



# Financial Regulations

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# **FINANCIAL REGULATIONS**

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## **FINANCIAL REGULATIONS**

### **A GENERAL**

- A1 Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every Member and employee of the Council and anyone acting on its behalf, including partnerships which are subject to formal partnership arrangements.
- A2 The Head of Resources shall be the responsible officer for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972 and all accounting procedures, systems and records of the Council and its officers shall be determined by the Head of Resources.
- A3 The Head of Resources is also the responsible officer under Section 114 of the Local Government Finance Act 1988 for reporting to Council if the authority: -
- (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,
  - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority,
  - (c) is about to enter an item of account the entry of which is unlawful.
- In addition, the Head of Resources is under a duty to report to Council if it appears that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- A4 No item shall be placed before the Council or its Committees without obtaining the Head of Resources' assessment of its financial implications and financial risk. Any report containing new proposals shall include a financial risk assessment by the Head of Resources.
- A5 The Head of Resources shall support these Financial Regulations by the issue of more detailed instructions to Heads of Service from time to time, including the issue of formal Financial Procedures.
- A6 The Head of Resources is responsible for maintaining a continuous review of Financial Regulations. Any changes to Financial Regulations shall be subject to the approval of the Council.
- A7 Heads of Service shall be responsible for ensuring that all employees within their respective services are aware of the existence and content of, and comply with, all Standing Orders, Financial Regulations, and any other financial instructions the Head of Resources may issue from time to time.
- A8 The Head of Resources may report any breach of Financial Regulations to the Corporate Committee.

## **B INCOME AND DEBTORS ACCOUNTS**

- B1 Heads of Service shall undertake an annual review of fees and charges in consultation with the Head of Resources and a report shall be presented to the relevant policy committee.
- B2 No new proposal to generate or change income shall be introduced without approval of the Chief Executive, after consultation with the Head of Resources on the financial and taxation implications.
- B3 The Head of Resources shall be notified promptly of all money due to the Council. To this end, each Head of Service shall provide such information as the Head of Resources shall specify to enable a correct record of sums due to be prepared and to ensure that accounts are raised promptly. All invoices for goods and services must be raised within 14 days of the transaction taking place, and all external rules, particularly taxation, must be complied with.
- B4 (a) All monies received by an authorised officer or authorised agent of the Council must be banked at the first opportunity in accordance with the cash collection contract. Official receipts shall be issued at the time of receipt of income. Only receipts supplied or agreed by the Head of Resources shall be used. All copy and cancelled receipts shall be retained for inspection by the Head of Resources for up to 4 years.
- (b) In exceptional circumstances, the Head of Resources may approve that a proportion of cash bankings may be deferred up to a maximum of 4 days.
- (c) Where a hand-written receipt is issued, all monies received should be paid in at the Customer Contact Office without delay and a printed receipt obtained and attached to the hand-written copy receipt, and all the records retained for inspection by the Head of Resources for up to 4 years.
- B5 Personal cheques shall not be cashed.
- B6 Any transfer of money from one member of staff to another shall be supported by an official receipt or, where appropriate, by the signature of the receiving officer.
- B7 (a) The Head of Resources shall have the authority to write off debts of up to £1,500, after due consideration of the circumstances.
- (b) The write off of debts in excess of the limit specified in B7(a) above will require the approval of the Corporate Committee.
- B8 The Head of Resources shall take all reasonable steps for the recovery of debts including court proceedings that may be instigated in consultation with the Head of Corporate Services who shall advise and assist with legal requirements.
- B9 Heads of Service shall, within such a period as the Head of Resources may specify, supply such information after 31 March in each year as shall enable income for the previous financial year to be properly accounted for and resulting accounts raised promptly.

## **C EXPENDITURE AND ORDERS FOR WORK, GOODS AND SERVICES**

- C1 Official Orders shall be issued for all work, goods and services except for such items as contract and leasing payments, recurring charges for public utilities, periodic payments, petty cash purchases and any other exception approved by the Head of Resources.
- C2 Heads of Service may place orders for expenditure up to the amounts provided in the detailed Budget, provided that such orders conform to Standing Orders, Financial Procedures and these Regulations.
- C3 Official Orders shall be in a form approved by the Head of Resources. Responsibility for orders lies with the appropriate Head of Service. Acceptance of any order by a supplier forms a legally binding contract.
- C4 The Head of Service issuing an Official Order is responsible for certifying the receipt of goods and services or any variation in price, thereby authorising the related invoice(s) for payment, and similarly for any other payment vouchers or invoices arising from his/her service area. Heads of Service may nominate staff to approve Official Orders and certify invoices on their behalf, and shall supply a list of such authorised officers to the Head of Resources, together with specimen signatures. This list should be amended when any change occurs.
- C5 Each Head of Service shall, as soon as possible after 31<sup>st</sup>. March and not later than the date specified by the Head of Resources in each year, notify the Head of Resources of all outstanding expenditure relating to the previous financial year.
- C6 The Head of Resources has a duty under law to make payments, whether or not provision has been made in the Budget, in the following cases: -
- (a) Payments specifically required by statute.
  - (b) Payments under a Court Order.
  - (c) Payments under a contract properly made by a Head of Service.
  - (d) Where an Official Order has been issued.
- C7 No invoice shall be passed for payment until Heads of Service, or their authorised nominees, are satisfied it is in accordance with the Council's Financial Regulations and Financial Procedures.
- C8 Official Orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of Council contracts or preferential terms enjoyed by the Council.

## **D SALARIES, WAGES AND ALLIED PAYMENTS**

- D1 The payment of salaries, wages, Members' allowances and allied payments shall be made only by the Chief Executive, or under arrangements approved by him/her and in accordance with Financial Procedures issued under these Regulations.

D2 Claims for travelling and other expenses must be made on a monthly basis. Where a claim is more than three months old, it will not be paid except where approved by the Head of Resources.

## **E CONTRACTS AND AGREEMENTS**

E1 All contracts shall be made in accordance with Standing Orders Relating to Contracts, and all contract payments shall be made in accordance with Financial Procedures issued under these Regulations.

E2 No Officer shall authorise work to be undertaken or goods to be supplied which are to be the subject of a formal contract or other legal agreement until a document in a form approved by the Head of Corporate Services is completed and signed by the contractor and by the Council under seal or by an officer specifically authorised to sign on behalf of the Council. In exceptional circumstances, a Head of Service may issue a letter of intent in consultation with the Head of Corporate Services.

E3 All leasing agreements not related to land and property shall be arranged by the Head of Resources. Disposal of such leased assets is subject to the prior approval of the Head of Resources in consultation with the Chief Executive, as appropriate. This regulation applies also to any other form of financial agreement intended to defer payment or provide for payment by instalments.

## **F FINANCIAL STRATEGY**

F1 The Head of Resources will prepare a Financial Strategy which includes:

- A Medium-Term Revenue Plan, covering five financial years;
- A five-year Capital Strategy;
- A policy in respect of reserves and provisions;
- A model of balances and cash flow over at least three years;
- A financial risk assessment;
- Any joint plans agreed with partners and other stakeholders.

F2 The Financial Strategy should be linked to key objectives, and other internal strategies/plans as appropriate.

F3 The Financial Strategy should be updated by the Head of Resources and approved by the Council on an annual basis prior to the preparation of detailed budgets.

## **G REVENUE ESTIMATES**

G1 Annual revenue budgets shall be prepared jointly by Heads of Service and the Head of Resources.

G2 The Head of Resources shall make a budget report to the Council on the estimates for services.

- G3 It is the responsibility of Heads of Service to ensure that the budgets for controllable expenditure on each Service (as shown in the circulated budgetary control reports) are not exceeded. Where it appears that such a service provision shall be exceeded by an amount in excess of £10,000, it shall be the duty of the Head of Service concerned, in consultation with the Head of Resources, to inform the relevant policy committee with recommendations on how the expenditure is to be funded or defrayed.
- G4 No expenditure introducing major continuing liabilities to the Council, particularly new projects which involve financial commitments in future years, new policy or extension of services, may be incurred without prior consultation with the Head of Resources and the approval of the relevant policy committee either through the budget or separately in the course of the financial year.
- G5 Transfers (up to £10,000) of budgets, except for salaries, wages and associated costs, from one service provision to another within a relevant service portfolio may be made by Heads of Service, after consultation with the Head of Resources and the appropriate policy committee Chairman. For transfers exceeding £10,000 a report shall be taken to the relevant policy committee.
- G6 Budgets for salaries, wages and associated costs may be amended, following approval by the Corporate Management Team, by a report to, and approval from, a relevant policy committee, together with an explanation of how any expenditure is to be funded.
- G7 Where expenditure is required or anticipated which:-
- a) has not been included in the Revenue Budget;
  - b) cannot be met by the transfer of budgetary provision from another service provision and
  - c) would cause the controllable expenditure on the particular service to be exceeded,
- then a Supplementary Estimate is required before that spending can proceed.
- Any request for a Supplementary Estimate shall be made to the relevant policy committee after consultation with the Head of Resources.
- G8 Additional income and savings that do not arise as a result of operational management decisions may be used to finance additional expenditure only after consultation with the Head of Resources who may require a report to the relevant policy committee.

## **H CAPITAL EXPENDITURE**

- H1 A Capital Programme shall be prepared annually by the Head of Resources in consultation with the Corporate Management Team, and reported to the Council.
- H2 Where expenditure is required or anticipated which has not been included in the Capital Programme, then a Supplementary Capital Estimate is required before that spending can proceed.
- H3 Changes which result in an increase in the amount of an accepted tender or estimate by 10% or £50,000, whichever is the lower, shall be reported to the relevant Policy Committee as soon as possible with an estimate of the probable new cost, and subsequently to full Council for approval of any additional expenditure.
- H4 Any request for a Supplementary Capital Estimate shall be made to the relevant policy committee after consultation with the Head of Resources.

## **I PRESENTATION OF ACCOUNTS**

- I1 The Head of Resources shall be responsible for submitting a revenue outturn report to Council by 30th June each year, and for submitting the Annual Statement of Accounts to Council for approval by 30<sup>th</sup> September each year in accordance with Regulation 11 of the Accounts and Audit (England) Regulations 2011.

## **J INTERNAL AUDIT**

- J1 In accordance with Regulation 6 of the Accounts and Audit (England) Regulations 2011, the Council shall maintain an adequate and effective internal audit of the accounts. This function shall be under the control of the Head of Resources.
- J2 The Corporate Committee shall be responsible for:-
- a) agreeing a 3-year strategic Internal Audit Plan and annual operational Internal Audit Plan;
  - b) monitoring Internal Audit compliance therewith;
  - c) considering reports produced in accordance with the Internal Audit Plan and responses to the recommendations made.
- J3 The Head of Resources or his/her authorised representative, shall have authority to:-
- a) enter any Council premises or land at any reasonable times;
  - b) have access to all records, documents and correspondence relating to any financial and other transactions of the Council;
  - c) require and receive such explanations as are necessary concerning any matter under examination;
  - d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.



- J4 Internal Audit are authorised to appraise the adequacy of procedures employed by Heads of Service to secure economy, efficiency and effectiveness in the use of resources.
- J5 Cases of suspected fraud, misappropriation of money, materials or equipment, or any mismanagement of money or other assets, or any other financial irregularities, shall be reported immediately to the Head of Resources, who shall investigate and report to the appropriate Head of Service and the Chief Executive. The roles and responsibilities of Internal Audit and individuals are set down in the Council's Counter Fraud Policy and Strategy Document.
- J6 The Head of Resources shall approve any new systems for the maintenance of financial records, or records of assets of the authority or any changes to such systems.

## **K ANNUAL GOVERNANCE STATEMENT**

- K1 The Head of Resources, in consultation with the Head of Corporate Services, Internal Audit and the Corporate Management Team, will draft an Annual Governance Statement in accordance with the Accounts and Audit Regulations.
- K2 The Corporate Committee will examine evidence supporting the Annual Governance Statement, which is to be approved by Council by 30<sup>th</sup> June each year.

## **L BANKING AND IMPREST ACCOUNTS**

- L1 All arrangements with the Council's bankers shall be made by the Head of Resources, who shall be authorised to operate such bank accounts as he/she feels necessary.
- L2 All cheques shall be ordered by the Head of Resources who shall make proper arrangements for their safe custody.
- L3 Cheques drawn shall bear the facsimile signature of the Head of Resources. Any amendments shall be approved by the initials of an authorised signatory.
- L4 Cheques will not be used for any payments over £5,000. All payments over £5,000 shall be made by electronic methods e.g. Bankers Automated Clearing System (BACS) or Clearing House Automated Payments System (CHAPS),. Any payment made by electronic methods, shall be authorised by an approved signatory.
- L5 The Head of Resources shall make arrangements for a corporate credit card, PayPal and other such accounts as he/she considers are appropriate. Each individual transaction of this type shall not exceed £1,000.
- L6 The Head of Resources shall approve the authorised signatories for cheques, Direct Debit mandates, BACS and CHAPS payments.

- L7 The Head of Resources shall provide such imprest accounts as he/she considers appropriate for the purposes of defraying petty cash or other expenses. Such accounts may be held as petty cash advances or as bank accounts as the Head of Resources may decide and should be maintained on the imprest system. The overall limit of the imprest account and the upper limit of the allowable expense shall be determined by the Head of Resources
- L8 No income received may be paid into an imprest account and the account holder shall not permit the account to become overdrawn.
- L9 Payments from the imprest account, or those using the corporate credit card or PayPal account, shall be supported by the original invoice, or such documentation as specified by the Head of Resources, which shall be a VAT invoice if appropriate.
- L10 Imprest accounts and the corporate credit card and PayPal account shall only be used for incurring properly authorised expenditure of the Council. They will not be used for personal expenditure, nor should any personal loans or advances be made from them.

## **M INVESTMENTS AND BORROWING**

- M1 All investments shall be made in the name of the Council or in the name of nominees approved by the Council.
- M2 All Securities in the name of the Council or its nominees shall be held in the custody of the Head of Corporate Services.
- M3 All borrowings shall be in the name of the Council.
- M4 The Head of Resources shall arrange short-term and long-term borrowing on the best available terms within the overall borrowing policy approved by the Council annually. The Head of Resources may appoint an external Cash Manager where appropriate.
- M5 This Council adopts the key recommendations of CIPFA's "Treasury Management in the Public Services: Code of Practice" as described in Section 4 of that Code.
- M6 Accordingly, the Council shall adopt a Treasury Management Policy Statement stating the policies and objectives of its Treasury Management activities.
- M7 All money in the hands of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 referred to in the Code as the "Chief Financial Officer"
- M8 All Council decisions on borrowing, investment or financing shall be delegated to the Head of Resources who shall be required to act in accordance with CIPFA's "Treasury Management in the Public Services: Code of Practice".

M9 The Head of Resources shall prepare an Annual Report on Treasury Management for presentation to the Council by 30 September of the succeeding financial year. The report will cover the activities of the treasury management operation and the exercise of delegated treasury management powers.

M10 Should the Head of Resources wish to depart in any material respect from the main principles of the code, the reasons should be disclosed in the report to the Council.

## **N STORES AND INVENTORIES**

N1 Heads of Service shall be responsible for the safe custody of inventory items, and the maintenance of records in accordance with advice issued from time to time by the Head of Resources.

N2 Each Head of Service shall be responsible for the safe custody of stores and, where appropriate, shall carry out a check of stores at least once a year and shall provide the Head of Resources with a stock certificate at the end of each financial year.

N3 Significant stores discrepancies shall be subject to Internal Audit scrutiny. Each Head of Service shall annually write-off and dispose of obsolete stores and equipment in consultation with the Head of Resources.

N4 Each Head of Service shall be responsible for maintaining an inventory of all assets in their control and for carrying out a check of inventory items at least once a year.

## **O INSURANCE**

O1 The Head of Resources shall be responsible for effecting and reviewing all necessary insurance within the policy determined from time to time by the Corporate Committee. Heads of Service shall be responsible for notifying to the Head of Resources changes in any insurable risks and shall submit claims in accordance with arrangements made by the Head of Resources.

O2 Heads of Service shall consult the Head of Resources and the Chief Executive before giving any indemnity, or making any admission of liability for or on behalf of the Council.

O3 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance policy.

O4 Heads of Service shall notify the Head of Resources immediately of any loss, liability or damage that may lead to a claim against the Council.

## **P PROPERTY**

P1 It shall be the responsibility of the Head of Resources to maintain an assets register for all properties currently owned or used by the Council.

P2 Lessees and/or other prospective occupiers of Council land or buildings shall not be allowed to take possession or enter the land or building until a lease or agreement, in a form approved by the Head of Corporate Services, has been signed.

P3 All Heads of Service are responsible for ensuring the proper security of all buildings and other assets under their control. The Head of Resources will arrange, where required, for the Council's insurers to provide advice on security.

P4 The Head of Corporate Services shall have custody of all title deeds.

P5 No Council assets shall be subject to personal use by an employee without proper authority.

## **Q GIFTS, HOSPITALITY AND BENEFICIAL INTEREST**

Q1 Each Head of Service must maintain a register for the recording of gifts and hospitality received by employees, in a form approved by the Head of Corporate Services.

Q2 This register shall be open to inspection by elected members of the Council and Parish Councils.

Q3 Employees must take decisions solely in terms of the Council's interest. They must not do so in order to gain a beneficial interest for themselves, their family, or their friends.

Q4 Employees must have due regard to any national and local Codes of Conduct.

Q5 Employees must also have due regard to the Council's "Counter Fraud Policy and Strategy" document.

Q6 The Head of Corporate Services shall maintain appropriate registers which record information in accordance with the requirements of the Council's Code of Conduct for Members.

## **R RETENTION OF RECORDS**

R1 The retention of records shall be in accordance with advice given by the Head of Resources.

## **S PARTNERSHIP WORKING**

S1 The Head of Corporate Services shall ensure that all significant partnerships, particularly those to which the Council makes a financial contribution, are defined by a written agreement which covers:

- The aims and objectives of the partnership;
- The accountability arrangements, including pooled budgets, scheme of delegation, reporting structures;
- The funding arrangements;
- The success criteria for the partnership including financial performance;
- Governance arrangements including audit review;
- Arrangements for dissolving the partnership.

## **T DEFINITIONS**

- T1 The Chief Executive means the Officer appointed by the Council as the Head of Paid Service pursuant to Section 4 of the Local Government and Housing Act 1989.
- T2 The Head of Corporate Services means the Officer appointed by the Council as the Monitoring Officer pursuant to Section 5 of the Local Government and Housing Act 1989 and Regulations issued under the Local Government Act 2000.
- T3 The Head of Resources means the Officer appointed by the Council as the Chief Financial Officer pursuant to Section 151 of the Local Government Act 1972 and Section 112 of the Local Government Finance Act 1988, and is the Officer responsible for financial administration pursuant to Section 6 of the Local Government and Housing Act 1989.
- T4 Heads of Service shall be interpreted as meaning any of the following as appropriate: -  
Chief Executive, Corporate Director, or such Heads of Service as the Council may from time to time appoint to carry out all or any part of the functions of any of these officers.
- T5 The “relevant policy committees” are Corporate Committee, Community Committee, Environment Committee and Council in accordance with the terms of reference as set out in the Council’s constitution.
- T6 A partnership is an agreement between two or more bodies with common aims and objectives, whose purpose is to achieve stated outcomes which have demonstrable benefits.