

Financial Regulations

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INTRODUCTION

These Regulations have been adopted by the Council and form an essential part of the control framework within which the Council operates. Each section includes general guidelines to staff on the practical application of the Regulations. Useful contacts are also included in each section of this document.

These Regulations are designed to ensure that financial decisions are taken in a considered and informed manner by assuring that consistent, high quality financial information is available to Members and Officers. In this way we can be confident that financial management ensures that the Council's objectives are met in an economical, effective and efficient way whilst still maintaining the highest levels of accountability.

The Regulations should be used in conjunction with Contract Standing Orders which documents important rules concerning the conduct of council staff and the procedures they must follow. The general principals contained in the Regulations may be supplemented by detailed procedures specified by or agreed with the Strategic Director (Chief Financial Officer). Responsibility for approving and recommending changes to the financial control framework rests with the Strategic Director (Chief Financial Officer) who will be pleased to receive any comments on the operation of the Financial Regulations or Contract Standing Orders.

All staff are bound by these Regulations and will be affected by them to some degree depending on their duties. Training will be provided for those staff who are regularly involved in the application of Financial Regulations or Contract Standing Orders.

Directors will be responsible for ensuring that their appropriate officers/employees:

(a.) have access to a copy of these Regulations, where appropriate

(b.) Receive appropriate training in order that they understand and comply with the Regulations.

The Strategic Director is the nominated Chief Finance Officer.

Every officer has a responsibility to read and be familiar with these Regulations.

CD Fletcher

Clare Fletcher
Strategic Director (Chief Financial Officer)

1. STATUS OF FINANCIAL REGULATIONS

1.1 Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf.

1.2 The Regulations identify the financial responsibilities of the **Full Council, Cabinet, Policy committees and Overview and Scrutiny Committees** and Scrutiny Members, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer and other Officers.

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

1.4 The Strategic Director (Chief Financial Officer) is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the **Full Council** for approval. The Strategic Director (Chief Financial Officer) is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council and/or to the Cabinet Members.

1.5 The Authority's detailed financial procedures are contained in the relevant sections of these Financial Regulations.

1.6 Directors are responsible for ensuring that all staff in their Business Units are aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments. Copies are also available on the intranet under 'Staff Info / Finance'.

1.7 The Strategic Director (Chief Financial Officer) is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, Officers and others acting on behalf of the Authority are required to follow.

1.8 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

1.9 Head of Paid Service (and Chief Executive)

The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. He or she must report to and provide information for the **Cabinet**, the **Full Council**, the Overview and **Scrutiny Committees** and Audit committee and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Full Council decisions (see below).

1.10 Monitoring Officer (Borough Solicitor) provided by shared Legal Service

(a.) The Monitoring Officer 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 **Full Council** and/or to the **Cabinet**, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

(b.) The Monitoring Officer must ensure that **Cabinet** decisions and the reasons for them are made public. He or she must also ensure that Members are aware of decisions made by the **Cabinet** and of those made by Officers who have delegated executive responsibility.

(c.) The Monitoring Officer is responsible for advising all Councillors and Officers about who has authority to take a particular decision.

(d.) The Monitoring Officer is responsible for advising the **Cabinet** or **Full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

(e.) The Monitoring Officer (together with the Strategic Director (Chief Financial Officer)) is responsible for advising the **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:

- initiating a new policy
- committing expenditure in future years to above the budgeted level
- causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

(f.) The Monitoring Officer is responsible for maintaining an up-to-date constitution.

1.11 S151 Officer - Strategic Director (Chief Financial Officer)

(a.) The S151 Officer 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:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government Finance Act 1989
- The appropriate Accounts and Audit Regulations
- The Local Government Act 2000
- The Local Government Act 2003

(b.) The S151 Officer is responsible for:

- The proper administration of the Authority's financial affairs
- Setting and monitoring compliance with finance management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- Providing financial information
- Preparing the revenue budget and capital programme
- Treasury management and banking.
- Providing an opinion on the 'Annual Governance Statement' Published with the Statement of Accounts.
- Measures to prevent/detect the laundering of illegally obtained money through the Council.

(c.) Section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report to **Full Council, Cabinet** and the External Auditor if the Council or one of its Officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts

Section 114 of the 1988 Act also requires:

- The S151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally. The Director (Finance & Estates) or any properly qualified member as directed by the Chief Finance Officer is SBC's nominated deputy.

- The Authority to provide the Strategic Director (Chief Financial Officer) with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114.

1.12 Strategic Directors

(a.) Strategic Directors are individually responsible for the proper financial management of resources allocated to Directors they sponsored and their Business Units through the budget process and for the identification of and accounting for income which falls due within their area. This includes control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash stores or equipment.

(b.) Strategic Directors shall ensure that their staff receive sufficient training to enable them to be aware of and comply with the requirements of Financial Regulations and Standing Orders.

(c.) Strategic Directors may delegate specific responsibilities under the approved scheme of delegation. Responsibilities are delegated to Strategic Directors through the constitution which can then be sub delegated.

1.13 Directors

(a.) Directors are individually responsible for the proper financial management of resources allocated to their Business Units through the budget process and for the identification of and accounting for income which falls due within their area. This includes control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash stores or equipment.

(b.) Directors shall ensure that their staff receive sufficient training to enable them to be aware of and comply with the requirements of Financial Regulations and Standing Orders.

(c.) Directors are responsible for ensuring that **Cabinet** Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Strategic Director (Chief Financial Officer).

(d.) It is the responsibility of Directors to consult with the Strategic Director (Chief Financial Officer) and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

(e.) Where budget responsibility is delegated to officers below that of Director (ie Budget holder) it is the responsibility of Director to ensure the budget holder has skills and knowledge to enable them to undertake their budget responsibilities and that the scope and extent of budget responsibility is known.

1.14 Budget holders

(a.) Cost centre budgets will be designated to a specific Budget holder.

(b.) Budget holders and their staff will comply with these Financial regulations and contract standing orders when dealing with financial matters.

(c.) Budget holders must review their approved budgets on a monthly (at a minimum) basis and are responsible for ensuring that appropriate action is taken where variation to the budget is projected (both overspends and underspends) and/or where income is projected to be over or under achieved. When appropriate budget holders should identify suitable virement in a timely manner to address the variance (see section 6 – Transfer of Budget).

(d.) Budget holders will provide information to Finance Officers on projected income and expenditure for the current and future financial years to support the Council's capital strategy and medium term financial strategies (growth and financial security options).

(e.) Income - With the exception of specific provision in leases, other long term arrangements and statutorily set fees Budget holders will review charges at least annually as part of the Council's budget setting process. The Strategic Director (Chief Financial Officer) must be consulted in relation to any proposals to vary the method of charging or in introducing new charges.

(f.) Budget holders are responsible for reviewing outstanding debt on a monthly basis (at a minimum) and proposing appropriate action in accordance with the Council's debt recovery policy (see section 20).

(g.) Budget holders will notify the Director (Finance and Estates) of any carry forward request for revenue budget allocation that is projected to be spent by September in the following financial year. Carry forward request are restricted to unforeseen delays in delivery of the service/goods and not the roll

forward of unspent budget. All carry forward requests are approved by Cabinet.

(h.) Budget holders are required to attend training sessions to be able to fulfill their budget responsibilities and financial regulation requirements. Budget holders will be supported by a designated Finance Business Partner in fulfilling their budget monitoring responsibilities.

2. BUDGET SETTING – CAPITAL

CONTACT: Strategic Director (Chief Financial Officer)

2.1. The format of the Capital Programme shall be determined by the S151 Officer.

2.2. The Capital Programme reported to **The Cabinet** will include budgetary estimates of capital payments to be incurred in the ensuing financial years.

2.3. **The Cabinet** shall consider the overall capital programme and the resources available, make amendments as thought fit, and shall recommend an overall programme to **Council**.

2.4. All new schemes with the exception of emergency works or works that become urgent on the grounds of health and safety, must, prior to inclusion in the capital programme, have been considered as part of the Service and Financial Planning process. General Fund Capital schemes will be reviewed by the Leaders Financial Security Group The information provided must include details of the objectives of the scheme, the resources required, the timescale and the revenue implications. HRA Capital schemes are reviewed as part of the HRA Business Plan. The draft Capital Strategy is considered by Cabinet and Overview & Scrutiny in January for the following financial year and beyond (April-March and following years) and the Final Strategy consideration in February, prior to the Final Capital Strategy approved at the February Council.

2.5 Urgent General Fund schemes which are required after the budget has been set annually in February must be considered by the Assets and Capital Board following the submission of a completed a Capital Programme Request for Funds form to be included with the next quarterly update report or in a separate committee report if required sooner. Schemes which exceed that threshold must be approved by Council.

2.6 New General Fund schemes which are required after the budget has been set annually in February must completed a Capital bid form to be included with the next quarterly update report or in a separate committee report if required sooner.

2.7 The capital programme is reported July (quarter four), September (quarter one), November (quarter two), March (quarter three). The Cabinet can only approve new schemes up to the value delegated by Council which is reviewed annually as part of the Capital Strategy presented to Council in February. Schemes which exceed that threshold must be approved by Council.

2.8 Contracts for works or goods and services (by formal tender) relating to a budget **within** the approved Capital Strategy (as approved in accordance with the Budget and Policy Framework) and **equal to or less than the budgeted amount,** can be authorised without report to the Cabinet or Council **if** the Strategic Director (Chief Financial Officer) confirms the Strategy is adequately funded for the contract period, based on the following thresholds:

Authorisation level	**Total Contract Value (revenue)**	**Total Contract Value (capital)**
Cabinet	Total contract value more than £2Million but excluding contracts with annual value of less than £500k	Total contract value more than £2Million
Strategic Director following consultation with Portfolio holder	Total contract value between £1Million and £2Million but excluding contracts with annual value of less than £500k	Total contract value between £1Million and £2Million
Director	Total contract value between £75K and £1Million and total contract value between £1Million and £2Million with annual value of less than £500k	Total contract value between £75K and £1Million
As per authorised signatories lists	Less than £75K	Less than £75K

2.9 If contracts for works or goods and services relating to a budget **within** the approved Capital Strategy, **exceed the value of budgetary provision,** the contract for goods and services **can be authorised if** the Strategic Director (Chief Financial Officer) confirms the Strategy is adequately funded for the contract period, based on the following thresholds:

- Less than £25,000 per annum reported in the next quarterly monitoring update
- More than £25,000 per annum and **does not** exceed the sum delegated to the Cabinet to approve for that year, requires reporting to Cabinet before the contract is signed.
- More than £25,000 per annum and **does exceed** the sum delegated to the Cabinet to approve requires reporting to both Cabinet and Council.

2.10 New contracts that do not relate to a budget within the approved Capital Strategy, (as approved in accordance with the Budget and Policy Framework) or a proposal to amend a project beyond its current policy must be considered by the Council in accordance with the Budget and Policy Framework, if more than the value delegated to Cabinet. All new General Fund schemes must complete the capital bid form as outlined in paragraph 2.6 above. This means that all new schemes must be reported as a minimum to the Cabinet. This is subject to the Cabinet delegated amount not being exceeded for the year.

2.11 Virement from a capital budget can be permitted to meet the other schemes within the following thresholds:

Virement Type	-			
-	**Director**	**Strategic Director**	**Cabinet (if delegation not exceeded)**	**Council**
HRA:	-	-	-	-
(b.) Between Capital Programmes	Less than £25,000	£25,000-£50,000	£50,001 – £250,000	More than £250,000
General Fund	-	-	-	-
(c.) Between Capital Programmes	Less than £25,000	£25,000-£50,000	£50,001 – £250,000	More than £250,000

2.12 Virements between codes that enable better budget monitoring and management of larger capital programmes as requested by either budget managers or finance team are outside of the scope of these thresholds except where these virements would alter the service provision or overall budget allocation of the programme.

3. BUDGET SETTING – REVENUE

CONTACT: Strategic Director (Chief Financial Officer)

3.1. The detailed form of the Revenue Budget shall be determined by the Strategic Director (Chief Financial Officer).

3.2. Revenue budgets include the General Fund Revenue Account, Housing Revenue Account and Trading Accounts.

3.3 The Strategic Director (Chief Financial Officer), in consultation with the relevant Directors, shall prepare revenue estimates. These estimates shall be submitted by the Strategic Director (Chief Financial Officer) and shall detail estimates of expenditure and income for the ensuing financial year and current year. The estimates shall show in respect of each item of expenditure and income:

(a) Actual results for the last financial year.

(b) Original and working budgets for the current financial year.

(c) Original estimate for the following financial year.

In relation to (b) and (c) Strategic Director (Chief Financial Officer) or the appropriate Strategic Directors shall report on the reasons for material variations.

3.4 **The Cabinet** shall approve a strategy for fees and charges in line with the Council's overall policies for the coming year. The detailed fee increases will be recommended by the Fees and Charges Officer Group and reviewed by the Leaders Financial Security Group (LFSG). Directors will implement changes to fees and charges in accordance with this strategy and the scheme of delegation. **The Cabinet** should approve Directors changes to proposals in respect of fees and charges where these are not in accordance with the approved strategy or those recommended by LFSG.

3.5 **The Cabinet** shall consider the overall revenue budget and the resources available, make amendments as thought fit, shall consult with the **Overview and Scrutiny Committee** and shall recommend an overall budget to the **Full Council**.

3.6 It is the responsibility of the S151 Officer in this case the Strategic Director (Chief Financial Officer) to advise the **Cabinet** and/or the **Full Council** on prudent levels of reserves for the Authority. This will be based on a risk assessment of General Fund and allocated reserves.

3.7 For contract for works or goods and services (by formal tender) relating to a budget **within** the approved General Fund or HRA revenue budgets (as approved in accordance with the Budget and Policy Framework) and **equal to or less than the budgeted amount,** authorisation for contracts should be based on the following thresholds:

Authorisation level	**Total Contract Value (revenue)**	**Total Contract Value (capital)**
Cabinet	Total contract value more than £2Million but excluding contracts with annual value of less than £500k	Total contract value more than £2Million
Strategic Director following consultation with Portfolio holder	Total contract value between £1Million and £2Million but excluding contracts with annual value of less than £500k	Total contract value between £1Million and £2Million
Director	Total contract value between £75K and £1Million and total contract value between £1Million and £2Million with annual value of less than £500k	Total contract value between £75K and £1Million
As per authorised signatories lists	Less than £75K	Less than £75K

4. SUPPLEMENTARY ESTIMATES AND BUDGET INCREASES

CONTACT: Strategic Director (Chief Financial Officer)

4.1 Supplementary estimates reduce the Council's reserves, and therefore must be used sparingly so as to not jeopardise the Council's Financial Strategy. Business Units should endeavour to find the resources from their own budgets, financing the project or variance through budget virement (see Section 6 of these Regulations). If this is not achievable in the first instance consideration should be given to the budget pressure being covered within other areas within the Director's remit. Supplementary estimates should represent a last option for financing a project or variance.

4.2 **The Cabinet** can approve Supplementary Estimates within the contingency sum approved by the **Full Council** within each Budget Head (as referred to in the Budget and Policy Framework). Supplementary Estimates above these levels, either individually or cumulatively, require the approval of **Full Council**. The cumulative annual supplementary limit for the Cabinet is approved as part of the annual budget setting report (January Council – HRA and February Council –General Fund) and is currently £400,000 for the General Fund and £250,000 for the HRA.

4.3 A Supplementary Estimate shall only be requested from **The Cabinet** where expenditure or a reduction in income will be incurred that cannot be accounted within a budget head by way of virement (see 4.1). A request for additional financial resources must be clearly identified in Committee reports and whether they are on-going or a one off. Additional budgets can also be approved as part of the quarterly monitoring reports and budget setting reports (subject to the supplementary limit not being exceeded) to the Cabinet in the following months;

- September (quarter one),
- November (quarter two)
- March (quarter three).
- July (quarter four)

4.4 **Cabinet** Members with portfolio responsibility can approve supplementary estimates within the approved contingency sum for non- key decisions. A copy of the 'non-key decision notice' and '**Cabinet** Member with Portfolio Responsibility Report' must be forwarded to the Constitutional Services Manager and reported at the next available **Cabinet, or as part of the revenue budget monitoring/setting reports to Cabinet.**

4.5 Key decisions which are taken as an officer delegated decision which contain supplementary estimates should be published within two days of the decision being taken. Prior to the report being signed by the relevant officer the Strategic Director (Chief Financial Officer) must have been consulted to determine whether the in-year supplementary limit has been breached which would mean that the decision would require approval by **Full Council**.

5. BUDGETARY CONTROL

CONTACT: Strategic Director (Chief Financial Officer)

5.1 The Strategic Director (Chief Financial Officer) shall make available to each Director, information concerning all income and expenditure falling within their respective responsibilities and such other information that may be relevant. This information shall allow comparison between actual expenditure, including committed expenditure, against the current budget.

5.2. Each Director is responsible for ensuring that all expenditure and income is processed in a timely manner and charged to an appropriate account code to enable budgetary control information to be produced as per 5.1 above.

5.3. Each Director is responsible for ensuring that all expenditure committed by their Business Units is within a revenue or capital budget. Any expenditure or income likely to vary significantly from an approved budget shall be reported to the Strategic Director (Chief Financial Officer). If appropriate a virement or supplementary estimate will be obtained and reported to Cabinet as part of the revenue and capital budget monitoring process.

5.4. The inclusion of items in approved revenue or capital estimates shall constitute authority to incur such expenditure subject to compliance with any requirements mentioned elsewhere in these Regulations and Contract Standing Orders.

5.5 Any proposal outside the budget and policy framework that involves:

(a.) Capital expenditure not specifically included in the capital budget (subject to paragraph 2.5 and 2.8).

(b.) Revenue expenditure on a new service or project that has not been specifically provided for in any of the revenue budgets or reported as part of the budget monitoring process, (paragraph 4.2-4.3)**(c.)** A new source of income or significant variation in an existing source of income or not reported as part of the quarterly monitoring process, (paragraph 4.2 - 4.3).

(d.) The sale or disposal of land, buildings or other property of the Council, (other than those for which delegated authority has been given).

will be subject to the specific approval of the Council on the recommendation of **The Cabinet**. This will apply if:

- The in-year supplementary Estimate allowance for the General Fund, HRA or Capital Programme is exceeded.

- The virement threshold for Cabinet has been exceeded (paragraphs 2.9 and 6.3 refers).

- If during the project, the likely costs exceed the amount specifically approved or the scope of the project altered, then further specific approval must be sought unless the financial implications can be accommodated by Virement. The initial or any subsequent submission of such proposals to the Council shall be subject to the procedures in Section 4.

5.6 In a situation that necessitates expenditure or the acceptance of quotes/tenders in contravention of these Regulations, the relevant Strategic Director and the Strategic Director (Chief Financial Officer), in conjunction with the Chair of **The Cabinet**, shall have authority to sanction such expenditure. The Strategic Director (Chief Financial Officer), shall report such approvals in the schedule prepared under Regulation 4.4.

5.7 Nothing in these Financial Regulations shall prevent expenditure being incurred where an emergency or disaster involving destruction of or danger to life or property occurs or is imminent. Where in the opinion of the relevant Strategic Director, in consultation if possible with the Chief Cabinet and the Strategic Director (Chief Financial Officer), the urgency of the situation will not permit delay, nothing in the Financial Regulations or Standing Orders shall prevent the relevant Strategic Director from incurring expenditure. Action under this Financial Regulation shall be reported to the next meetings of **The Cabinet** and the **Full Council.**

6. TRANSFER OF BUDGETS (VIREMENT)

CONTACT: Strategic Director (Chief Financial Officer)

6.1 Virement is a transfer between approved budgets. Services Delivery Units should endeavour to finance projects or variances by way of virement before a supplementary estimate is considered.

6.2 Virements shall only be made in accordance with the authorisation limits and criteria shown in 6.3 and 6.4 and the general conditions shown below:

(a) Virements that are made to facilitate accounting changes and do not impact on service delivery will be prepared by Finance Business partners and authorised by a Finance manager and are outside the scope of the authorisation limits.

(b) All other virements will be submitted to the Strategic Director (Chief Financial Officer), in a form approved by the Strategic Director (Chief Financial Officer), where the appropriate authorisation is required.

(c) All approved virements will be reflected in the Council's Financial Information System (FIS) by the Strategic Director (Chief Financial Officer).

(d) The Strategic Director (Chief Financial Officer) reserves the right to refer any virement request to **The Cabinet** for approval.

(e) The destination of the proposed virement must be a project, scheme or budget that has previously been approved for funding and does not alter service deliver

(f) No virements shall be made:

- from budgets held for support service, central and departmental recharges, and capital financing charges.
- between the Revenue and Capital accounts of the Council or between the Housing Revenue Account and General Fund.
- that create an ongoing expenditure commitment for the Council.

(g) No virements shall be made from salary/agency related budgets unless the annual transitional vacancy target has been met for that year.

(h) Virements shall only be made within and not between the budget heads of the Council as defined in the Council's Budget and Policy Framework i.e.

- General Fund Revenue Account Housing Revenue Account
- General Fund Capital Programme- Housing Capital Programme

(i) There must be sufficient budget provision remaining in the source of the virement to meet all expenditure for the rest of the year.

(j) Budget changes made by virement will only be actioned in the current year unless budget managers request a permanent budget change. In this instance the virement will be incorporated into the following year's original budget.

6.3 Virement Authorisation Limits

Virement Type	**Authorisation Level**			
	Budget Manager	**Director**	**Cabinet**	**Council**
(a.) Within a Service	Less than £25,000	£25,000 - £49,999*	£50,000 – £250,000*	More than £250,000*
(b.) Between Services	-	£25,000 – £49,999*	£50,000 – £250,000*	More than £250,000*
(c.) Between Capital Projects	-	Less than £50,000*	£50,000 – £250,000*	More than £250,000*
(d.) Between Portfolio Areas	-	-	Less than £250,000*	More than £250,000*

For the purposes of virement a service is defined as:-

General Fund – cost centre(s) comprising a portfolio summary line in the budget book
Housing Revenue Account – the whole account
Virements authorised by Directors, or Strategic Director will not require reporting to Committee.

6.4 When the virement is as a result of a rationalisation of the Council's financial system codes or the reallocation of a recharge, the authorisation level will up to £250,000 Finanace Manager and over £250,000, the Strategic Director (Chief Financial Officer). This would include setting up new cost centres as a result of restructures, reviewing and rationalising subjective codes and changes to staff reports.

6.5 When the virement is as a result of budget changes approved as part of budget monitoring/setting approved by Cabinet and or Council the notice of decision is deemed to be authorisation.

6.6 All virements that relate to substantial changes in the method of service provision must be approved by an Director irrespective of amount. Where a virement would result in a major change to service provisions the approval must be sought form Cabinet.

7. ACCOUNTING

CONTACT: Strategic Director (Chief Financial Officer)

7.1 All accounting procedures and records of the Council shall be determined by the Strategic Director (Chief Financial Officer), in so far as they are not prescribed by law.

7.2 All accounts and accounting records of the Council shall comply with the relevant accounting standards and shall be in a form determined by the Strategic Director (Chief Financial Officer),

7.3 All Directors shall ensure that the principles of Separation of Duties and good control procedures are observed in the allocation of accounting duties:

(a.) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them.

(b.) Officers responsible for examining and checking the accounts of cash or stores transactions shall not themselves be engaged in any of these transactions.

7.4 As soon as possible after the end of each financial year, and not later than 30 September (subject to the completion of the external audit) the Strategic Director (Chief Financial Officer), shall report to **Full Council** or any delegated body **(Statement of Accounts Committee).**

8. TREASURY MANAGEMENT

CONTACT: Strategic Director (Chief Financial Officer)

8.1 All external investments in the name of the Council shall be made in accordance with the Council's policy for Treasury Management.

8.2 Stevenage Borough Council adopts the key recommendations of CIPFA's Treasury Management Code of Practice (the Code), updated in 2018.

8.3 Accordingly, Stevenage Borough Council will create and maintain, as the cornerstones for effective treasury management:

(a.) a treasury management policy statement (TMPS), stating the policies and objectives of its treasury management activities

(b.) suitable treasury management practices (TMP), setting out the manner in which Stevenage Borough Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

8.4 Stevenage Borough Council's **Cabinet** will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, an annual report after its close and an in year monitoring report. The Strategy will be updated and reported more frequently if the Council financial circumstances change e.g. need to borrow or best practice recommends. The reports require approval by **Full Council**. The **Cabinet** will also receive updates on the Council's investments as part of the quarterly monitoring reports (revenue expenditure).

8.5 Stevenage Borough Council delegates responsibility for the scrutiny, implementation and monitoring of its Treasury Management Policies and practices to the **Audit Committee** and for the execution and administration of treasury management decisions to the Strategic Director (Chief Financial Officer) who will act in accordance with the Council's Policy Statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

8.6 The Strategic Director (Chief Financial Officer) shall report to the **Overview and Scrutiny Committee** on an exception basis, on investment and borrowing transactions.

9. VALUE ADDED TAX (VAT)

CONTACT: Finance Manager (Technical)

9.1 It shall be the responsibility of the Strategic Director (Chief Financial Officer)to secure arrangements for the administration and accounting of VAT to ensure compliance with all statutory requirements including such returns as are required within laid down timescales.

9.2 Each Director shall keep records, as determined by the Strategic Director (Chief Financial Officer) for the prescribed statutory period, of all matters pertaining to the administration and accounting of VAT, and in particular:

(a.) All supplier invoices, including any relevant back-up and authorisation documents;

(b.) Documentation supporting all income raised by invoice;

(c.) Documentation supporting all non-invoiced income, including amounts lodged directly with the bank and cash collected directly by departments.

9.3 The Strategic Director (Chief Financial Officer) nominates the Finance Manager (Technical) as the contact point for enquiries regarding any VAT matter. Each Strategic Director shall fully observe any direction and advice as may be issued by the office of the Strategic Director (Chief Financial Officer).

10. COMMITTEE REPORTS

CONTACT: Strategic Director (Chief Financial Officer)

10.1 Strategic Director (Chief Financial Officer) shall ensure that Committee Reports contain a section outlining the financial implications of the matter being reported upon. Additionally, he/she shall be entitled to report upon the financial implications of any matter coming before the **Council, Cabinet** or other Committees, and shall further report to the **Select Committees and Overview and Scrutiny Committee**, if necessary, in the interests of the financial affairs of the Council. To allow the Strategic Director (Chief Financial Officer) to fulfil his/her obligations all Directors are obliged to consult with the Strategic Director (Chief Financial Officer) on all matters with a potential financial implication which are likely to result in a report to Committee.

10.2 With regard to reports prepared for consideration by Committee, Directors shall follow the expected format and latest detailed guidance notes, as issued by the Chief Executive and the Strategic Director (Chief Financial Officer), for ensuring all financial implications are identified and recognised. Further, Directors shall ensure that the Strategic Director (Chief Financial Officer) is fully consulted on the financial implications of reports with the inclusion of appendices within reports for ease of reference.

10.3 The following principles should be adhered to in the preparation of all Committee reports:-

- The report should clearly distinguish capital and revenue financial implications.
- Implications for the capital budget should identify where provision exists within the Council's capital programme.
- Implications for the revenue budget should identify where provision exists within the Council's revenue budget. It is not considered sufficient to indicate that any increase in expenditure will be contained within a Business Unit budget.
- Implications for the revenue budget should distinguish ordinary running costs from capital financing costs.
- Finance Business Partners within Financial Services should be involved in the calculation of such figures, as appropriate.
- No additional budgetary implications will be allowed unless specifically approved by the **Cabinet** or **Full Council** (where appropriate).
- Reports should make clear how additional or unbudgeted running

costs are to be funded in both the current year and future years revenue budgets i.e. via ongoing compensating savings, virement, external funding etc.

- Where virement is proposed, in order to fund overspends or unbudgeted expenditure, reports should indicate whether such virement is to be considered as a permanent adjustment or as a one-off.

- Government grant funding availability / arrangements should be clearly highlighted as should the expenditure covered by grant and any residual costs to be borne by the Council. If the grant is to be available for only a limited period then this should also be identified in the financial implications.

- Staffing changes / additions should clearly state whether such adjustments are of a permanent, temporary or fixed term nature.

- All financial implications narrative and supporting appendices should be agreed with the relevant Finance Business Partner at draft / consultation stage.

- Reports with significant financial implications, should, as a matter of course have a financial appendix which should provide a financial analysis broken down into appropriate cost and income headings (e.g. employee costs, property costs, supplies and services etc.) and should identify current year costs (which in the main will have a part year effect only) and costs for a full financial year.

- Costings for the purpose of financial implications should be to the nearest ten pounds using current year prices.

11. AUDIT REQUIREMENTS

CONTACT: Strategic Director (Chief Financial Officer)

11.1 The Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit function.

11.2 The Strategic Director (Chief Financial Officer) shall maintain an adequate and effective system of internal audit to all accounting, financial and other operations of the Council and in particular shall arrange for the examination, review and appraisal of:

(a) the adequacy and effectiveness of the systems of financial, operational and management control, and their operation in practice in relation to the business risks to be addressed;
(b) the extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Board or Members and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
(c) the extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;
(d) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
(e) the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;
(f) the follow-up action taken to remedy weaknesses identified by the Shared Internal Audit Service (SIAS), ensuring that good practice is identified and communicated widely; and
(g) the operation of the Council's corporate governance and risk management arrangements.

11.3 SIAS in consultation with the Strategic Director (Chief Financial Officer) and Senior Leadership Team (SLT) shall prepare annual audit plans detailing the areas of audit coverage for the following year. These plans shall be presented to the **Audit Committee.**

11.4 Internal Auditors from SIAS have authority to:

(a) Enter at any time Council premises or land subject to any statutory or contractual restrictions that may apply.

(b) Have access to all records, documents and correspondence relating to any financial or other business of the Council and to remove any such records as is necessary for the purpose of their work.

(c) Receive any information and explanations considered necessary concerning any matter under examination.

(d) Require any employee, agent or contractor of the Council to produce cash, stores or any other Council property under his or her control.

(e) Have direct access to the Chief Executive, Audit Committee and **Select Committees and Overview and Scrutiny Committee.**

12. FRAUD, ANTI MONEY LAUNDERING AND IRREGULARITY

CONTACT: Strategic Director (Chief Financial Officer)

12.1 The Council will not tolerate internal or external fraud and corruption in the administration of its responsibilities.

12.2 The Strategic Director (Chief Financial Officer)) shall be notified immediately by the Director of the Service Delivery Unit concerned of any suspected irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council. The Strategic Director (Chief Financial Officer) shall take such steps as he or she considers necessary by way of investigation and report.

12.3 Should it be found that any major irregularity has occurred or is occurring, the Strategic Director (Chief Financial Officer) shall immediately inform the Chief Executive and the Chairs of **The Cabinet, Overview and Scrutiny Committee and Audit Committee.**

12.4 The Strategic Director (Chief Financial Officer) and the Chief Executive will be responsible for deciding whether any irregularity shall be referred or reported to the Police. Any Fraud can also be reported to the **Shared Internal Fraud Service** (SIFS) who can be contacted at the website **http://www.hertsdirect.org/help/fraud/**

12.5 All employees and Members of the Council have a responsibility to bring to the attention of the Strategic Director (Chief Financial Officer) suspected irregularity. It is NOT Officers / Members responsibility to investigate suspicions as this could prejudice any investigation

12.6 Requests for surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) must be made to the Councils Shared Anti-Fraud Service (SAFS).

12.7 The Strategic Director (Chief Financial Officer) has overall responsibility for:

(a) Developing and maintaining an anti-fraud and corruption policy
(b) Developing and maintaining a whistle blowing policy
(c) Maintenance of a register of interests and a register for recording gifts or hospitality
(d) Developing and maintaining an anti-money laundering policy

12.8 Directors will instigate the Council's disciplinary procedures where the outcome of an investigation indicates improper behaviour.

12.9 No payment to the Council will be accepted in cash if it exceeds £5,000.

12.10 Any employee who suspects money laundering activity must make a Disclosure Report reporting their suspicion promptly to the Money Laundering Reporting Officer (MLRO), or to the MLRO's deputy if appropriate, using the Money Laundering Reporting Procedure.

12.11 The employee must follow any subsequent directions of the MLRO or deputy, and must not themselves make any further enquiries into the matter.

12.12 The employee must not disclose or otherwise indicate their suspicions to the person suspected of money laundering.

12.13 The MLRO or deputy must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA).

12.14 The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner.

12.15 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

12.16 Further details on anti-money laundering can be found in the Council's Anti-Money Laundering Policy.

13. INSURANCES & RISK MANAGEMENT

CONTACT: Insurance – Director (Finance & Estates)
Risk Management- Director (Corporate Services & Transformation)

13.1 **Risk Management** – All organisations need to take risks to achieve their objectives - Risk is about uncertainty, therefore risk management, as well as providing a means of overcoming threats, provides the means to identify and respond to opportunities. Risk Management is a systematic process whereby organisations identify, evaluate, respond to and monitor risks attached to their activities. Risk cannot be eliminated and resources for managing risk are finite, therefore controls need to be targeted and proportionate to the threat. Well managed risk taking is fundamentally important to effective financial management and service delivery, and to maximising opportunities for service development.

13.2 **The Cabinet** is responsible for approval of fundamental changes to risk management procedures (such as a new or revised Risk Management Strategy). The Cabinet has delegated authority for ongoing consideration of risk to the Council's Audit Committee.

13.3 The overall responsibility for effective risk management lies with the Chief Executive. Corporate Risk Group is responsible for preparing the authority's risk management policy statement and for promoting it throughout the Council. The Chief Executive and Leader have agreed and signed the Council's Risk Management Policy.

13.4 **Internal Control** – Internal Control refers to the systems of control devised by management to reduce risks to an acceptable level and to help ensure that 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.

13.5 The Strategic Director (Chief Financial Officer)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 provisions that govern their use.

13.6 It is the responsibility of Directors to establish sound arrangements, consistent with guidance given by the Strategic Director (Chief Financial Officer), for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and achieving their financial performance targets.

13.7 **Business Continuity** – Directors should ensure that adequate plans are in place for ensuring continuity of service in the event of a disaster or system failure.

13.8 **Intellectual Property** - Intellectual Property is a generic terms that includes inventions and writing. If these are created by the employee in 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. Certain activities within the Council may give rise to items that may be patentable, for example, software development. These items are collectively known as Intellectual Property.

13.9 The Director (Corporate Services & Transformation) is responsible for developing and disseminating good practice through Intellectual Property procedures. Directors must ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's right with regard to Intellectual Property.

13.10 **Insurances** - Arrangements for insurances shall only be made through the Director (Finance & Estates) who shall arrange such insurances as considered necessary to protect the Council's interests.

13.11 The Director (Finance & Estates) shall maintain details of all policies, claims or other transactions relating to the Council's insurance and details of all items or risks insured.

13.12 Directors are responsible for ensuring that the Director (Finance & Estates) is notified of all new risks which require to be insured and any alterations affecting existing insurances.

13.13 Directors shall be responsible for notifying the Director (Finance & Estates), as soon as possible of any loss, liability or damage or any event likely to lead to a claim. This notification should be in writing and addressed to the Insurance Manager.

13.14 The Director (Finance & Estates) or their representative shall negotiate all claims made by the Council against its insurers.

13.15 Employees of the Council shall be included in a fidelity guarantee policy suitable to the roles they perform.

14. ESTATES

CONTACT: Head of Estates

14.1 The Director (Finance & Estates) with responsibility for Estates Services shall be responsible for maintaining a terrier of all land and buildings owned by the Council, purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.

14.2 The Director (Finance & Estates) in conjunction with the Borough Solicitor through the shared legal service shall be responsible for the safe custody of all title deeds, formal contracts and agreements under secure arrangements.

15. SALARIES AND OTHER EMOLUMENTS

CONTACT: Exchequer Manager

15.1 The calculation and payment of all salaries, pensions, compensation and other emoluments to all employees, former employees or Members of the Council shall be made by the Strategic Director (Chief Financial Officer) under arrangements approved and controlled by him/her.

15.2 Directors are responsible for ensuring that the Strategic Director (Chief Financial Officer) / Exchequer Section and Employee Resourcing Team (Human Resources) / are notified as soon as possible of all matters affecting the payment of such sums and in particular:

(a.) Appointments, resignations, dismissals, suspensions, secondments and transfers.
(b.) Absences from duty for sickness or other reason, apart from approved leave.
(c.) Changes in pay in accordance with organisational policy.
(d.) Information necessary to maintain records of service for pension, income tax, National Insurance and the like.
(e.) Untaken or excessive leave when officers leave the employment of the Council.

15.3 Appointments of all employees shall be made in line with the Recruitment and Selection Policy, within the approved establishment of the appropriate department, grades and rates of pay agreed by the Council, by reference to the decisions of the appropriate negotiating body, and in accordance with any other relevant regulations/policies of the Council.

15.4 All time keeping, or other records affecting the pay of an employee, shall be in a form approved by the Strategic Director (Chief Financial Officer).

15.5 It shall be the responsibility of the employee to complete all personal time keeping or other records relating to hours worked or leave taken, except in the case of illiteracy where they can be completed by a supervisor and certified to that effect.

15.6 An authorised officer shall certify all timesheets, or other records affecting the pay of an employee. Directors shall notify the Strategic Director (Chief Financial Officer)/ Exchequer Section of those officers authorised to sign such documents, detailing the limits of their authority and including a specimen of their signature. Initials may not be used to certify such documents in hard copy format. Where authorisations are completed electronically delegation of approvals are not allowed and must be done in accordance with the hierarchy set up.

15.7 All salary payments will be made on the due date. No advances of pay will be made without the consent of the Strategic Director (Chief Financial Officer) and will only be allowed in exceptional circumstances.

16. PETTY CASH, CHANGE FLOATS AND POSTAGES

CONTACT: Exchequer and Systems Manager

16.1 A central Petty Cash Account on an imprest basis shall be maintained by the Strategic Director (Chief Financial Officer) for the purposes of minor disbursements. Subsidiary imprests or floats in other departments may be provided at the discretion of the Strategic Director (Chief Financial Officer). Vouchers submitted through this account shall be examined and certified in compliance with Regulation 16.3. In all cases, where applicable, receipts supporting the claim shall be attached to the voucher, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).

16.2 **No income**, except imprest reimbursements, shall be paid into petty cash accounts or cash floats.

16.3 Cash reimbursement shall be limited to minor items of expenditure not exceeding £50 (this may be increased at the discretion of the any other limit specified by the Strategic Director (Chief Financial Officer)). Payments and claims shall not be divided to avoid this limit. All individual claims over the £50 limit that relate to travel and subsistence, must not be reimbursed through the Petty Cash account, but should be reimbursed on a monthly basis through the Payroll / Members Expenses system. All other claims exceeding the £50 limit shall be paid through the normal weekly BACS payment run, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).

16.4 Officers responsible for change or petty cash floats shall produce on request any record and balance to the Strategic Director (Chief Financial Officer) for examination. In addition, as part of the closure of accounts a signed petty cash declaration is required for each subsidiary imprest or float as requested by the Strategic Director (Chief Financial Officer).

16.5 Officers responsible for change or petty cash floats shall perform, in conjunction with another Officer, regular checks to verify the balance of the float. As a minimum this should be done weekly and a record of the checks, signed by both Officers, shall be maintained.

16.6 Directors shall ensure that any floats held by Officers leaving the employ of the Council are checked prior to the leaving date. These floats should then either be paid back to the Strategic Director (Chief Financial Officer) or transferred to another employee.

16.7 All postages for outgoing mail shall be made through centralised digital post system unless otherwise approved. Packages containing documents or articles of value shall be registered or insured, according to the arrangements in force.

16.8 Corporate Credit Cards shall be issued to all Strategic Directors and Directors and any other nominated Officer whose duties require

one. The Strategic Director (Chief Financial Officer) shall ultimately decide to whom credit cards will be issued and withdrawn.

16.9 The Strategic Director (Chief Financial Officer) shall issue guidelines on the acceptable use of corporate credit cards, including types of expenditure permitted and proper accounting for expenditure incurred. All corporate credit card holders will be required to sign that they will only charge payments that are within the guideline rules. Random checks will be made on credit card payments by the Exchequer Manager.

17. TRAVELLING AND SUBSISTENCE ALLOWANCES

CONTACT: Exchequer and Manager

17.1 Payment of Travelling and Subsistence allowances shall be made in accordance with current Stevenage Borough Council policy. Details of the current policy are available from Human Resources.

17.2 The Strategic Director (Chief Financial Officer) shall be responsible for paying any travelling and subsistence allowances and reimbursement shall be made through the payroll.

17.3 Claims from Officers for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be made on a form specified by the Strategic Director (Chief Financial Officer) and shall be submitted within three months of journeys claimed. Periods in excess of three months shall be paid at the discretion of the Strategic Director (Chief Financial Officer) and only one late claim relating to a period of over three months previous shall be allowed in a two year period. The Exchequer section will maintain a register of late payments, to be submitted annually to the Strategic Director (Chief Financial Officer). Managers must ensure that all claims are complete and in line with Council policy, before authorising.

17.4 All claims for travelling expenses, car allowances and subsistence will be made through the payroll system via MyView Exchequer Services will advise on the last day for submission of claims for each pay period.

17.5 All claims for car allowances, subsistence, travelling and incidental expenses shall be certified by an officer so authorised. Directors shall supply a list of names and specimen signatures of all those Officers in their department, with limits if applicable, to the Strategic Director (Chief Financial Officer). Authorisation shall be in the form of electronic sign off using MyView.

17.6 Subsistence allowances will only be paid against actual expenditure incurred up to the maximum allowed under the current policy. Receipts should be obtained and submitted to support the claim. Claims may be rejected if receipts are not attached. Where it is impossible to obtain receipts, the claimant shall list the items purchased, where purchased from and the cost, and payment will be made at the discretion of the Director in consultation with the Strategic Director (Chief Financial Officer). Subsistence allowances will not be reimbursed for alcoholic drinks.

17.7 Officers using rail travel may obtain a travel warrant from the Director (Finance & Estates) prior to their journey, unless rail tickets can be obtained from a cheaper source in advance of travel. The Council will only provide rail warrants and reimburse rail travel from Stevenage or from the nearest town to the employees place of work if

different. Exception will be made if travel is made on a different rail route other than Stevenage and the station used is of equal cost or less than travelling from Stevenage. Any additional travel cost over and above the cost of the train ticket should be paid by the officer including car parking fees if the employee choses to travel from a station other than Stevenage.

17.8 Private vehicles can only be used for Council business, and the subsequent mileage allowance claimed, if the vehicle and driver has been specifically insured for this use and the employee has complied with the Council Driver Policy. Directors will make such necessary checks to ensure that this regulation is adhered to.

18. ASSETS & INVENTORIES

CONTACT: Strategic Director (Chief Financial Officer)

18.1 **Assets** – It is the responsibility of the Strategic Director (Chief Financial Officer) that an Asset Register is maintained in accordance with good practice. The function of the Asset Register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained. It is also the Strategic Director (Chief Financial Officer) responsibility to ensure that assets are valued in accordance with the Code of Practice on local authority accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA / LASAAC).

18.2 Directors shall be responsible for the care and custody of all Council assets within their Business Units and shall maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment and cash.

18.3 **Inventories** - Inventories shall be maintained by Business Units for all establishments as follows:

18.4 The Director (Digital & Transformation) will be responsible for the maintenance of a comprehensive Hardware and Software Inventory for all Council IT equipment in all Business Units and shall ensure that appropriate entries are made at the time of purchase, at the time of disposal and that an annual check of all items on the inventory takes place.

18.5 The Director (Finance & Estates) will be responsible for the maintenance of a Inventory for all Council furniture in all Business Units and shall ensure that appropriate entries are made at the time of purchase, at the time of disposal and that an annual check of all items on the inventory takes place.

18.6 The extent to which the inventory shall record items specified within 18.1 above shall be in a form determined by the Director (Finance & Estates).

18.7 **Disposal of Assets-** Disposal of assets should be carried out in accordance with the Council's Contract Standing Orders section 7.2. Items which are obsolete or surplus to requirements, excluding land or buildings, over the cost of £500 (at the time of purchase) can be sold or disposed of on completion of an asset disposal form found on the staff intranet with approval by the appropriate Director providing the estimated **loss on disposal is no more than £10,000**. Where the loss is estimated to exceed the £10,000 threshold, approval of Cabinet or following consultation with the relevant Portfolio holder must be obtained. Items that have been leased to the Council should not be disposed of unless full written consent has been obtained from the lessor. Anticipated

loss on disposal can be obtained from the Group Accountant (capital and treasury).

18.8 Surplus or obsolete stock / assets with an estimated sale value of less than £75,000 can be sold or disposed of through the methods of disposal outlined under CSO 7.2.3 and 7.2.4, subject to the Director demonstrating that the interests of the Council have been considered. Surplus or obsolete stock / assets with an estimated sale value of £75,001 or more must be sold via competitive tender inviting bids in line with CSO 7.2.4 and 7.2.5 or sale by public auction. Other methods may be used if the Strategic Director (Chief Financial Officer)and Directors believe another method would be in the best interest of the Council. All disposals should be notified to the Strategic Director (Chief Financial Officer) within two weeks of year end so that the Capital Asset register can be probably maintained. All vehicles (non- leased) must be disposed of through sale by public auction or by quotations from a reputable dealer.

18.9 All disposals must comply as applicable with the Waste Electrical & Electronic Equipment Directive and Health & Safety legislation. All Council and personal data must be removed from any IT or recording equipment prior to their disposal.

18.10 Where small items of equipment with a value of less than £500 (at the time of purchase) such as keyboards are scrapped, they must be recorded on a list held by each relevant Director and signed off at year end. The list must be passed to Finance Technical Team at year end.

18.11 The property of the Council specified within 18.1 above shall not be used other than for legitimate Council business.

19. INCOME

CONTACT: Strategic Director (Chief Financial Officer)

19.1 The Strategic Director (Chief Financial Officer) in conjunction with any other Director, shall make and maintain adequate arrangements for :

(a) the organisation and accounting necessary to ensure the proper recording of all sums due to the Council.

(b) the custody, control, disposal and proper accounting of all cash received by the Council through any Business Units.

19.2 Each Director shall ensure that there are adequate arrangements for the calculation, collection and banking of all income due to their Business Units and that it is done in such a way to prevent losses arising from any source.

19.3 Every sum received by an officer or agent of the Council shall be acknowledged immediately by the issue of an official receipt, ticket, voucher or other document prescribed by the Strategic Director (Chief Financial Officer).

19.4 All receipts, tickets, voucher or other document prescribed by the Strategic Director (Chief Financial Officer) shall be sequentially pre-numbered.

19.5 Directors shall be responsible for ensuring that all receipts issued to officers in their department are accounted for, have been used in accordance with any relevant guidelines and that income collected on those receipts has been collected and paid over to the Council.

19.6 All official receipts forms, books, tickets and other documents of a similar nature shall be issued and controlled by the ICT Services Security and Standards Manager as directed by the Strategic Director (Chief Financial Officer), and a register shall be maintained for this purpose. The Strategic Director (Chief Financial Officer) shall also make any necessary checks to ensure that all receipts issued have been accounted for.

19.7 Every Officer who receives monies on behalf of the Council shall pay the monies to the Strategic Director (Chief Financial Officer) via the Council's Reconciliation Team's cash deposit process, who shall then arrange for it to be banked. All cheques received at Daneshill House should be listed, using prescribed stationery, delivered to the Council's Reconciliation Team and banked the next available working day. Cash collected shall, under no circumstances, be replaced with a personal cheque. All income collected shall be paid over promptly, intact and without deduction, and shall not be used for expenditure, floats or petty

cash. All cash and cheques received at satellite sites should be delivered to the Council's Reconciliation Team in line with procedures agreed with the Strategic Director (Chief Financial Officer).

19.8 All income collected by Council Officers on behalf of a third party, whether for a commission or not, shall be receipted and banked in the same way as if it was the Council's own money. Any amount due to the third party will be paid by bacs issued by the Strategic Director (Chief Financial Officer), once the account has been checked and balances agreed.

19.9 The Strategic Director (Chief Financial Officer), shall be responsible for the operation and running of a computerised sundry debtor system and shall furnish each Director with details of outstanding debts for which their Business Units are responsible.

19.10 Payment in advance shall be obtained for the supply of goods and services. The only variance to this may be

- due to contractual arrangements
- the invoice is based on the supply of variable goods and services
- if agreed with the Strategic Director (Chief Financial Officer)

Each Director shall be responsible for ensuring that a sundry debtors invoice is promptly raised and as a minimum 14 days after supply of goods/services.

19.11 Strategic Director (Chief Financial Officer), in conjunction with the relevant Director, shall determine those goods or services where sundry debtors may be raised.

19.12 Directors shall be responsible for ensuring that all debts raised by their Business Units are collected promptly.

19.13 Strategic Director (Chief Financial Officer) shall fix a limit (currently £10) below which sundry debtor accounts will not be raised, and in such cases alternative collection methods shall be employed, where possible. Peppercorn rents and/or arrangements where invoices are raised to create a contractual arrangement but are below the £10 limit are exempted.

19.14 A record should be kept of every transfer of money between employees of the Authority. The Receiving Officer must sign for the money received and both the Receiving Officer and transferor should keep a record of the transaction.

20. RECOVERY AND WRITE OFF OF DEBTS

CONTACT: Strategic Director (Chief Financial Officer)

20.1 The Council shall have a policy for recovery of debt approved by the Strategic Director (Chief Financial Officer) and **The Cabinet**.

20.2 Directors are responsible for ensuring that all debts are collected in accordance with the laid down policy.

20.3 The Strategic Director (Chief Financial Officer) shall be responsible for providing departments with details of all debts outstanding.

20.4 A debt, which is properly due to the Council and deemed irrecoverable, shall only be written off as follows:

(a.) Debts of less than £100 with the approval of the Director (Finance and Estates) or their appointed nominee.

(b) Debts of £101 and less than £5,000 with the approval of the Strategic Director (Chief Financial Officer) or their appointed nominee.

(c) Debts of £5,001 and less than £10,001 with the approval of the Strategic Director (Chief Financial Officer) or their appointed nominee and the Resources Portfolio Holder

(d.) Debts of £10,001 or more with the approval of The **Cabinet.** For the purposes of these Regulations the value of debts shall be determined by reference to the debtor as opposed to individual debts. Where the value of several debts for one individual or organisation exceeds £10,001 **Cabinet** approval shall be obtained.

(e.) These regulations apply to debts including, Council Tax and Housing Benefit, with the exception of debts relating to Business Rates where the debt is not collectable as a result of a business going into liquidation or receivership .

20.5 Directors are responsible for ensuring that all available means of recovering a debt has been taken before a debt is reduced or recommended for write off. No debt will be reduced or written off without the receipt of a signed instruction issued by the relevant Director. The Strategic Director (Chief Financial Officer) shall make such checks as he considers necessary on the procedures used.

20.6 The Strategic Director (Chief Financial Officer), shall be responsible for ensuring sufficient budgetary provision is made for bad debts.

20.7 Distress proceedings for recovery of Council Tax, business rates and warrants for committal to prison shall be instituted by the Strategic Director (Chief Financial Officer). The Borough Solicitor via the shared legal service shall institute court proceedings via the shared Revenues and Benefits Service for the recovery of other monies due to the Council.

21. BANKING ARRANGEMENTS AND CHEQUES

CONTACT: Strategic Director (Chief Financial Officer)

21.1 All arrangements for banking services shall be made through the Strategic Director (Chief Financial Officer). **The Cabinet** shall approve the bankers and the accounts to be used.

21.2 Only as a last resort will cheques be issued.

21.3 All cheques or other instructions issued on behalf of the Council shall bear the impression or manuscript signature of Strategic Director (Chief Financial Officer) with a proviso that cheques for £10,000 shall also bear the impression or manuscript signature of an officer(s) approved by the Strategic Director (Chief Financial Officer).

21.4 The Strategic Director (Chief Financial Officer) shall make sufficient arrangements to ensure that that the correct signatories are held in the ICT software to so that cheques contain the appropriate authorised signature.

21.5 The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that a monthly reconciliation between the Council's Bank account and its income and expenditure records is performed and that the reconciliation is reviewed by the Systems and Reconciliation Manager and signed off on a timely based.

21.6 Only bank accounts designated by the Strategic Director (Chief Financial Officer) will be used for Council transactions. Opening or closing any bank account shall require the written approval by the Strategic Director (Chief Financial Officer) and one other authorised signatory. Officers must not open secondary bank accounts or hold monies for any third party organisations.

22. SECURITY & SAFES

CONTACT: Strategic Director (Chief Financial Officer)

22.1 Each Director shall be responsible for maintaining adequate and proper security at all times for all buildings, stocks, stores, IT, furniture, equipment, vehicles, plant, cash and any other assets of the Council under their control. These arrangements shall be subject to the agreement of the Strategic Director (Chief Financial Officer) and shall be sufficient enough to mitigate loss arising from any cause.

22.2 Maximum limits for cash holdings, in whatever receptacle (excluding Automated Teller Machine (ATM)), shall be agreed with the Strategic Director (Chief Financial Officer) and shall not be exceeded without express permission and with regard to the appropriate insurance limit.

22.3 Officers, who in the course of their duties collect money on behalf of the Council, shall take all reasonable precautions for its safe custody and shall observe any instructions as may be issued by the Strategic Director (Chief Financial Officer).

22.4 Each Director shall maintain a Register of Keys for external doors, safes, cash boxes and others of similar importance. This Register shall list the key holders and out of hours contact numbers. This Register must be kept in a secure environment and not available for general inspection by unauthorised officers. All keys issued to staff are to be carried on the person, or held in a secure place, by those responsible at all times. Safe keys must not be left on the premises where the safe is situated. The loss of any keys must be reported to the relevant Director and the Strategic Director (Chief Financial Officer) immediately.

22.5 All safes shall be specified by the Strategic Director (Chief Financial Officer) after consultation with the Council's insurers.

22.6 The Director with responsibility for E-Government & Business Systems shall be responsible for maintaining proper security and privacy in respect of information held on the Council's computer installations and for ensuring that its use is in accordance with any relevant legislation.

22.7 Directors are responsible for ensuring that all visitors to any Council office or establishment, except in public areas, are signed in and are wearing an appropriate visitors pass. They shall also ensure that any visitor working in the above stated areas are adequately supervised to ensure confidentiality of Council information and security of Council assets is maintained at all times.

22.8 Every Officer shall comply with any instructions issued from time to time on building security.

23. DOCUMENT RETENTION

CONTACT: Strategic Director (Chief Financial Officer)

23.1 Documentation created / maintained for transactions covered by these Financial Regulations or SBC's Contract Standing Orders shall be retained in accordance with the document retention schedule which can be found on the INTRANET or for a period not less than 6 years after the transaction / project etc ceases to be current.

24. RECEIPT OF GIFTS, GRATUITIES AND HOSPITALITY

CONTACT: Strategic Director (Chief Financial Officer)

General Guidance

24.1 Any Council employee shall treat with caution any offer of gift, favour or hospitality that is made to them personally. The person or organisation making the offer may be doing, or seeking to do business with the Council, or may be applying to the Council for planning permission or some other kind of decision.

24.2 No hospitality shall be accepted from any company, organisation or individual that is currently participating in a contract award process with the council.

24.3 Employees are personally responsible for all decisions connected with the acceptance or offer of gifts or hospitality and for avoiding the risk of damage to public confidence in the Council.

24.4 The proper course of action for employees is to only accept gifts or hospitality where they regard the acceptance as normal and reasonable.

24.5 Employees shall ensure that any gift or hospitality is not of a level or amount which would lead any reasonable person to believe that the employee might be influenced by such gift or hospitality.

24.6 In the event that doubt should exist over the appropriateness of any gift, hospitality, or fee or commission, employees shall seek advice from their Director or, if appropriate, the Strategic Director (Chief Financial Officer).

24.7 The rules and guidance for officers relating to gifts, gratuities and hospitality can be found in the Officer Code of Conduct which can be found on the Council's INTRANET.

25. PAYMENT OF ACCOUNTS

CONTACT: Exchequer Manager

25.1 Payments by the Council shall only be made on receipt of an official invoice submitted by a supplier, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).

25.2 Before an order is placed with a supplier the authorising officer will ensure that the proper procurement process will have been followed and in accordance with the Council's contract standing orders.

25.3 Before an order is placed with a supplier a requisition must be completed and approved by an authorised officer with the relevant financial delegation. All stationery items that are stocked by the Council's official stationary supplier must be ordered from the official supplier (details are available from Exchequer Services).

25.4 An official purchase/works order form must be raised for all orders. (see procedures to be followed in emergency planning situations where this may not be practicable).

25.5 The purchase/works order shall specify the goods, services, or works to be provided along with the price. The only exception to this is if a signed agreement or contract exists between the Council and the supplier and that contract and/or agreement specifies in detail the exact works, goods or services to be supplied and price, in which case a brief description of the project and the total contracted price can be specified.

25.6 Officers certifying purchase/ works orders must be authorised to do so under the scheme of delegation. Directors will provide Exchequer Services with details of officers within the Department who are authorised to sign orders (including electronic authorisation), including the maximum order value and sample signature of that officer.

25.7 Officers certifying purchase/works orders shall have due regard to the availability of sufficient budgetary provision. No order shall be authorised where the anticipated expenditure will cause the budget to be overspent, unless covered by section 6 of these Financial Regulations.

25.8 Certifying officers shall, before certifying an account for payment, be satisfied that:

- **(a)** The official ordering procedure, as detailed in this regulation (Reg. 25), has been observed and that Standing Orders have been complied with.
- **(b)** The work, goods or services, to which the account relates have been received, carried out, examined and approved and are in accordance with the official order.
- **(c)** The prices, extensions, calculations, trade discount, other allowances, credits and tax are correct.
- **(d)** The expenditure has been properly incurred, has been charged to

an appropriate account and is within the relevant estimate provision.

(e.) Appropriate entries have been made in inventories, stores records or stock books as required.

(f.) The account has not been previously passed for payment and is a proper liability of the Council.

Only invoices with an official order shall be paid unless an additional certification has been obtained from the relevant authorised officer.

25.9 Apart from petty cash, the normal method of payment shall be by bacs. In exceptional circumstances other payment methods may be authorised by the Strategic Director (Chief Financial Officer) or a relevant authorised officer.

25.10 All payments drawn on the Council's bank account shall be authorised by the Strategic Director (Chief Financial Officer) or a relevant authorised officer.

25.11. Any payment by cheque for £10,000 or more shall also bear the impression or manuscript signature of an officer(s) approved by the Strategic Director (Chief Financial Officer).

25.12 The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that the Council's bankers are kept informed of those officers authorised to make payments from the Council's accounts and that they have up to date specimen signatures of those officers.

25.13 The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that sufficient fidelity guarantee insurance is in place for those officers authorised to initiate or make payments from the Council's accounts.

25.14 The Director issuing an order is responsible for ensuring that all invoices are checked prior to payment for validity, including price, VAT and goods/services received. Such certification shall be in a form required by the Strategic Director (Chief Financial Officer).

25.15 Directors are responsible for ensuring that the names of officers authorised to certify accounts for payment in their department, along with specimen signatures and limits of authority, are supplied to the Strategic Director (Chief Financial Officer) They are also responsible for ensuring that the Strategic Director (Chief Financial Officer) is advised of any amendments to the list of authorised officers, or changes in signatures of those previously notified. Authorisations and delegations should be made with due regard of the grade and responsibilities of the post holder. The authorisation forms are required to be checked, updated and resubmitted to the Strategic Director (Chief Financial Officer) on a regular basis, at least every 2 years. Tandem electronic authorisations need to be downloaded, checked and updated where necessary on a regular basis and as a minimum at least every two years, to ensure system permissions are accurate.

25.16 Accounts for payment shall only be processed and paid on receipt of a properly certified invoice or other approved document.

25.17 Authorised officers shall use their normal signature for certification purposes, not their initials and shall also print their name in full.

25.18 Departments shall be responsible for ensuring that invoices are processed and passed for payment to Exchequer Services in sufficient time to meet any locally agreed payment targets (details of these targets are held in the Exchequer Section) and so that payment can be made through the weekly pay run.

25.19 Invoices are to be paid in accordance with normal terms of payment and are paid weekly via BACS; this may be varied in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer). Some examples of exceptional circumstances are where delay would cause hardship to individuals where the payment is in respect of a refund on a rent or benefit account or where essential services will be suspended if payment is delayed or any other reason agreed by the Strategic Director (Chief Financial Officer). In all cases the certifying officer shall document the reason for urgency on, or attached to, the invoice.

25.20 Directors shall be responsible for ensuring that the duties of ordering goods and certifying accounts for payment shall not all be performed by the same officer and accounts shall not be certified for payment by an officer who has personal control over the goods and services to which the accounts relate.

25.21 Directors shall, by a date specified by the Strategic Director (Chief Financial Officer) each year, supply details of all outstanding expenditure and income relating to the previous financial year to the Strategic Director (Chief Financial Officer) in line with the Council's Closure of Accounts process.

25.22 The Strategic Director (Chief Financial Officer) shall make such checks and impose such further examination as considered necessary to ensure that accounts for payment have been processed in accordance with these Regulations and Standing Orders and that the Council can legally make such a payment. The Strategic Director (Chief Financial Officer) shall report any instances of non-compliance to the relevant Strategic Director.

25.23 Officers certifying payment on behalf of the Council must have due regard to the VAT implications and comply with the instructions periodically issued by the Strategic Director (Chief Financial Officer). Any queries regarding VAT should be referred to the Finance Manager (Technical) or relevant authorised officer.

25.24 The Authorised Signatory List as Approved on the Scheme of Delegation is kept in Exchequer Services.

26. STOCKS AND STORES

CONTACT: Finance Manager (Technical)

26.1 Each Director shall be responsible for the care and custody of the stocks and stores in his/her Business Units.

26.2 Stores shall be valued in accordance with accounting policies adopted by the Strategic Director (Chief Financial Officer).

26.3 All goods must be checked at the time of delivery, with regards to quantity, quality and compliance with any specification as soon as practical after delivery.

26.4 Directors shall be responsible for ensuring that a comprehensive record of stock balances, stock issues and receipts are maintained, including records of quantities, values and the person issued to.

26.5 Directors shall be responsible for ensuring that stocks and stores are not held in excess of reasonable requirements

26.6 Directors shall be responsible for ensuring that a system of continuous stocktaking shall operate in all stores with an average value of over £10,000. This system shall ensure that every commodity is checked at least once per annum, and fast moving, valuable and desirable items are checked more frequently. The Strategic Director (Chief Financial Officer) shall carry out such independent checks as she/he considers necessary. In addition, as part of the closure of accounts a signed stock certificate declaration is required for each stock account as requested by the Strategic Director (Chief Financial Officer). Directors shall provide the Strategic Director (Chief Financial Officer) with details and a signed certificate of the value of stores held in their department at the end of each financial year.

26.7 Individual deficiencies that exceed £500 shall be reported to the Strategic Director (Chief Financial Officer) for write off. Stores in excess of £500 that are considered to be surplus or obsolete shall also be reported for consideration for disposal (including by sale) or write off.

27. ORDERING WORKS, GOODS AND SERVICES - CONTRACTS AND AGREEMENTS

CONTACT: Corporate Procurement Manager

27.1 All purchases for works, goods or services are subject to the provisions contained in the Council's Contract Standing Orders.

28. AMENDMENTS AND WAIVERS TO FINANCIAL REGULATIONS

CONTACT: Strategic Director (Chief Financial Officer)

28.1 These Financial Regulations outline the minimum required to safeguard the Council's assets and interests. Any amendments to these Regulations shall be approved by **The Cabinet** and shall not come into force until approval has been given.

28.2 The waiving of Financial Regulations must be approved by the Strategic Director (Chief Financial Officer) and where appropriate with the **Cabinet** Member (Resources). In all cases Best Value must be demonstrated for a waiver to be approved. Waivers must be fully documented.

28.3 The Strategic Director (Chief Financial Officer) shall formally review these Regulations at three-yearly intervals.