accounts.
 - c) The Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- C2.19 The Council's accounts are scrutinised by external auditors, appointed by the Audit Commission, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

- C2.20 External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares guidelines which the external auditors follow when auditing the Authority's statement of accounts.
- C2.21 Under ISA (UK & I 265 (Communicating Deficiencies in Internal Control to those charged with Governance and Management). External Audit can identify and report significant deficiencies in any internal controls directly to the Audit Committee and those charged with governance.

Responsibilities of Section 151 Officer

- C2.22 To draw up the timetable and issue guidance for final accounts purposes and to advise staff and external auditors accordingly.
- C2.23 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

C2.24 To ensure there is effective liaison between internal and external audit services.

Responsibilities of Directors and Group Managers

C2.25 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purpose of their work.

C2.26 To ensure that all paperwork and systems are up-to-date and available for inspection.

Preventing Financial Irregularities

Why is this important?

C2.27 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.

C2.28 The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

C2.29 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Key controls

C2.30 The key controls regarding the prevention of financial irregularities are:

- (a) The Council's Counter Fraud and Anti Corruption Strategy.
- (b) The culture and tone of the council is one of honesty and opposition to fraud and corruption.
- (c) That all members and staff act with integrity, and lead by example
- (d) That all individuals and organisations associated in any way with the Council will act with integrity.
- (e) That senior managers are required to deal swiftly and firmly with those who defraud the Council or who are corrupt.

Responsibilities of Corporate Head of Finance

C2.31 To maintain adequate and effective internal and external audit arrangements for the Council.

C2.32 To ensure that financial irregularities are reported to the Head of Paid Service, Cabinet and the Council's Audit Committee.

C2.33 To determine, in conjunction with the Head of Audit the scope of any internal enquiries or investigations, subject to consultation with the appropriate Director or Group Managers.

- C2.34 To decide, in consultation with the appropriate Director or Group Manager, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.
- C2.35 To keep the Head of Paid Service informed if a suspected irregularity occurs involving staff who are the responsibility of the Section 151 Officer.
- C2.36 To ensure, in conjunction with the appropriate Director or Group Managers, that the Council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.

Responsibilities of Directors and Group Managers

- C2.37 To ensure that all suspected irregularities are reported to the Corporate Head of Finance and Head of Audit.
- C2.38 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

C3 RESOURCES: LAND, BUILDINGS, ICT, FIXED PLANT AND MACHINERY

Security

Why is this important?

- C3.1 The Council holds assets in the form of property, vehicles, equipment, and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of both assets and service operations.

Key controls

- C3.2 The key controls for the security of resources, such as land, buildings, fixed plant, ICT and machinery are:
- (a) Budget managers obtain appropriate resources for the specified level of service delivery.
 - (b) Resources are acquired using an approved procurement process.
 - (c) Resources are used only for the purposes of the Council and properly accounted for.
 - (d) Resources are secured to be available for use when required.
 - (e) Resources no longer required are disposed of in accordance with the law and the rules of the Council so as to maximise benefits.

Responsibilities of Corporate Head of Finance

- C3.3 To ensure that an asset register is maintained in accordance with good practice.

- C3.4 To receive information from each budget manager required for accounting, costing and financial records.
- C3.5 To assist and advise, in consultation with the appropriate budget holder, the records to be maintained to ensure proper security and control of premises, stocks, stores, equipment, cash and other items of significant value.

Responsibilities of Directors and Heads of Service

- C3.6 The Corporate Head of Finance shall maintain a property database for all properties. Any use of property by a budget manager other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of the use.
- C3.7 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Head of Facilities Management, in consultation with the Corporate Head of Finance and Corporate Head of Legal and Democratic Services, has been established as appropriate.
- C3.8 To ensure the proper security of all buildings and other assets under their control.
- C3.9 To periodically review land and buildings in order to identify any that may be surplus to business requirements.
- C3.10 Where land or buildings are identified as surplus to requirements, a recommendation for the sale of land should be the subject of a joint report by the appropriate Director and the Corporate Head of Finance.
- C3.11 Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by Cabinet, taking into account the alternative possible uses of the land.
- C3.12 To pass title deeds to the Corporate Head of Legal and Democratic Services, who is responsible for custody of all title deeds.
- C3.13 To ensure that no Council asset is subject to third party or personal use by an employee without proper authority.
- C3.14 To ensure the safe custody of vehicles, equipment, stock, stores and other property belonging to the Council.
- C3.15 To ensure that the Directorate maintains a register of moveable assets in accordance with arrangements defined by the Corporate Head of Finance.
- C3.16 To ensure assets are identified, their location recorded and that they are appropriately security marked and insured.
- C3.17 To consult the Corporate Head of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- C3.18 To ensure cash holdings on premises are kept to a minimum and do not exceed insurance limits, and to advise the Corporate Head of Finance where there may be an exception to this case.
- C3.19 The disposal of all surplus equipment, stocks or stores expected to realise in excess of £5,000 should normally be by competitive tender or public auction unless, following consultation with the Corporate Head of Finance, Cabinet agrees otherwise. A record of all such disposals should be maintained.
- C3.20 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Corporate Head of Finance.
- C3.21 To ensure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

Inventories**Responsibilities of Corporate Head of Finance**

- C3.22 To advise on the form, layout and content of inventory records to be maintained by the Council.

Responsibilities of budget holders

- C3.23 To maintain inventories in a form approved by the Corporate Head of Finance to adequately record and describe fittings and equipment, plant and machinery under their control.
- C3.24 To carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly and reporting any material discrepancies to the Corporate Head of Finance.
- C3.25 Attractive and portable items, such as computers, cameras and video recorders, should be identified with security markings as belonging to the Council and appropriately controlled and secured.
- C3.26 To make sure that property is only used in the course of the Council's business unless the Director or Group Manager concerned has given permission otherwise.
- C3.27 To seek Cabinet approval to the write-off of redundant equipment where individual items are valued in excess of £100,000.

Stocks and Stores**Responsibilities of Corporate Head of Finance**

- C3.28 To advise on the arrangements for the care and custody of stocks and stores.

Responsibilities of budget managers

- C3.29 To make arrangements for the care and custody of stocks and stores in their areas.
- C3.30 To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- C3.31 To write-off discrepancies of up to £5,000.
- C3.32 To authorise or write-off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and stores should be by competitive quotations or auction unless, following consultation with the Corporate Head of Finance, Cabinet decides otherwise in a particular case.
- C3.33 To seek advice from Internal Audit on discrepancies above £5,000.
- C3.34 A Group Manager or Director, with the agreement of the Corporate Head of Finance, can write off redundant stocks and stores between £5,001 and £100,000. Write off's over £100,000 require approval by Cabinet.

Intellectual Property**Why is this important?**

- C3.35 Intellectual property is a generic term that includes inventions and writings. If these are created by the employee during the course of employment, then as a general rule they belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property.
- C3.36 Certain activities undertaken within the Council may give rise to items which may be patentable. These are collectively known as intellectual property.

Key controls

- C3.37 In the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Council's intellectual property procedures.

Responsibilities of Corporate Head of Finance

- C3.38 To develop and disseminate good practice through the Council's intellectual property procedures.

Responsibilities of all senior managers

- C3.39 To ensure that there are no conflicts concerning staff conducting private work in Council time.

C4 ASSET DISPOSAL**Why is this important?**

- C4.1 It would be unsatisfactory and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and rules of the Council.

Key controls

- C4.2 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. For items of significant value, disposal should be by competitive tender or public auction and any funds realised should be corporately retained.

Responsibilities of Corporate Head of Finance

- C4.3 To advise on best practice for disposal of assets.
- C4.4 To ensure appropriate accounting entries are made.

Responsibilities of Directors, Corporate Heads of Service and Group Managers

- C4.5 To seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment.
- C4.6 To ensure that income received for disposal of an asset is properly collected, banked and accounted for.

C5 RISK MANAGEMENT AND INSURANCE**Why is this important?**

- C5.1 All organisations, whether they are in the private or public sectors, face risks to people, property and continued operations. Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.
- C5.2 Insurance has been the traditional means of protecting against loss, but this cannot be seen as the complete answer. By reducing or even preventing the incidence of losses (whether they result from crime or accident), the Council will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.
- C5.3 It is the overall responsibility of Cabinet, jointly with the Council, to approve the Authority's Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council. Monitoring of, and reporting on, the effectiveness of the Strategy is an essential part of the process.

Key controls

C5.4 The key controls for risk management and insurance are:

- (a) Robust systems are in place to identify, assess, prevent or contain significant operational risks on an integrated basis, and these systems are promoted throughout the Council.
- (b) Acceptable levels of retained risk are identified and evaluated and arrangements are in place for their funding, either by internal provision or external insurance as appropriate.
- (c) Managers know that they are responsible for managing relevant risks and are provided with appropriate and timely information on claims experience and risk management initiatives relating to their areas of responsibility.
- (d) Procedures are in place to investigate and process claims within required timescales.
- (e) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- (f) All reports shall contain reference to any major risks which the item reported may have for the Council.

Responsibilities of Head of Business Improvement

- C5.5 To prepare and promote the Council's Risk Management Policy Statement and to advise Cabinet, Directors and Group Managers on risk management matters.
- C5.6 Subject to any legal advice of the Monitoring Officer, to determine and effect appropriate corporate insurance cover, through external insurance and, or internal funding, and to negotiate all claims, in conjunction with other officers as necessary.
- C5.7 To provide advice to the Council and Council Management Team on insurance matters.
- C5.8 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- C5.9 To offer insurance cover to schools in accordance with Fair Funding arrangements.
- C5.10 To develop and implement risk management controls, monitoring and reporting arrangements in conjunction with other Directors and Group Managers.
- C5.11 To oversee and ensure the preparation of the Council's Risk Management Strategy in agreement with the Corporate Head of Finance and promote the Strategy throughout the Authority.

Responsibilities of Corporate Head of Finance

- C5.12 To review and report to Cabinet, Directors and Group Managers on the robustness of the financial arrangements of risk management and insurance.

Responsibilities of Directors and Group Managers

- C5.13 To notify the Head of Business Improvement promptly of all new or increased risks, activities, properties or vehicles which require insurance and of any alterations affecting existing insurances.
- C5.14 To notify the Head of Business Improvement and the Monitoring Officer immediately, in writing, of any loss, liability or damage, or of any event, likely to lead to a claim against the Council, together with any information or explanation required by the Head of Business Improvement or the Council's insurers.
- C5.15 To consult the Head of Business Improvement and Monitoring Officer in respect of the terms of any indemnity which the Council is requested to give.
- C5.16 To ensure that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any claim against the council.
- C5.17 To take responsibility for, and promote risk management, having regard to advice from the Corporate Head of Finance and other specialist officers (e.g. Risk Management Officer, Crime Prevention, Fire Prevention, Health and Safety).
- C5.18 To ensure that there are regular reviews of risk within their Directorates / Services and to report at regular intervals (at least twice per year) to Cabinet, in conjunction with the Head of Business Improvement, on the implementation and effectiveness of the Risk Management Strategy.

C6 TREASURY MANAGEMENT AND BANKING**Why is this important?**

- C6.1 Many millions of pounds pass through the Council's books each year. A few Councils have suffered high profile losses through inappropriate treasury management procedures. This led to the establishment of Codes of Practice. These aim to provide assurances that the Council's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.
- C6.2 The Council has adopted a Treasury Policy Statement based on the CIPFA Code of Practice for Treasury Management. All treasury operations are carried out in accordance with this Statement and the Code.

Responsibilities of Corporate Head of Finance

- C6.3 To arrange the borrowing and investment activities of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Authority's Treasury Policy Statement.
- C6.4 To prepare an Annual Treasury Strategy, for the forthcoming financial year, for approval by Council prior to the start of that financial year, including the determination of Prudential indicators in accordance with the Prudential Code for

Capital Finance 2003. To report a Mid Year Treasury Strategy and Annual Treasury Report to Council outlining the implementation and effectiveness of the Treasury Strategy. Subject to the foregoing, the Corporate Head of Finance is responsible for the management of the Council's loan debt and for the investment of surplus funds.

- C6.5 To manage, control and monitor the councils banking arrangements, including the opening and closing of such bank accounts as are considered necessary within the terms of the overall banking arrangement. Opening or closing any bank account shall only be undertaken by, or with the approval of, the Corporate Head of Finance. The title of any such bank accounts shall include the words "Shropshire Council".
- C6.6 Cheques, including cheques drawn on authorised imprest accounts, shall be ordered only on the authority of the Corporate Head of Finance, who shall make proper arrangements for their safe custody.
- C6.7 Cheques drawn on official bank accounts, excluding authorised imprest accounts, shall bear the facsimile signature of the Corporate Head of Finance, or other officer agreed by him/her, or be signed only by the Corporate Head of Finance or other officer agreed by him/her.

Responsibilities of Directors and Group Managers

- C6.8 To comply with financial rules relating to banking arrangements and to follow the guidance on banking issued from time to time by the Corporate Head of Finance. To advise the Corporate Head of Finance of material amounts due to be credited or debited to the Council's bank accounts in order to enable efficient cash flow management.

C7 INVESTMENTS AND BORROWING

Responsibilities of the Corporate Head of Finance

- C7.1 To ensure that all borrowings and investments are made in the name of the Council.
- C7.2 To ensure that all securities in support of investments which are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in accordance with arrangements approved by the Corporate Head of Finance.
- C7.3 To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council. He may also authorise the premature repayment of individual bonds and mortgages.
- C7.4 All money in the hands of the Council shall be aggregated for the purpose of treasury management and shall be under the control of the Corporate Head of Finance as the officer designated for the purposes of Section 151 of the Local Government Act 1972.

Responsibilities of Directors and Group Managers

- C7.5 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of Council, following consultation with the Corporate Head of Finance.

Unofficial and Voluntary Funds and Funds held for Third Parties

- C7.6 An unofficial or voluntary fund is defined, for the purpose of this rule, as any fund, other than an official fund of the Council, which is controlled, wholly or in part, by an officer by reason of their employment by the Council, or by the managers or governors of a school maintained by the Council.

Responsibilities of Corporate Head of Finance

- C7.7 To arrange that all such funds are, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities or similar documents relating to the trust with the Corporate Head of Finance unless the deed otherwise provides. And to ensure that the Council has the right to inspect and audit such funds and the administrative systems underlying them and report on them as it sees fit.
- C7.8 To arrange, where funds are held on behalf of third parties, for their secure administration and maintain written records of all transactions. and to ensure that the Council has the right to inspect and audit such funds and the administrative systems underlying them and report on them as it sees fit.
- C7.9 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.
- C7.10 Private fund monies should be kept separate from Council money. A separate bank account should be set up for each in the name of the fund, not that of an individual or the Council.
- C7.11 To maintain an up to date record of all voluntary funds administered by officers of the Council excluding school funds.

Responsibilities of Directors and Group Managers

- C7.12 To ensure that all such funds are declared to them by the controlling officer(s) and that annual accounts, audited by suitably qualified auditors, are submitted within a reasonable time after the end of each accounting period, to the body responsible for the management or control of each fund.
- C7.13 To ensure that all officers acting as trustees by virtue of their official position shall deposit securities or similar documents relating to the trust with the Corporate Head of Legal and Democratic Services unless the deed otherwise provides.
- C7.14 To inform the Corporate Head of Finance of the names of all such funds and of their controlling officer(s) and managing body. Where the Director or Group

Managers so requests, the Corporate Head of Finance shall advise on the suitability of the form of accounts and of the audit arrangements.

Court of Protection and Guardian ad Litem Administration**Responsibilities of Corporate Head of Finance**

- C7.15 To ensure there are appropriately documented processes and procedures in place to securely administer clients Court of Protection, Appointeeship or Guardian ad Litem accounts.
- C7.16 To arrange for the system of administration and operation of these funds to be inspected and reported upon by Internal Audit.

Responsibilities of Director of Corporate Director of People

- C7.17 To ensure a nominated chief officer has been identified to act as the Deputy to the Office of the Public Guardian.
- C7.18 To ensure appropriate accounts are set up and managed in the name of the individual clients and that an annual statement of account is provided to the Court of Protection, Office of the Public Guardian where required and independently verified.
- C7.19 To ensure that all accounts are administered in the most economical way for the benefit of the clients, this to include dealing with all income tax matters and other related issues such as welfare benefits.
- C7.20 To deal with all property related matters for the absolute benefit of the client and to ensure that appropriate systems and procedures are in place to ensure client welfare.

Imprest Accounts**Responsibilities of Corporate Head of Finance**

- C7.21 Following consultations with Directors and Group Managers as appropriate, to provide officers of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. These accounts must be operated in accordance with instructions issued by the Corporate Head of Finance. Minor items of expenditure should not exceed the prescribed amount.
- C7.22 To maintain a record of all petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances. Requests to vary the advance must be put in writing by the Director or Group Manager to the Corporate Head of Finance
- C7.23 To reimburse imprest holders as often as necessary to restore the imprest balance but normally not more than monthly.

Responsibilities of Directors and Group Managers

C7.24 To ensure that all officers operating an imprest account:

- (a) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained.
- (b) Make adequate arrangements in their office for the safe custody of the supporting records and cash.
- (c) Produce upon demand by the Corporate Head of Finance and Head of Audit, cash and all vouchers to the total value of the imprest account
- (d) Record transactions promptly.
- (e) Reconcile and balance the account at least monthly, reconciliation sheets to be signed and retained by the imprest holder.
- (f) Provide the Corporate Head of Finance with a certificate of the value of the account held at 31 March each year.
- (g) Ensure that the imprest 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 imprest and change relating to purchases where an advance has been made.
- (h) Ensure income due to the Council is banked or paid to the Council as provided elsewhere in these rules and not into the imprest account.
- (i) On leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, account to the Corporate Head of Finance for the amount advanced to them.
- (j) Do not allow any bank imprest account to become overdrawn.

C8 STAFFING, INCLUDING GIFTS AND HOSPITALITY**Why is this important?**

C8.1 In order to provide the highest level of service, it is crucial that the council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. An appropriate staffing strategy and policy should exist, in which staffing requirements and budget allocation should be matched.

Key controls

C8.2 The key controls for staffing are that:

- (a) Procedures are in place for forecasting staffing requirements and cost.
- (b) Procedures are in place for monitoring staffing expenditure against budget.
- (c) Controls are implemented that ensure that staff time is used efficiently and benefit the Council.
- (d) Every employee has a personal responsibility to be aware of and comply with the council's Official Gifts & Hospitality Policy set out in the Employees' Handbook.

Responsibilities of Corporate Head of Finance

- C8.3 To ensure that budget provision exists for all existing and new employees.
- C8.4 To act as an advisor to Directors and Group Managers on areas such as National Insurance, pension contributions as appropriate.

Responsibilities of Directors and Group Managers

- C8.5 To produce an annual staffing budget.
- C8.6 To ensure that the staffing budget is an accurate forecast of their staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- C8.7 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- C8.8 To ensure that the staffing budget is not exceeded and that it is managed to enable the agreed level of service to be provided within the directorate's services cash limit.
- C8.9 To ensure that the Section 151 Officer is immediately informed if the staffing budget is likely to be materially over (or under) spent and costs cannot be controlled within cash limits.
- C8.10 To ensure that they and their officers complete the register of interests maintained by the Monitoring Officer.
- C8.11 To follow the Council's recruitment procedures
- C8.12 To apply the Council's Capability procedures as appropriate.

APPENDIX D: SYSTEMS AND PROCEDURES

- D1 General.
- D2 Income.
- D3 Payments to Employees, former Employees and Members.
- D4 Ordering and Paying for Work, Goods and Services.
- D5 Taxation.
- D6 Trading Accounts and Business Units.

SYSTEMS AND PROCEDURES: GENERAL**Why is this important?**

- D1.1 The Council has many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Directors, Group Managers and Budget Holders are reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions and data are properly processed and errors detected promptly.
- D1.2 The Corporate Head of Finance has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be consulted in advance of any new developments or changes to systems and procedures.

Key controls

- a) Basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated.
- b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- c) Early warning is provided of deviations from target, plans and budgets that require management attention.
- d) Operating systems and procedures are secure.

Responsibilities of Corporate Head of Finance

- D1.3 To make arrangements for the proper administration of the Council's financial affairs, including to:
 - (a) Issue advice, guidance and procedures for the Council's officers and others acting on its behalf.
 - (b) Determine the accounting systems, form of accounts and supporting financial records.
 - (c) Establish arrangements for audit of the Council's financial affairs.

- (d) Approve any changes to be made to existing financial systems or new systems introduced.

Responsibilities of Directors and Group Managers

- D1.4 To ensure that accounting records are properly maintained and held securely.
- D1.5 To ensure that vouchers and documents with financial implications are not destroyed except in accordance with the Corporate Retention Policy
- D1.6 To ensure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records, and vice versa, is maintained.
- D1.7 To incorporate appropriate controls to ensure that, where relevant:
 - (a) All input is genuine, complete, accurate, timely and not previously processed.
 - (b) All processing is carried out in an accurate, complete and timely manner.
 - (c) Output from the system is complete, accurate and timely.
- D1.8 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- D1.9 To ensure that there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- D1.10 To ensure that systems are documented and staff trained in operations.
- D1.11 To consult with the Corporate Head of Finance and Head of Audit before changing any existing system or introducing new systems.
- D1.12 To consult with the Corporate Head of Finance and seek a departure from Financial Rules. This should be reported to the next meeting of Cabinet.
- D1.13 To establish a scheme of delegation identifying officers authorised to act upon the Directors' or Group Managers behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- D1.14 To supply lists of authorised officers, with specimen signatures and delegated limits to the Corporate Head of Finance, together with any subsequent variations.
- D1.15 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 in an alternative location within the building.
- D1.16 To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under the legislation.

- D1.17 To ensure that relevant standards and guidelines for computer systems issued by the appropriate Director and Group Managers are observed.
- D1.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.
- D1.19 To comply with the copyright, designs and patents legislation and, in particular, ensure that:
- (a) Only software legally acquired and installed by the Council is used on its computers.
 - (b) Staff are aware of legislative provisions.
 - (c) In developing systems, due regard is given to the issue of intellectual property rights.

D2 INCOME

Why is this important?

- D2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and also avoids the time and cost of administering debts.

Key controls

- D2.2 The key controls for income are:
- (a) All income due to the Council is identified and charged correctly in accordance with the approved scale of fees and charges.
 - (b) All income is collected in advance or at the point of service, unless the approval of the Corporate Head of Finance is given.
 - (c) All income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery.
 - (d) All money received by an employee on behalf of the Council is paid intact and without delay to the Corporate Head of Finance or as he/she directs, to the Council's bank account, and is properly recorded.
 - (e) Effective action is taken to pursue non-payment within defined timescales
 - (f) Formal approval for write-off is obtained.
 - (g) Appropriate write-off action is taken within defined timescales.
 - (h) Appropriate accounting adjustments are made following write-off action.
 - (i) All appropriate income documents are retained and stored for the defined period in accordance with the "Corporate Retention Schedule"

Responsibilities of Corporate Head of Finance

- D2.3 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

- D2.4 To order and supply to departments all receipt forms, books or tickets and similar items and satisfy themselves regarding the arrangements for their control.
- D.2.5 To ensure that appropriate arrangements and guidance is in place to ensure the security and confidential destruction of all income collection records via credit, debit cards and purchase cards and to ensure the Council is complying with the latest Payment Card Industry Security Standards.
- D2.6 To agree the write-off of bad debts up to £100,000 in each case and to refer larger sums to the appropriate Council bodies.
- D2.7 To approve all debts to be written off and keep a record of all sums written off up to the approved limit.
- D2.8 To obtain the approval of the Council body in consultation with the relevant Director or Corporate Head of Legal and Democratic Services, for writing off debts in excess of the approved limit.

Responsibilities of Directors and Group Managers

- D2.9 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, within corporate policies.
- D2.10 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable. This also to include ensuring the security and confidentiality of income received via credit and debit cards. Collection of income via credit and debit cards shall be in line with guidance issued by the Corporate Head of Finance and in compliance with the Payment Card Industry Security Standards.
- D2.11 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts which are not paid promptly.
- D2.12 To issue official receipts or maintain other documentation for income collection.
- D2.13 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- D2.14 To hold securely receipts, tickets and other records of income, for the appropriate period.
- D2.15 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- D2.16 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail.
- D2.17 To ensure income is not used to cash personal cheques or make other payments.

- D2.18 To supply the Corporate Head of Finance with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Corporate Head of Finance to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Directors and Group Managers have a responsibility to assist the Corporate Head of Finance in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- D2.19 To keep a record of every transfer of official money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- D2.20 To recommend to the Corporate Head of Finance all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and, or billing of the original debt.
- D2.21 To include in the regular Revenue Budget Monitoring report a schedule showing all the amounts written off.
- D.2.22 To write off and keep a record of all sums written off up to £5,000.
- D2.23 In agreement with the Corporate Head of Finance, to approve the write off of individual amounts between £5,001 and £100,000, and amounts for an individual debtor that in total fit within this sum.
- D2.24 To ensure that appropriate accounting adjustments are made following write-off action.
- D2.25 To notify the Corporate Head of Finance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Corporate Head of Finance and not later than 30 April.
- D2.26 Schools have full powers of virement within the budgets delegated to them in accordance with the Council's Fair Funding Scheme.

D3 PAYMENTS TO EMPLOYEES, FORMER EMPLOYEES AND MEMBERS

Why is this important?

- D3.1 Employee costs are the largest item of expenditure for most Council services. It is therefore important that there should be controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with individual's contracts of employment and conditions of service.

Key controls

- D3.2 The key controls for payments to existing and former employees and Members are:

- (a) Proper authorisation procedures and adherence to corporate timetables for:

- Starters.
 - Leavers.
 - Variations.
 - Enhancements.
- (b) Frequent reconciliation of payroll expenditure against approved budget.
- (c) All appropriate payroll documents are retained and stored for the defined period in accordance with the "Corporate Retention Schedule".

Responsibilities of Corporate Head of Finance

- D3.3 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to eligible existing and former employees in accordance with procedures prescribed by him/her on the due date.
- D3.4 To record and control tax and other statutory and voluntary deductions.
- D3.5 To make arrangements for payment of all travel and subsistence claims or financial loss allowance
- D3.6 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form duly completed and authorised.
- D3.7 To provide advice and encouragement to secure payment of salaries and wages by most economical means.

Responsibilities of Directors and Group Managers

- D3.8 To ensure appointments are made in accordance with the rules of the Council and approved establishments, grades, scales of pay and that adequate budget provision is available for the current financial year and subsequent years.
- D3.9 To notify the Corporate Head of Finance of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Corporate Head of Finance.
- D3.10 To ensure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:
- (a) Payments are only authorised to bona fide employees.
 - (b) Payments are only made where there is a valid entitlement.
 - (c) Conditions, service and contracts of employment are correctly applied.
 - (d) Employees' details listed on the payroll are checked at regular intervals to verify accuracy and completeness.
 - (e) There is an effective system of checking and certifying payroll forms.
 - (f) Payroll forms are submitted in advance of payroll deadlines.
- D3.11 To send an up-to-date list of the names of officers authorised to sign records to the Corporate Head of Finance, together with specimen signatories.

- D3.12 To ensure that payroll transactions are processed only through the payroll system. Directors and Group Managers should give careful consideration to the employment status of individuals employed on a "self employed consultant or sub-contract" basis. The HM Revenue and Customs applies clear guidelines for employee status and in cases of doubt, advice should be sought from the Corporate Head of Finance.
- D3.13 To certify travel and subsistence claims and other allowances on a monthly basis. 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 the Corporate Head of Finance is informed where appropriate.
- D3.14 To ensure that the details of any employee benefits in kind are notified to the Corporate Head of Finance to enable full and complete reporting within the Income Tax Self Assessment system.
- D3.15 To ensure that all appropriate payroll documents are retained and stored securely for the defined period in accordance with the "Corporate Retention Schedule".

Responsibilities of Members

- D3.16 To submit claims for Members' travel and subsistence allowances on a monthly basis.

Responsibilities of Officers

- D.3.17 To submit claims for Officers' travel and subsistence allowances on a monthly basis.

D4 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**Why is this important?**

- D4.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's Procurement Strategy and Contract Standing Orders.

General

- D4.2 Every officer and Member of the Council has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and, or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council. The Monitoring Officer maintains a Register of Members' Interests for this purpose and further advice is given in the Council's Constitution (Part 5).

- D4.3 Official orders must be in a form approved by the Corporate Head of Finance. Official orders must be issued for all work, goods or services to be supplied to the Council except for supplies of utilities, periodic payments such as rent or rates and petty cash purchases.
- D4.4 Each order must conform with the directions of the Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior written approval of the Corporate Head of Finance and Corporate Head of Legal and Democratic Services.
- D4.5 Apart from petty cash and schools' own bank accounts, the normal method of payment of money due from the Council shall be by BACS or other instrument drawn on the Council's bank account by the Corporate Head of Finance. The use of direct debit shall require the prior agreement of the Corporate Head of Finance.
- D4.6 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts.
- D4.7 The use of credit, debit and purchase cards is only permitted through the Council's Procurement Card Scheme. No other form of debit, credit or purchase card is permitted.

Key controls

- D4.8 The key controls for ordering and paying for work, goods and services are:
- (a) All goods and services are ordered only by appropriate persons and recorded.
 - (b) All goods and services shall be ordered in accordance with the Council's Procurement Strategy and Contract Standing Orders unless they are purchased from internal sources within the Council.
 - (c) Goods and services received are checked to ensure they are in accordance with the order.
 - (d) Payments are authorised by officers who can certify that goods have been received to price, quantity and quality.
 - (e) All payments are made to the correct person or entity, for the correct amount and are properly recorded.
 - (f) All appropriate payment documents are retained and stored for the defined period in accordance with the Council's 'Corporate Retention Schedule'.
 - (g) All expenditure including VAT, is accurately recorded against the right budget and any exceptions corrected.
 - (h) 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 Corporate Head of Finance

- D4.9 To ensure that all of the Council's financial systems and procedures are sound and well administered.

- D4.10 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- D4.11 To approve the form of official orders, and associated terms and conditions.
- D4.12 To make payments from the Council's funds on the Director's or Group Managers authorisation that the expenditure has been duly certified in accordance with Financial Rules.
- D4.13 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- D4.14 To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- D4.15 To provide advice and encouragement on making payments by the most economic means.

Responsibilities of Directors and Group Managers

- D4.16 To ensure that written and uniquely numbered orders are used for all goods and services other than the exceptions specified in D4.3 or where the Council's procurement card is used.
- D4.17 To ensure that only official pre-numbered order forms are used. These are controlled stationery and should be retained securely when not in use.
- D4.18 To ensure that orders are only used for goods and services provided to the Council. Individuals must not use official orders to obtain goods or services for their private use.
- D4.19 To ensure that only those staff authorised by them sign orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The signatory of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained in accordance with Contract Rules. Value for money should always be taken into consideration in accordance with the Council's Procurement Strategy.
- D4.20 To ensure that the budgetary control system (SAMIS) is maintained and enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports. Where Services maintain details of commitments on other systems, those systems must be reconciled with SAMIS on a monthly basis so as to protect the integrity of the Council's financial records.
- D4.21 To ensure that goods and services are checked on receipt to ensure they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who signed the order. Appropriate entries should then be made in inventories or stores records.

D4.22 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:

- a) Receipt of goods or services (any evidence of receipt should be retained for 12 months).
- b) That the invoice is addressed to Shropshire Council or the appropriate establishment such as a school.
- c) That the invoice has not previously been paid, that expenditure has been properly incurred and is within budget provision.
- d) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
- e) Correct accounting treatment of tax.
- f) The invoice is correctly coded.
- g) Discounts have been taken where available.
- h) That appropriate entries will be made in accounting records.

D4.23 To ensure that an authorised member of staff, if possible a different officer from the person who signed the order and in every case a different officer from the person certifying the invoice, authorises invoices.

D4.24 To ensure that the Directors and Group Managers maintain and review periodically a list of staff approved to certify and authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Corporate Head of Finance.

D4.25 Payment should not be made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Head of Audit.

D4.26 Invoices shall not be made out by employees of the Council except where the payment to be made is in respect of a recurring payment or when the supplier will not issue an invoice. In all such cases, the invoice made out shall be in a form approved by the Corporate Head of Finance.

D4.27 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. Payments should, however, not be made by direct debit unless essential and with the prior approval of the Corporate Head of Finance.

D4.28 To ensure that the Council obtain best value for money from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices set out in the Council's Procurement Strategy and Contract Rules issued by the Head of Commissioning and Procurement. These documents cover:

- a) Authorised officers and the extent of their authority.
- b) Advertisement for tenders.
- c) Procedure for creating, maintaining and revising a standard list of contractors.
- d) Selection of tenderers.

- e) Compliance with UK and EC legislation and rules.
- f) Procedures for the submission, receipt, opening and recording of tenders.
- g) The circumstances where financial or technical evaluation was necessary.
- h) Procedures for negotiation.
- i) Acceptance of tenders.
- j) The form of contract documentation.
- k) Cancellation clauses in the event of corruption or bribery.
- l) Contract records.

D4.29 To ensure that employees are aware of the national code of conduct for local government employees and any locally adopted codes or rules relevant to employees' conduct.

D4.30 To ensure that no loans, leasing or rental arrangements are entered into without prior agreement from the Corporate Head of Finance. This is because of the potential impact on the Council's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure value for money is being obtained.

D4.31 To notify the Corporate Head of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Corporate Head of Finance and, in any case, not later than 30 April.

D4.32 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Corporate Head of Finance and the appropriate Director or Group Manager, the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub-contractors' tax status.

D4.33 To notify the Corporate Head of Finance immediately of any expenditure to be incurred as a result of statute or court order where there is no budgetary provision.

D4.34 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the "Corporate Retention Schedule".

D5 TAXATION

Why is this important?

D5.1 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.

Key controls

D5.2 The key controls on taxation are:

- (a) Budget holders are provided with relevant information and kept up-to-date on tax issues.
- (b) Budget holders are instructed on required record keeping.
- (c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- (d) Records are maintained in accordance with instructions.
- (e) Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of Corporate Head of Finance

- D5.3 To complete all HM Revenue and Customs returns regarding PAYE.
- D5.4 To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.
- D5.5 To provide details to the HM Revenue and Customs regarding the Construction Industry Tax Deduction Scheme:
 - a) to maintain up-to-date guidance for Council employees on taxation issues in the
 - b) 'Accounting Manual' and the 'Tax Manual'. Responsibilities of Directors and Group Managers

Responsibilities of Directors and Head of Service

- D5.6 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Revenue and Customs and Regulations.
- D5.7 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry requirements.
- D5.8 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self employed or are employed by a recognised staff agency.
- D5.9 To follow the guidance on taxation issued by the Corporate Head of Finance in the 'Corporate Finance Manual'.

D6 TRADING ACCOUNTS/BUSINESS UNITS**Business Units****Why is this important?**

- D6.1 Compulsory competitive tendering led to the establishment of business units who operate on a fully commercial basis in accordance with statutory requirements. The Council has also established business units to enable staff to prepare for future competition and to demonstrate explicitly that services are valued and provide value for money. Financial Rules apply equally to the Council's Business Units.

Responsibilities of Directors and Group Managers

- D6.2 To consult with the Corporate Head of Finance where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they are capable of being terminated within the main contract period without penalty.
- D6.3 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and an annual report in support of the final accounts.
- D6.4 To ensure that similar accounting principles are applied in relation to trading accounts of other services or Business Units.
- D6.5 To ensure that each Business Unit prepares an annual business plan.

APPENDIX E: EXTERNAL ARRANGEMENTS

- E1 Partnerships.
- E2 External Funding.
- E3 Work for Third Parties.
- E4 Accountable Bodies.

E1 PARTNERSHIPS**Why is this important?**

- E1.1 The days of the all-purpose authority that plans and delivers everything are over. It is in partnership with others - public agencies, private companies, community groups and voluntary organisations - that the future of local government lies. Local authorities will deliver some services, but their distinctive leadership role will be to bring together the contributions of the various stakeholders. They will need to deliver a shared vision of services by bringing cohesion and co-ordination to the fragmentation of local interests.
- E1.2 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what, in partnership with others, they achieve.

PARTNERSHIPS - GENERAL

- E1.3 The main reasons for entering into a partnership are:
 - (a) The desire to find new ways to share risk.
 - (b) The ability to access new resources.
 - (c) To forge new relationships.
- E1.4 A partner is defined as either:
 - (a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
Or
 - (b) A body whose nature or status gives it a right or obligation to support the project.
- E1.5 Partnerships can exist in varying forms:
 - (a) Formal Partnerships.
 - (b) Non-Formal Partnerships.
 - (c) Statutory or Obligatory Partnerships.
 - (d) Joint Commissioning.

E1.6 Partners participate in projects by:

- (a) Acting as a project deliverer or sponsor, solely or in concert with others.
- (b) Acting as a project funder or part funder.
- (c) Being the beneficiary group of the activity undertaken in a project.

E1.7 Partners have common responsibilities:

- (a) To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation.
- (b) To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- (c) Be open about any conflict of interests which might arise.
- (d) To encourage joint working between themselves, promote the sharing of information, resources and skills between public, private and community sectors.
- (e) To hold confidentially any information received, as a result of partnership activities or duties, that is of a confidential or commercially sensitive nature.
- (f) To act wherever possible as ambassadors for the project.

Key controls

E1.8 The key controls for Council Partners are:

- (a) To be aware of their responsibilities under the Council's Financial Rules, Contract Rules and Working in Partnership Guidance.
- (b) To ensure risk management processes are in place to identify and assess all known risks.
- (c) To ensure project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
- (d) To agree the roles, responsibilities and accountabilities of each of the partners involved in the project before the project commences.
- (e) To communicate regularly with other partners throughout the project so that problems can be identified and resolved.
- (f) A statement of the Aims and Objectives of the partnership.
- (g) A shared ownership of strategy.
- (h) Sound financial management, with clear procedures for determining the financial liabilities of each partner.
- (i) Performance management arrangements between individual organisations and the partnership.
- (j) A clear operational timescale with a clear exit strategy that allows the partnership to be discontinued or, if exit is not appropriate, a continuation strategy.

Responsibilities of Corporate Head of Finance

- E1.9 To advise on effective controls which will ensure that resources are not wasted.
- E1.10 To advise on the key elements of funding a project:
- (a) Scheme appraisal for financial viability.
 - (b) resourcing, including taxation issues.
 - (c) Carry forward arrangements.
- And in conjunction with the Head of Business Improvement
- (d) Risk appraisal.
 - (e) Audit requirements.
- E1.11 To maintain guidance on partnership working and the Responsibilities of Directors and Group Managers
- E1.12 To comply with the "Working in Partnership" guidance set out in the Corporate Finance Manual
- E1.13 To ensure that the approval of Cabinet is obtained before any negotiations are concluded on partnership arrangements.
- E1.14 To maintain a register of all partnership arrangements entered into in accordance with procedures specified by the Corporate Head of Finance.
- E1.15 To provide appropriate information to the Corporate Head of Finance to enable a note to be entered into the statement of accounts.

E2 EXTERNAL FUNDING

Why is this important?

- E2.1 As local authorities are encouraged to provide 'seamless' service delivery through working closely with other agencies and private service providers, the scope for external funding has increased.

Key controls

- E2.2 To ensure that key conditions of funding and that any statutory requirements are complied with. To ensure that external funding is only accepted where the financial implications of the agreement are clear and where the agreement provides value for money for the authority.

Responsibilities of Corporate Head of Finance

- E2.3 To sign off any external funding agreements with the funding body, with due regard to key controls. To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

Responsibilities of Directors and Group Managers

E2.4 To ensure that all claims for funds meet key conditions and are made by the due date.

E3 WORK FOR THIRD PARTIES

Why is this important

E3.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable the unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risk associated with this work is minimised.

Key controls

E3.2 To ensure that proposals are properly costed in accordance with guidance provided by the Corporate Head of Finance.

E3.3 To ensure that contracts are drawn up using guidance provided by the Corporate Head of Finance and that the formal approvals process is adhered to.

Responsibilities of Directors and Group Managers

E3.4 To ensure that the approval of Cabinet is obtained before any negotiations are concluded to work for third parties.

E3.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Corporate Head of Finance.

E3.6 To ensure that appropriate insurance arrangements are made.

E3.7 To ensure that the Council is not put at risk from any bad debts.

E3.8 To ensure that no contract is subsidised by the Council.

E3.9 To ensure that, wherever possible, payment is received in advance of the delivery of the service.

E3.10 To ensure that the Directorate has the appropriate expertise to undertake the contract.

E3.11 To ensure that such contracts do not impact adversely upon the services provided for the Council.

E3.12 To ensure that all contracts are properly documented.

E3.13 To provide appropriate information to the Corporate Head of Finance to enable a note to be entered into the statement of accounts.

E4 ACCOUNTABLE BODIES**Why is this important**

- E4.1 Where the Council is involved in delivering services jointly with other groups or partnerships, either the Council or one of the partner members (if it is a legal entity) can act on behalf of the partnership as the accountable body. The Council is currently the accountable body for a number of partnerships including the Local Area Agreement and European Agricultural Fund for Rural Development. Where the Council is the accountable body proper systems of financial administration and control should be put in place for administering and accounting for any funds received and distributed.

Key Controls

- E.4.2. To ensure that the Corporate Head of Finance approves all instances where the Council is to become the accountable body, that full details are provided of what this work actually involves and that Cabinet grants approval to become the accountable body.
- E.4.3. That a record is maintained of all activities where the Council is acting as the accountable body.

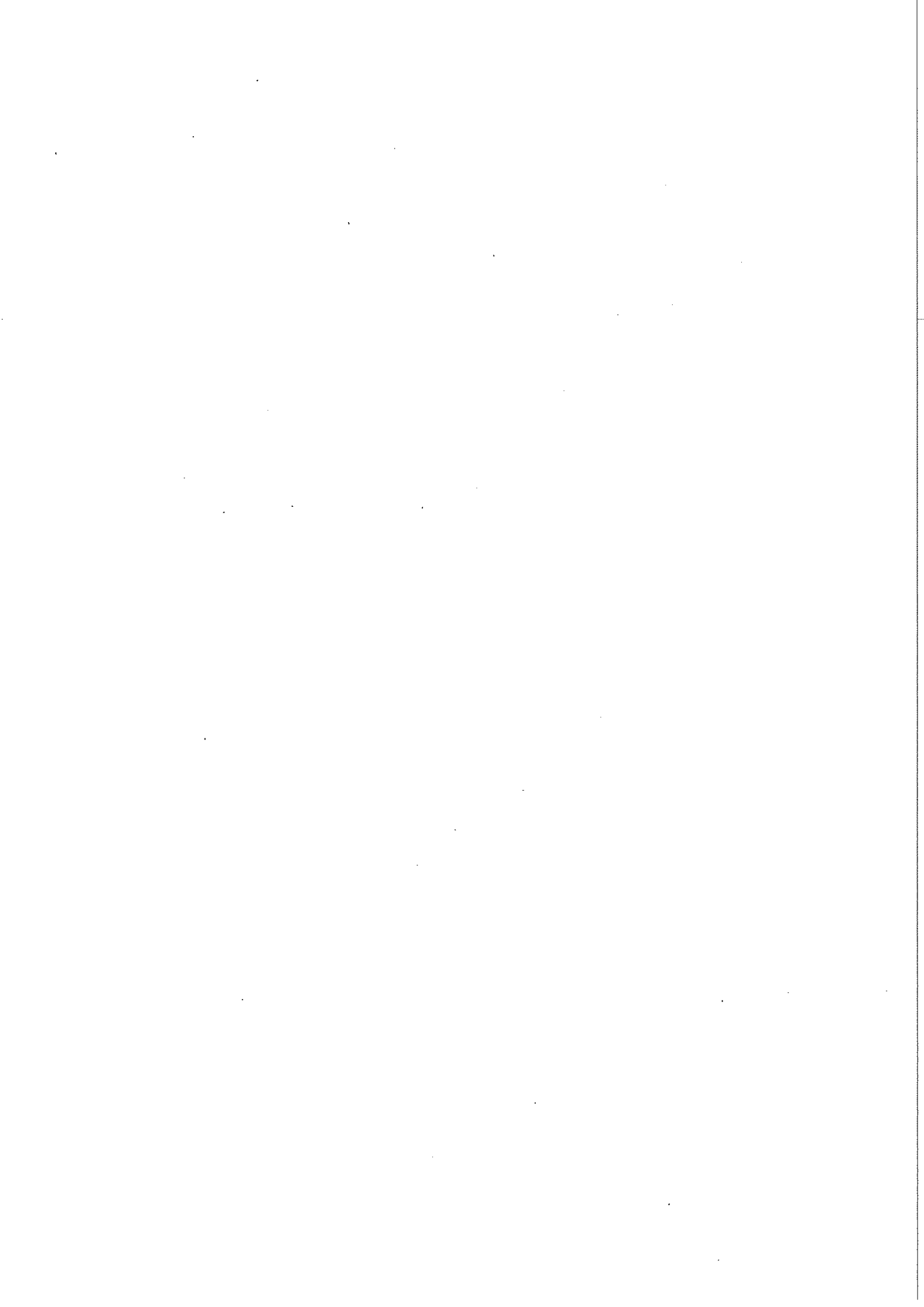
Responsibilities of the Corporate Head of Finance

- E.4.4 To provide guidance and advice on the setting up and accounting arrangements to be put in place for all activities where the Council has taken on responsibility of acting as the accountable body.

Responsibilities of Directors and Group Managers

- E.4.5 To advise and seek the approval of the Corporate Head of Finance where the Council commits or agrees to be the accountable body and ensure that a Cabinet report is produced for Cabinets approval.
- E.4.6 To ensure that any funding received and expenditure made is administered and accounted for in line with the financial and contract rules.
- E.4.7 To ensure that the Council does not enter into any commitments or contracts until all funding for the project/activity is fully received.
- E.4.8 To establish and maintain effective systems for auditing and monitoring expenditure.
- E.4.9. To ensure that in the cases where an independent audit certificate is required that the funds made available to the accountable body have been spent in accordance with the terms of the grant agreement and that a proper audit trail is maintained with appropriate records and copy invoices to support the grant claim.

- E.4.10 To ensure all supporting records are maintained in line with the guidance issued in the Corporate Retention Schedule.



Appendix F – The range of Council Services

The Council provides the complete range of local authority services, set out below, brigaded through a Corporate Director People aided by a Director of Care, a Corporate Director Places, and three Area Directors.

People:

1 Care & Well-Being

- Public Health (promotion and prevention)
- Children's Centres (transition)
- Housing/Landlord Services – (transition)
- Housing options and homelessness (transition)
- Housing need in the private sector (eg DFGs, fuel poverty, etc)
- Early Years
- Drug and Alcohol misuse

2 Assessment and Eligibility (for all benefits and entitlements)

- Assessment and Care Management
- Carers' Assessments
- Personalisation and Individual Budgets
- Information, advice, guidance and advocacy
- Adult in-house provision (transitional)
- Signposting and links with other providers
- Council-wide lead for improvement of systems, procedures and processes in respect of eligibility for all benefits
- Client property (Court of Protection deputy)

3 Safeguarding & Care for Vulnerable Individuals

- Looked after children (education)
- Adoption and Fostering
- Children's Residential care
- Safeguarding arrangements for vulnerable adults and children
- Leaving Care Service
- Youth Work
- People with Disabilities (birth to 25 years of age)

4 Learning & Skills

- School improvement and support
- Skills for work
- NEETS
- Information, Advice and Guidance Service
- Apprenticeships
- Adult education
- Lifelong learning
- Staff training and development (delivery)
- SEN

Places:

5 Public Protection & Enforcement

- Community Safety
- Domestic Violence
- Victim Support
- Licensing
- Offender Management
- Youth Offending
- Wardens – litter, dogs, parking, CCTV etc (including Park Keepers, Rangers)
- Trading Standards
- Environment Health (and Pest Control)
- Planning and Housing Enforcement
- Road Safety
- Education Welfare Officers
- Benefit Fraud
- Health & Safety
(Links to Police, Fire and Rescue, Probation, Prison, Criminal Justice System)

6 Customer Care and Community Involvement

- Access
- Call centre
- Area HQ's
- Public Transport
- Notice Processing
- Public Information Points
- Broadplaces
- LJC's (Local Joint Committees)
- Community development and capacity building
- "Full Service" schools (schools as a community facility)
- Revenues and Benefits
- Credit Unions
- Registrar and Bereavement Services
- Customer insight and segmentation
- Consultation and opinion surveys
- Complaints

7 Business Growth and Prosperity

- Tourism
- Culture and heritage
- Land and property
- Business support
- Economic development
- Major Planning Development
- Transport
- Inward investment and funding

- Employment sites and infrastructure
- Rural access

8 Commissioning and Procurement

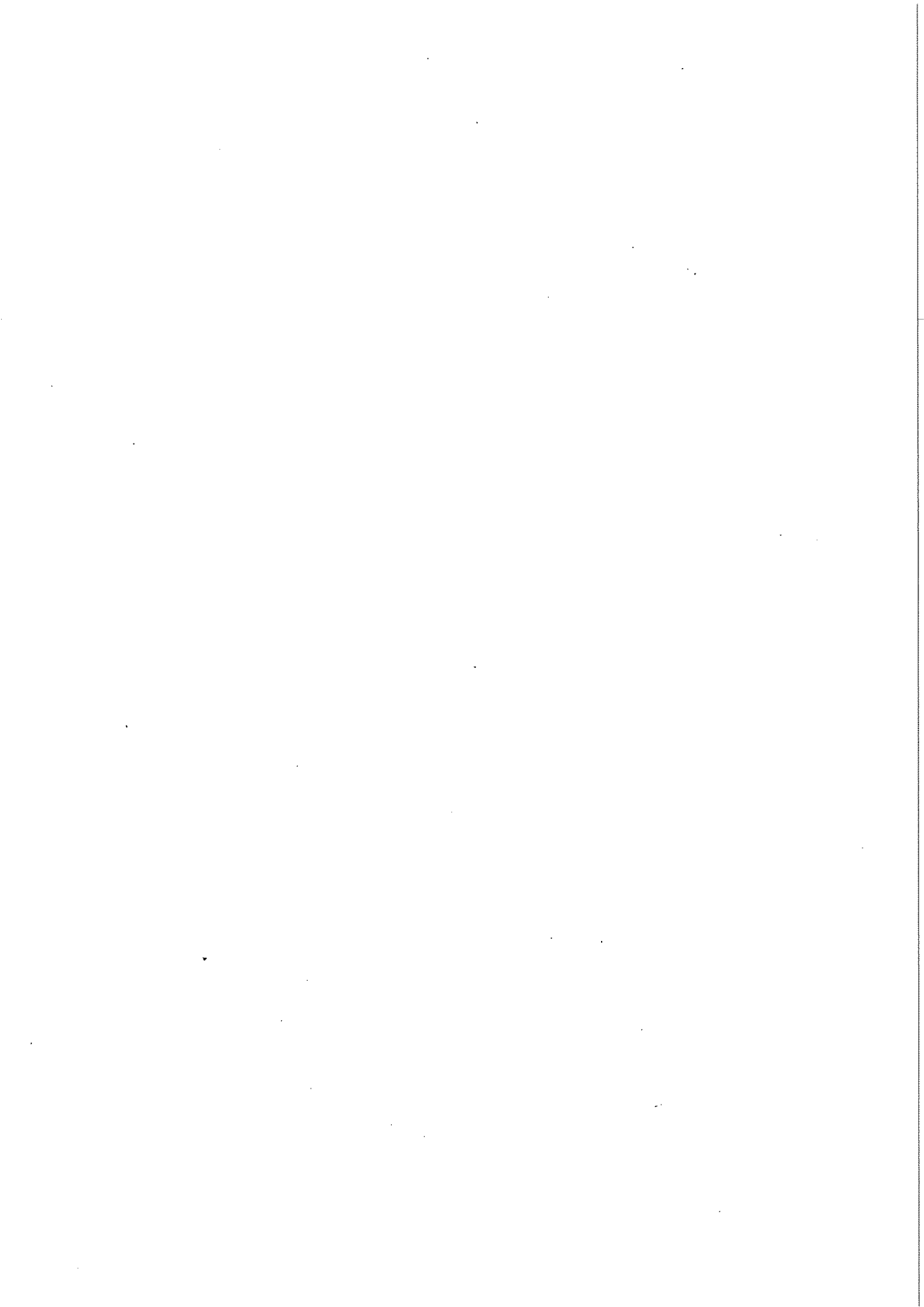
- Strategic framework for Best Value and Sustainable commissioning and procurement of all goods, services and works;
- Council wide frameworks for
 - Needs assessment
 - Specification of requirements
 - Tendering processes and evaluations
 - Contract negotiation
 - Best practice contract management*
- Market analysis (readiness/maturity), supplier mapping and gap analysis;
- Service standard benchmarking;
- Category management;
- Electronic procurement (e-purchasing, e-catalogues, e-tenders and e-auctions);
- Joint opportunities, collaboration and partnership arrangements (including Joint Ventures, shared arms-length companies etc);
- New service delivery vehicles (eg worker's co-operatives and management buy-outs);
- PFI and other external funding opportunities;

9 Environment

- Natural, built and historical landscape
- Conservation
- Flood defences and water management
- Waste collection and disposal
- Strategic Highways (eg Bridges, asset management)
- Building Control
- Local Development Management

10 Facilities Management

- Estates
- Building services, repairs and maintenance
- Facilities
- Furniture
- Cleaning services
- Catering
- Print Services
- Post Room
- Projects
- Technical support
- Passenger Transport provision
- Fleet Management



Appendix G Table of Financial Limits

Financial Rules

This table shows at a glance the amounts presently approved in Financial Rules. Application of these amounts shall be made in compliance with the Financial Rules.

Ref.	Rule	Present Amount
4.18	The value up to which nominated staff are authorised to sign contracts on behalf of the Council	£140,000
A2.21	Where proposed virements are expected to exceed this figure, to prepare jointly with the Corporate Head of Finance a report to Council	£1,000,000
A2.21	Where proposed virements are expected to be between these figures, the director or group manager must prepare jointly with the Corporate Head of Finance a report to Cabinet	Over £500,000 to £1m
A2.21	Where proposed virements are expected to be from salaries budgets, the director or group manager must prepare jointly with the Corporate Head of Finance a report to Cabinet	All
A2.23	To formally report all virements to the Corporate Head of Finance for inclusion on a register and for their reporting to Cabinet for information	£140,000 to £500,000
B2.41		£500,000
A2.24 B2.48	The amount up to which a director or group manager with the approval of the Corporate Head of Finance, may exercise virements on budgets within or outside of their control within a policy area, on any one budget head during the year subject to conditions set out in Financial Rules.	
B2.49	The amount above which the director or group manager, shall prepare and submit monthly joint reports with the Corporate Head of Finance for Cabinet's approval of variations in capital project contract costs	In excess of 5% of the current scheme budget or £5,000, whichever is greater.

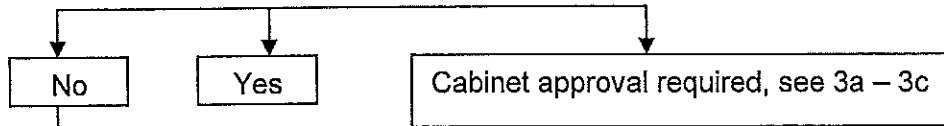
Ref.	Rule	Present Amount
B2.50	The amount above which the director or group manager, shall prepare and submit joint reports with the Corporate Head of Finance for Cabinet's approval of capital projects , where the final expenditure exceeds the approved contract sum.	In excess of 5% of the current scheme budget or £5,000, whichever is greater.
C3.19	Level above which disposal of surplus equipment, stocks or stores should be by competitive tender or public auction and records maintained.	£5,000
C3.27	Level above which the individual disposal of redundant surplus equipment should be approved by Cabinet.	£100,000
C3.31	Level below which discrepancies can be written off .	£5,000
C3.33	Level above which Internal Audit advice shall be sought on <u>discrepancies</u> .	£5,000
C3.34	Levels between which approval is sought to write off redundant stocks and stores with the agreement of the Corporate Head of Finance.	£5,000 to £100,000
D2.6	Level up to which the write off of bad debts is agreed by the Corporate Head of Finance.	£100,000
D2.6	Level above which the write off of bad debts is referred to the appropriate Council body by the Corporate Head of Finance.	£100,000
D2.22	Level below which write offs can be undertaken.	£5,000
D2.23	Levels between which approval of the Corporate Head of Finance is required to write off individual amounts, or totalled amounts of an individual debtor.	£5,000 to £100,000

Appendix H Scheme of Virement flowcharts Revenue and Capital

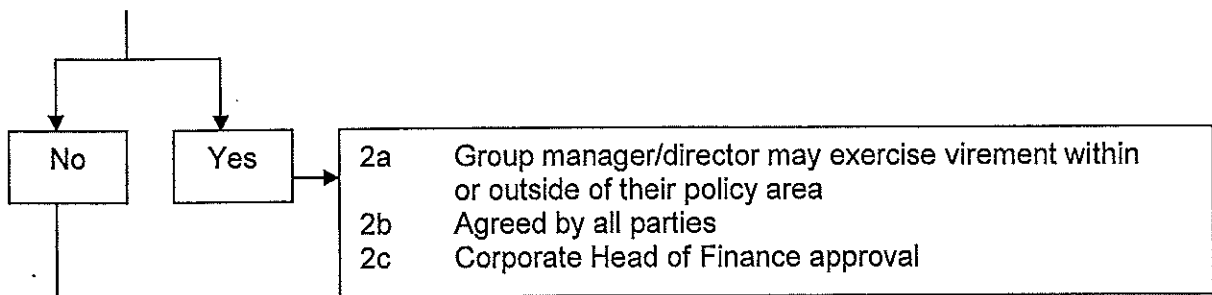
SCHEME OF VIREMENT (REVENUE)

Proposed Virement

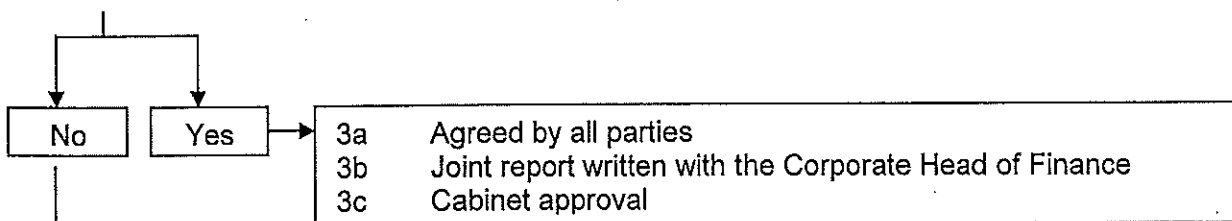
1. Is it from a salaries budget?



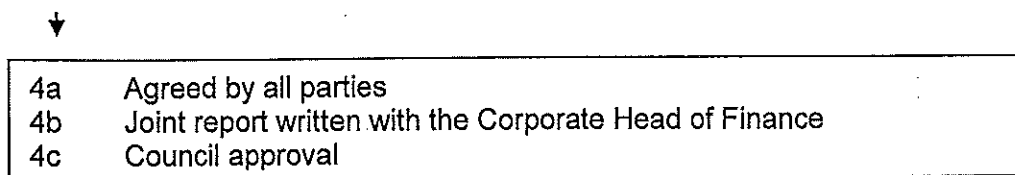
2. Is it less than £500,000?



3. Is it greater than £500,000 but less than £1m?



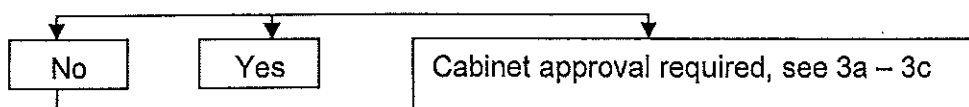
Greater than £1m



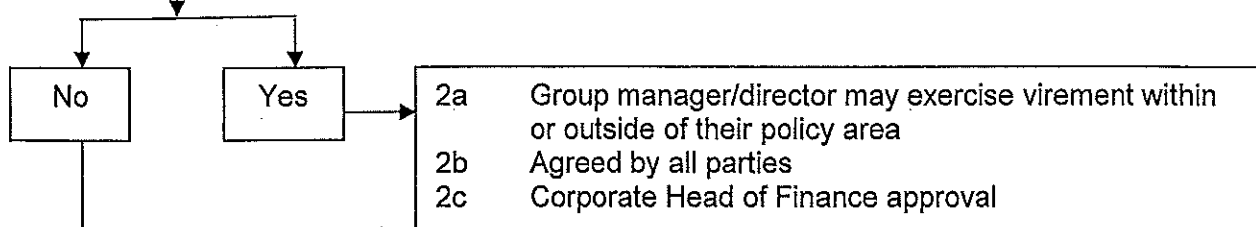
SCHEME OF VIREMENT (CAPITAL)

Proposed Virement

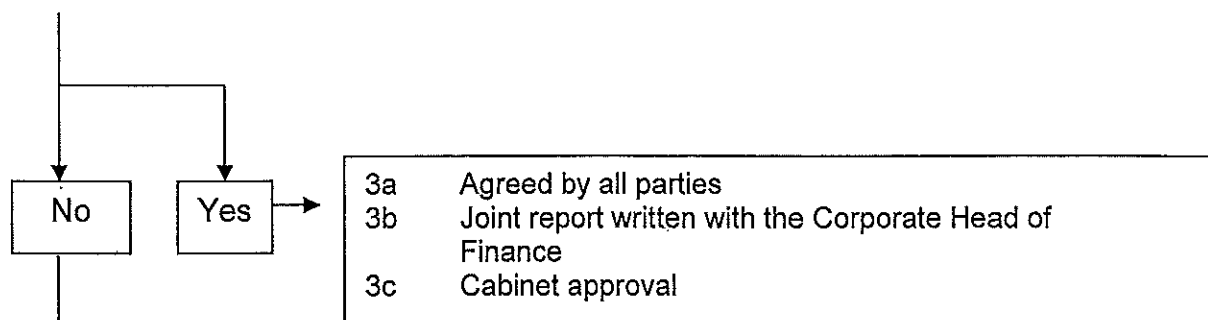
1. Is it from a salaries budget?



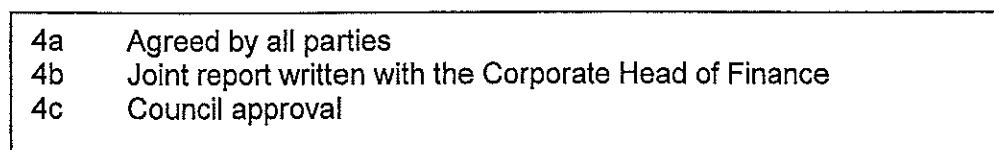
2. Is it less than £500,000?



3. Is it greater than £500,000 but less than £1m?



Greater than £1m



APPENDIX B

Financial Rules

Please find attached a table showing proposed changes to the limits in Financial Rules, compared to those already in place.

To action these changes in practice, the Forward Plan financial limit, included in the constitution, would need to be reset from £140,000 to £500,000.

Ref.	Rule	Present Amount	Proposed Amount
4.18	The value up to which nominated staff are authorised to sign contracts on behalf of the Council	£140,000	No change
A2.21 A2.23	The value above which virements are reported in directorate and resources monthly and quarterly budget monitoring reports	£40,000	Delete rule. Finance will be corporately managed and as such will be aware of virements as they occur.
A2.22	Where proposed virements are expected to exceed this figure, to prepare jointly with the Corporate Head of Finance a report to Cabinet and Council	£140,000	Over £1m Reported to Council
A2.23	The amount up to and including which a director or Monitoring Officer may exercise virements on budgets under their control within a policy area, on any one budget head during the year subject to conditions set out in Financial Rules.	£140,000	Over £500,000 to £1m Reported to Cabinet
A2.24	Prior approval of the Council is required for virement of this amount and more, where it is proposed to vire between budgets of different accountable Executive Members	£40,000	Below £500,000 Agreed with the Corporate Head of Finance following agreement between relevant Group

Ref.	Rule	Present Amount	Proposed Amount	
				Managers/ Directors
A2.24	Prior approval of the Council is required for virement of this amount and more, where it is proposed to vire between budgets managed by different Directors or Group Managers	£40,000		A register maintained by the s151 Officer of all such virements and reported to Cabinet as an information item.
A2.24	Prior approval of the Council is required for virement of this amount and more, where it is proposed to vire between policy areas within Directorate/Resources.	£40,000		
B2.45	Level up to which responsibility lies for agreeing and approving variations on the capital programme	£140,000	Up to £500,000 for schemes across and within the same budget areas	Agreed with the Corporate Head of Finance following agreement between the relevant Group manager(s) and director(s).
B2.45	Level above which variations on the capital programme will be reported to full Council for approval	£140,000	In excess of £500,000 but below £1m In excess of £1m	Cabinet Council

Ref.	Rule	Present Amount	Proposed Amount
C3.19	Level above which disposal of surplus equipment, stocks or stores should be by competitive tender or public auction and records maintained.	£5,000	No change
C3.27	Level above which the individual disposal of redundant surplus equipment should be approved by Cabinet.	£10,000	Over £100,000
C3.31	Level below which discrepancies can be written off	£5,000	No change
C3.31	Level above which Internal Audit advice should be sought to write off discrepancies	£5,000	No change
C3.33	Level above which approval is sought from the s151 Officer to write off redundant stocks and stores	£5,000	£5,001 to £100,000 Group managers/ director with agreement of Corporate Head of Finance
D2.6	Level up to which the write off of bad debts is agreed by the s151 Officer	£15,000	Over £100,000 Cabinet Group manager/ director
D2.6	Level above which the write off of bad debts is referred to the appropriate Council body by the s151 Officer	£15,000	Below £5,000 Group manager/ director with agreement of Corporate Head of Finance
D2.22	Level in excess of which approval of the S151 Officer for the write off of individual amounts is required	£5,000	£5,001 to £100,000 Group manager/ director with agreement of Corporate Head of Finance
D2.22	Level for a single debtor where individual amounts collectively exceed this figure require the approval of the S151 Officer for their write off	£5,000	Over £100,000 Cabinet/ appropriate Council body approval