

Appendix 12

Part 4F - Financial Procedure Rules

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1. INTRODUCTION

1.1 What are Financial Procedure Rules?

- 1.1.1 Financial Procedures provide the framework for managing the Council's financial affairs. The Financial Procedures are supported by more detailed Financial Management Standards which set out how the Procedures will be implemented. These are listed in Appendix A.
- 1.1.2 The Procedures identify the financial responsibilities of the full Council, the Cabinet, the Audit Committee and Officers.
- 1.1.3 To avoid the need for regular amendments due to changes in post titles, generic terms are included for officers as follows:
 - i. The term, "Chief Finance Officer," refers to the Section 151 Officer who is currently the Corporate Director Resources.
 - ii. The term, "Chief Officers", refers to the Council's Chief Executive, the Corporate Directors.
 - iii. The term, "Monitoring Officer", is currently the Head of Legal and Democratic Services.
 - iv. The term, "Chief Internal Auditor", refers to the Chief of Internal Auditor and Corporate Fraud Manager.

1.2 Why are they important?

- 1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures which set out the financial responsibilities of the Council. These Procedures have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.
- 1.2.2 Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.
- 1.2.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.

- 1.2.5 Financial Procedures should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in this Constitution.

1.3 Who do Financial Procedures apply to?

- 1.3.1 Financial Procedures apply to every member and officer of the Council and anyone acting on its behalf. Members and officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, is consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.
- 1.3.2 Separate financial procedures have been incorporated into the Council's Scheme for Financing of Schools and relate to those matters where decisions have been delegated to school governing bodies.
- 1.3.3. These Financial Procedures shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise.
- 1.3.4 Failure to observe Financial Procedures may result in action under the Council's disciplinary procedures.

1.4 Who is responsible for ensuring that they are applied?

- 1.4.1 Chief Officers and Heads of Service are ultimately responsible to the Council for ensuring that Financial Procedures are applied and observed by their staff and contractors providing services on the Council's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.
- 1.4.2 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting (under Local Government Finance Act 1988 (S114)) where appropriate, breaches of the Financial Procedures to the Council and / or to the Executive Members.
- 1.4.3 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures which Members, Chief Officers and others acting on behalf of the Council are required to follow.
- 1.4.4 Where any Chief Officer considers that complying with Financial Procedures in a particular situation might conflict with the achievement

of value for money or the best interests of the Council, they shall raise the issue with the Chief Finance Officer who will, if they consider it necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

2. FINANCIAL MANAGEMENT – GENERAL ROLES AND RESPONSIBILITIES

2.1 The Role of the Full Council

2.1.1. The Council has a duty towards its Council Tax payers with regard to financial decisions and their consequences. The full Council is responsible for approving the Budget and Policy Framework within which the Cabinet operates having regard to the Chief Financial Officer's comments in their report under Section 25 of the Local Government Act 2003. The budget setting process includes the approval of Prudential Indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The role of the Council is set out in this Constitution.

2.2 The Role of the Cabinet

2.2.1 The Cabinet (as the Council's Executive) is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with the Budget and Policy Framework. The role of the Cabinet is set out in this Constitution.

2.3 The Role of the Audit Committee

2.3.1 The Audit Committee approves the final accounts and is an advisory committee to both the Council and the Executive on audit and governance issues in order to provide independent and effective assurance over the adequacy of the Council's financial management and reporting, [treasury management strategy](#), risk management framework, and other processes required to achieve the council's corporate and service objectives.

2.4 The Role of Overview and Scrutiny Committees

2.4.1 The overview and Scrutiny Committees are responsible for scrutiny of decisions of the executive; to hold them to account and make recommendations on policy development and implementation. Scrutiny contributes to policy development and performance improvement

through its review activity and plays an important part in monitoring performance and both revenue and capital expenditure.

2.5 The Role of the Chief Finance Officer

2.5.1 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Act 2003
- The Accounts and Audit (England) Regulations 2011
- The Code of Practice on Local Authority Accounting (the Code)

2.5.2 The Chief Finance Officer is the Council's professional adviser on financial matters and is responsible for:

- The proper administration of the Council's financial affairs.
- Maintaining a continuous review of Financial Procedures and submitting any additions or changes as necessary to the full Council for approval.
- Annually reviewing and updating, and monitoring compliance with Financial Management Standards.
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Providing financial information and advice to the Corporate Management Team, the Cabinet, the Council and the Audit Committee on all aspects of its activity including the presentation of appropriate financial options as necessary.
- Providing relevant financial information to Overview and Scrutiny Committees.
- Providing training for Members and officers on finance issues.
- Determining accounting policies and ensuring that they are applied consistently.
- Determining accounting procedures and records of the Council.
- Reporting, where appropriate, breaches of the Financial Procedures to the Council and/or Cabinet.
- Preparing and monitoring the revenue budget, capital programme and Medium Term Financial Plan.
- Ensuring the provision of an effective Internal Audit Function.

- Ensuring the provision of an effective Treasury Management Function.
- Advising on Risk Management.
- Ensuring the Council complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- Ensuring that Council spending plans and council tax calculations, identified in the medium term financial plan, are based upon robust estimates.
- Ensuring that the level of Council reserves is adequate to meet the known financial risks facing the Council over the medium term.
- Ensuring (when required) robust saving plans are in place to meet known financial risks facing the council and enable a balanced budget.
- Ensuring that the annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting (the Code).
- Ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- Ensuring that proper professional practices, standards and ethics are adhered to.
- Acting as head of profession in relation to the standards, performance and development of finance staff including the training and professional development of all staff employed in posts designated as requiring a qualified accountant, accounting technician, or auditor, wherever located.
- The appointment of all finance staff and will be consulted on any proposal to create or delete a post requiring such a qualification for appointment.

2.5.3. Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council and to the External Auditors if the Council or one of its officers:

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

2.5.4 Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally.
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources, including legal

advice where necessary, to carry out the duties under section 114, as determined by the Chief Finance Officer.

2.5.5 The Chief Finance Officer:

- Is required to approve all financial procedures, records, systems and accounts throughout the Council which are necessary to ensure that the tasks defined in these procedures are properly carried out. The Council will also ensure that the Chief Finance Officer is consulted and given the opportunity to advise upon all financial management arrangements and notes of detailed advice and guidance on financial systems and procedures necessary to ensure a satisfactory standard of accuracy, reliability, probity and regularity.
- Shall be given access to any information as is necessary to comply with their statutory duties and with the requirements and instructions of the Council.
- Shall be entitled to attend and report on financial matters directly to the Council, the Cabinet, and any committees or working groups the Council may establish and to the Corporate Management Team.
- Shall be sent prior notice of all meetings of the Cabinet and all Council bodies together with full agendas and reports and shall have authority to attend all meetings and take part in the discussion if they desire.

2.6 The Role of Chief Officers

2.6.1 Chief Officers are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

2.6.2 Chief Officers are responsible for:

- Ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Financial Officer.
- Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer.
- Consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred.
- Consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.

- Ensuring that all employees in their Departments are aware of their responsibilities according to the financial regulations and other internal regulatory documents and comply with them.

3. FINANCIAL PLANNING

3.1 Strategic Planning

3.1.1 The full Council is responsible for agreeing the Council's Budget and Policy Framework which will be proposed by Cabinet.

3.1.2 The preparation of the medium term financial plan is part of the strategic policy framework of the Council and aims to ensure that the Council's spending plans are prudent, affordable and sustainable, and reflect Council priorities.

3.1.3 The policy framework comprises various plans and strategies, as defined in this Constitution. In terms of financial planning, the key elements are:

- The Council's Performance Management framework
- The Council Plan
- The Medium Term Financial Plan (including savings plans)
- The Corporate Asset Management Plan
- The Workforce Development Plan
- The Sustainable Communities Strategy

3.1.4 The full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Under the Constitution, the Monitoring Officer has a duty to advise whether decisions of the Cabinet are in accordance with the Budget and Policy framework.

3.1.5 Chief Officers are responsible for the preparation and monitoring of service improvement plans within their service areas in accordance with the corporate performance framework determined by the [Assistant Chief Executive/Head of Corporate Affairs](#). Service improvement plans should align with Council values and priorities and be consistent with and based upon the budget allocated by the Council to the service.

3.2 Budget Preparation

3.2.1 The Cabinet, in consultation with the Chief Finance Officer is responsible for determining the general budget strategy and issuing annual guidelines to Members and Chief Officers on:

- Preparing a detailed revenue budget for the following year
- Preparing the Medium Term Financial Plan (4 years)
- Preparing the capital programme
- The timetable for preparing and agreeing the Council's revenue and capital budget

3.2.2 The guidelines will take account of:

- Council priorities as reflected in the Council plan
- Spending pressures
- Savings plans
- What future funding is available
- What level of reserves are available
- The affordability, sustainability and prudence of capital investment plans
- Legal requirements
- Value for money and other relevant government guidelines
- Other internal policy documents
- Cross-cutting issues (where relevant)

3.2.3 The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures the consideration of the full Council's policy framework.

3.2.4 The Chief Finance Officer is responsible for ensuring that a detailed revenue budget is prepared on an annual basis and a general revenue plan on a four yearly basis (Medium Term Financial Plan) for consideration by Cabinet before submission to full Council.

3.2.5 The Chief Finance Officer is responsible for ensuring a capital programme is prepared on an annual basis for consideration by Cabinet before submission to the full Council.

3.2.6 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the full Council on the adequacy of the reserves for the Council.

3.2.7 Chief Officers are responsible for ensuring that budget estimates are prepared in accordance with guidance issued by Cabinet and reflect agreed service performance plans.

3.3 Budget Approval

- 3.3.1 The full Council is responsible for agreeing the Council's Budget (including Prudential Indicators) and Policy Framework. The policy framework comprises of a number of statutory plans and strategies.
- 3.3.2 The Council's revenue and capital budget will be proposed by the Cabinet, (on the advice of the Chief Finance Officer), and will be approved by the full Council.
- 3.3.3 The full Council may amend the proposed budget or ask the Cabinet to reconsider it before approving it.

3.4 Budget Transfers

- 3.4.1 During the year Cabinet and Chief Officers may need to transfer budgets from one service area to another to reflect changed service needs or priorities in order to deliver the budget policy framework within the financial limits set by the Council.
- 3.4.2 Budget transfers within services should be agreed at Service Management Teams and then reflected in the budgetary control template which feeds into the monthly update reports to [the Corporate Management Team](#) and the quarterly update reports to Cabinet.
- 3.4.3 Budget transfers between service groupings will require the agreement of both services before they can proceed.
- 3.4.4 Transfers to and from Earmarked Reserves need to be agreed by Service Management Teams and reflected during the ~~year in the budgetary control template via the quarterly~~ outturn ~~position~~ reporting. Cabinet will ultimately agree these transfers, the reason for which must be clear in the budgetary control report.
- 3.4.5 After the Quarter 3 Outturn Report to Cabinet no further budget adjustments can be made between services or between subjective headings within the same service for the remainder of the financial year.
- 3.4.6 A capital budget cannot be transferred to a revenue budget ~~head~~.
- 3.4.7 The transfer of capital budgets will require consideration by the Capital Member Officer Working Group (MOWG) and full approval by Cabinet. This will include:
 - Re-profiling from one financial year to another
 - Significant transfers within capital programme areas
 - Transfers between capital programme areas within a service
 - Transfers between services

- 3.4.8 Any increase in overall capital budget e.g. new grant funding or approval to increase borrowing must be approved by [the Corporate Management Team](#) and MOWG before full approval by Cabinet.

3.5 Cash Limits

3.5.1 What is the cash limit?

- All running costs of services which are under the control or influence of the Corporate Director.
- The Cash Limit Reserve is the balance which has been built up from any [net](#) underspends in the year, or from previous years, that is earmarked for planned use by the service.

3.5.2 What are cash limits for?

- To give services the flexibility to manage their budgets over a period of more than one financial year.
- To avoid inappropriate spending decisions by budget managers, who may rush to spend their budget allocation as they approach year end in the fear that the budget will be reduced if the spend is not incurred.

3.5.3 What is not included in the cash limit?

- Corporate budgets (e.g. LGA and ANEC subscriptions)
- Members allowances and other costs
- Coroner's costs
- Investment income
- Capital charges and capital financing
- Recharges where Corporate Directors cannot influence the impact on their services (e.g. Central Admin, Customer Services, Design Services, Sustainable Transport Team and Corporate & Democratic Core)
- Other items as agreed by Cabinet

3.5.4 What happens if excessive costs impact upon service groupings (e.g. extreme weather events such as flooding or severe winters, [hyper-inflation etc](#))?

- Requests for excessive costs to be deemed to be outside the cash limit will require approval by Cabinet.
- If approved they will be reported to Cabinet as part of the Forecast of Outturn Report and will be funded from contingencies.

3.5.5 At the end of each year any over or underspends of the cash limited element of the budget will be transferred to the cash limit reserve for each service grouping.

3.5.6 If any service grouping's cash limit reserve is insufficient to fund any overspends then the following year's budget will be adjusted accordingly.

3.6 Budget Monitoring and the Control of Income and Expenditure

3.6.1 The Chief Finance Officer is responsible for:

- Developing an effective framework of budgetary management and control.
- Providing appropriate financial information to enable budgets to be monitored effectively.
- Reporting to Cabinet on the overall Council budget monitoring position on a quarterly basis.
- Reporting to all relevant Scrutiny Committees on a quarterly basis.
- All payments to employees, Members and creditors.
- Maintaining the Council's tax records.
- Advising Chief Officers on all taxation issues that affect the Council.
- Ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- Agreeing arrangements for the collection of income due to the Council.
- Agreeing banking, borrowing and other credit requirements, e.g. leasing.
- Agreeing the write-off of bad debts in accordance with the Council's Debt Recovery Policy.

3.6.2 The Cabinet is responsible for approving contractual arrangements for any work for third parties or external bodies unless the responsible Chief Officer is authorised in this respect under the Officer Scheme of Delegations at Part 3 of this Constitution.

3.6.3 Separate financial procedures for schools have been incorporated into the Council's Scheme for Financing Schools and relate to those matters where decisions have been delegated to school governing bodies.

3.6.4 It is the responsibility of Chief Officers to:

- Control income and expenditure within their service area.

- Monitor performance in conjunction with the budget taking account of financial information provided by the Chief Finance Officer.
- Report on spending variances within their own areas.
- Take any corrective action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems.

3.7 Reporting Council Spending at Year End

3.7.1 The Audit Committee is responsible for approving the annual audited Statement of Accounts.

3.7.2 The Chief Finance Officer is responsible for:

- Publishing a timetable for the closure of the accounts annually.
- Ensuring that the Council's annual Statement of Accounts is prepared in line with statutory deadlines and in accordance with the most up-to-date Code of Practice on Local Authority Accounting produced by CIPFA/LASAAC, the latest Accounts and Audit Regulations (England) and any other relevant guidelines.

3.7.3 It is the responsibility of Chief Officers to ensure that arrangements are put in place each year to deliver the Council's closure timetable.

3.8 Use of Council Reserves

3.8.1 The Chief Finance Officer is responsible for advising Cabinet and/or the full Council on levels of reserves for the Council. The advice will be based upon an annual review and risk assessment of the prudent levels of reserves the Council should maintain.

3.8.2 The Chief Finance Officer will manage the Council reserves in accordance with decisions taken by the Cabinet and full Council.

4. RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Risk Management

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing all significant Strategic and Operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

- 4.1.2 The Audit Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management.
- 4.1.3 The Council has nominated the Chief Finance Officer as the lead officer Risk Management Champion and the Deputy Leader as the Member Risk Champion.
- 4.1.4 The Chief Finance Officer is responsible for preparing the Council's Risk Management Policy Statement, promoting it throughout the Council and for advising the Cabinet on proper insurance cover for material risks where appropriate.
- 4.1.5 The Corporate Risk Management Group supported by the [Corporate Risk, Insurance and Governance](#) Manager is responsible for reviewing strategic risks and reporting progress on the management of strategic risk to Cabinet.
- 4.1.6 It is the responsibility of Chief Officers to ensure that there are regular reviews of risk within their areas of responsibility, having regard to advice from the Council's [Corporate Risk, Insurance and Governance](#) Manager and other specialist officers (e.g. crime prevention, fire prevention, Health & Safety).

4.2 Internal Control

- 4.2.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.2.2 Internal control systems relate to all aspects of management, not just financial management, but it is particularly important that financial internal control systems are effective to safeguard the use of public funds, ensure that the financial accounts of the council are accurate, all transactions are legal and to prevent and detect fraud, misuse or irregularity.
- 4.2.3 The Chief Internal Auditor and Corporate Fraud Manager is responsible for advising on effective systems of internal control. Effective systems of internal control should ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should also ensure that risk management is embedded across the Council as internal controls are established to manage identified risks.
- 4.2.4 It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to effectively manage risks which may prevent them from

achieving corporate and service objectives, continuous improvement, value for money, and effective use of resources.

- 4.2.5 The Council is required to provide an Annual Governance Statement in accordance with [Regulation 6\(1\)\(b\) of the Accounts and Audit \(England\) Regulations 2015](#). As part of this statement, the Chief Executive and the Leader of the Council are required to comment on the effectiveness of the entire internal control environment within the Council as this is a key indicator of good governance.
- 4.2.6 It is the responsibility of the Chief Financial Officer and the Resources Service Grouping Management Team to prepare the Annual Governance Statement.
- 4.2.7 It is the responsibility of the Audit Committee to [review and](#) approve the Annual Governance Statement and to seek the necessary assurance that the Council's corporate governance arrangements including risk management and internal control are effective.

4.3 Insurance

- 4.3.1 Insurance provision is a way of managing risk.
- 4.3.2 The Chief Finance Officer is responsible for:
- Effecting insurances falling with the framework approved by Cabinet and dealing with all claims in consultation with other Chief Officers where necessary.
 - Operating an adequately funded self-funding arrangement which protects the Council against undue loss and provides value for money. Services are recharged the costs incurred by the Council for self-funded claims and insurance related expenditure.
 - Reviewing, at least annually, all insurances in consultation with Chief Officers where necessary.
- 4.3.3 It is the responsibility of Chief Officers to:
- Advise the Chief Finance Officer of all new risks, properties, vehicles or potential liabilities for which insurance may be required, and of any changes affecting existing risks or insurance cover required.
 - Notify the Chief Finance Officer in writing without delay of any loss, liability or damage or any event likely to lead to a claim, and provide such information and explanations required by the Chief Finance Officer- or the Council's insurers
 - Consult with the Head of Legal Services on the terms of any indemnity which they are requested to give on behalf of the Council.

- Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

4.4 Audit Requirements

4.4.1 Internal Audit is primarily an independent assurance function and is a statutory service in the context of the Accounts and Audit Regulations (England) 2015, which state that:

“A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices.”

4.4.2 The Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note, which came into effect April 2013 and were further revised in April 2017, constitute proper practices to satisfy the requirements for larger relevant local government bodies as set out in the Accounts and Audit Regulations 2015.

4.4.3 The Chief Finance Officer is responsible for:

- Ensuring an effective internal audit function is resourced and maintained.
- Ensuring that the authority has put in place effective arrangements for the internal audit of the entire control environment.
- Supporting internal audit arrangements.
- Ensuring the Audit Committee receives the necessary advice and information so that both functions can operate effectively.

4.4.4 The strategy and terms of reference for Internal Audit are detailed in the Council's Internal Audit Charter which is approved and reviewed by the Audit Committee.

4.4.5 Following the abolition of the Audit Commission and in accordance with the Local Audit and Accountability Act 2014 and Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, the Public Sector Audit Appointments (PSAA) was formally established for Principal Local Government bodies to use as a sector led body to negotiate contracts and make appointments of External Auditors on behalf of the Council. The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014. Responsibility for the preparation and issuing of the current Audit Code of Practice and guidance to External Auditors resides with the Controller and Auditor General. The Chief Finance Officer is responsible for implementing

agreed actions in response to external audit findings and recommendations.

- 4.4.6 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, Ofsted, Care Quality Commission who have statutory rights of access. These bodies together with internal and external audit provide valuable assurance to the Audit Committee on the effectiveness of the Council's corporate governance arrangements because of their independence and objectivity.
- 4.4.7 Chief Officers are responsible for taking relevant action in response to findings and recommendations arising from the work of all assurance providers, internal or external, or accepting the residual risk if no action is taken.
- 4.4.8 The Chief Internal Auditor and Corporate Fraud Manager is responsible for providing an annual audit opinion on the adequacy and effectiveness of the Council's entire internal control environment. This opinion will be reported in an annual audit report which is considered by both the Corporate Management Team and the Audit Committee. Any significant issues arising from this report will be reflected in the Annual Governance Statement.

4.5 Preventing Fraud and Corruption

- 4.5.1 The Council recognises its responsibility to protect the public purse and acknowledges that the public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it.
- 4.5.2 The Council is committed to maintaining an ethical culture which does not tolerate fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against staff, members, contractors, external individuals and organisations.
- 4.5.3 The Chief Finance Officer has overall financial responsibility for the prevention of fraud and corruption and is liable to be called to account for specific failings. The Chief Finance Officer is responsible for ensuring that the Council is adequately resourced to respond to the fraud risk and has effective internal audit, counter fraud and investigatory resources to help Chief Officers prevent, detect and investigate potential cases of fraud and irregularity.

- 4.5.4 The Audit Committee will review and endorse the Council's Counter Fraud and Corruption Strategy and will seek assurance on its effectiveness and that of other fraud related policies and procedures.
- 4.5.5 Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls and assists managers to fulfil their responsibilities to prevent and detect fraud and corruption through the strengthening of internal controls.
- 4.5.6 Chief Officers are responsible for establishing, implementing and maintaining adequate systems of internal control, and to ensure that the Council's resources are properly applied. They should be familiar with and assess the types and risks of fraud or corruption that might occur within their area of responsibility and ensure that these risks are effectively managed.
- 4.5.7 Chief Officers are responsible for ensuring that their employees are aware of the Council's counter fraud and corruption strategy and know what to do, and what not to do, if they suspect fraud.
- 4.5.8 Chief Officers are responsible for ensuring that all cases of suspected fraud and corruption are investigated and are required to report all suspected cases to the Chief internal Auditor as soon as they arise.
- 4.5.9 Internal Audit and Corporate Fraud will:
- Lead on awareness raising and facilitate corporate learning.
 - Review the effectiveness of the policies and practices the Council has established to safeguard itself against the risk of fraud and corruption.
 - Provide advice and guidance to managers and staff on the Counter Fraud and Corruption Strategy and the Fraud Response Plan.
 - Provide advice on related legislation application e.g. Human Rights Act and Regulation of Investigatory Powers Act.
 - Maintain a central record of reported fraud and corruption cases.
 - Report to the Chief Officers and the Audit Committee on the use of resources to counter fraud and corruption and of any investigatory work undertaken.
- 4.5.10 The Chief Internal Auditor and Corporate Fraud Manager will take whatever steps are considered necessary, on behalf of the Chief Finance Officer, to ensure all suspected irregularities are investigated and reported in accordance with the Counter Fraud and Corruption Strategy, and Fraud Response Plan. Chief Officers are responsible for taking any appropriate action to prevent further loss and to secure records and documentation against removal or alteration where fraud is suspected.

4.6 Use of and Disposal of Assets

- 4.6.1 Council assets include land, buildings, furniture, vehicles, plant and equipment, computer systems, stocks and stores, money and investments, data and information.
- 4.6.2 The Chief Finance Officer is responsible for issuing procedures to safeguard the use and disposal of Council assets, with the exception of land and buildings which are the direct responsibility of the Head of Corporate Property and Land.
- 4.6.3 Chief Officers are responsible for ensuring that adequate and effective arrangements are in place for the care and custody of all assets within their Service area and ensuring that assets are disposed of in accordance with procedures approved by the Chief Finance Officer and/or the Head of [Planning](#)[Corporate Property](#) and [Asset Management](#)[Land](#).

4.7 Confidentiality, Security and Protection of Information

- 4.7.1 All employees of the Council have a personal responsibility for the protection and confidentiality of information, whether held in manual or computerised records, as specified in the Employee Code of Conduct set out in Part 4 this Constitution.
- 4.7.2 Specific guidance is given on current IT legislation, risks and security threats in relation to IT use in the Council's Information Security Manual.
- 4.7.3 It is the responsibility of Chief Officers to ensure that all computerised systems within their Service areas are operated in accordance with legal requirements and all appropriate officers are familiar with the guidance provided (e.g. ICT Policy, Personal Information Security Policy).
- 4.7.4 Financial records, manual and computerised, should be retained and disposed of in accordance with the Council's Document Retention Policy.

4.8 Treasury Management

- 4.8.1 The Council has adopted CIPFA's Treasury Management in the Public Services Code of Practice.

- 4.8.2 Accordingly, the full Council is responsible for approving a Treasury Management Policy Statement, on an annual basis, stating the policies and objectives of its treasury management activities.
- 4.8.3 The full Council is also responsible for approving Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 4.8.4 The Council will receive reports on its Treasury Management policies, practices and activities, including as a minimum, an annual strategy and plan for the coming financial year at or before the start of each financial year and an annual report after its close, in the form prescribed in the TMPs.
- 4.8.5 The Council has delegated its responsibility for the [scrutiny and implementation and](#) monitoring of its Treasury Management policies and practices to the [Cabinet Audit Committee](#).
- 4.8.6 Responsibility for the execution and administration of its Treasury Management decisions, including decisions on borrowing, investment and financing, have been delegated to the Chief Finance Officer, who will act in accordance with the Council's policy statements and TMPs.
- 4.8.7 The Chief Finance Officer is responsible for reporting to the Cabinet not less than three times in each financial year (Annual Strategy, Mid-Year Report and an Outturn Report) on the activities of the Treasury Management operation and on the exercise of their delegated Treasury Management powers.

4.9 Banking

- 4.9.1 All arrangements concerning banking services, including the opening, closing and operation of the Council's bank accounts shall be made solely upon direction of the Chief Finance Officer.
- 4.9.2 The Chief Finance Officer is responsible for the reconciliation of the Council's bank accounts with the Council's financial accounts.
- 4.9.3 Chief Officers are responsible for ensuring that all banking arrangements determined by the Chief Finance Office are observed and to advise them of any changes in their Services that may require a change in these arrangements.

4.10 Income Collection

- 4.10.1 The Chief Finance Officer is responsible for approving all methods of income collection, records and systems.
- 4.10.2 The Council has a statutory responsibility to conform to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
- 4.10.3 Accordingly, the Cabinet is responsible for approving the Council's Money Laundering Policy.
- 4.10.4 Responsibility for the implementation and administration of the Council's Money Laundering Policy has been delegated to the Chief Finance Officer who is responsible for nominating an officer (and deputy) to act as the Council's Money Laundering Reporting Officer.
- 4.10.5 Chief Officers are responsible for:
- Ensuring all income is held securely.
 - Ensuring compliance with income and banking arrangements specified by the Chief Finance Officer.
 - In consultation with the Chief Finance Officer reviewing fees and charges, at least annually.
 - Ensuring that all income is banked and allocated promptly and efficiently.
 - Carrying out reconciliations in an accurate and timely manner.

4.11 Grant and External Funding

- 4.11.1 Chief Officers are responsible for ensuring that any bids for external funding (including grants) are made in consultation with the Chief Finance Officer.
- 4.11.2 Chief Officers must ensure that any project to be funded by external [fundingbodies](#) does not commence until proper approval has been obtained and the source of external funding confirmed.
- 4.11.3 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Chief Officers are responsible for providing all necessary information to enable this to be achieved.

4.12 Debt Collection

- 4.12.1 The Cabinet is responsible for approving the Council's debt recovery policy.
- 4.12.2 The Chief Finance Officer is responsible for maintaining records of debts and the implementation of the Council's debt recovery policy.

- 4.12.3 Chief Officers are responsible for:
- Ensuring effective systems are in place to allow sums due to the Council to be easily identified.
 - Ensuring debtor accounts are raised accurately and promptly and that adequate records are maintained to support the raising of the debt and any recovery action taken.
 - Assisting in the collection of debt by providing any further information necessary to pursue the debt or monitoring debts on the Council's behalf as requested by the Chief Finance Officer.
 - Establishing and initiating appropriate recovery procedures, including legal action, where necessary, for debts that are not paid promptly.
 - Recommending to the Chief Finance Officer all debts to be written off and to keep records of all sums to be written off.
 - Obtaining the appropriate approval when writing off debts, as specified in the Debt Management Policy.
 - Providing sufficient information regarding outstanding debts to the Chief Finance Officer to determine bad debt provisions at the year end.
 - Ensuring that all appropriate staff are fully aware of the debt management strategy and kept up to date with developments.
 - Ensuring that appropriate controls are in place to ensure that debt management recovery procedures are adhered to.
 - Ensuring that adequate IT systems are in place that support debt management procedures.

4.13 Voluntary Funds and Trust Funds

- 4.13.1 Chief Officers, in consultation with the Chief Finance Officer, must approve any employee's involvement in a voluntary or trust fund.
- 4.13.2 Chief Officers and/or Trust Fund Managers are responsible for ensuring that funds are managed and administered in accordance with any statutory and specific requirement for each fund, and to equivalent standards as those applicable to the Council generally.

4.14 Purchase Cards

- 4.14.1 All applications for purchase cards must be approved by the Chief Finance Officer.
- 4.14.2 The Chief Finance Officer will issue guidelines regarding the application process and for their controlled use.
- 4.14.3 Card holders are personally responsible for the security of cards and for ensuring compliance with guidelines for their use.

4.15 Contracts, Agreements and Purchasing

- 4.15.1 All contracts, agreements and purchases are subject to the requirements of the Council's Contracts Procedure Rules specified in this Constitution, and the procedures and financial limits which they prescribe (as revised from time to time), including any advice contained in the Procurement Advice Centre.
- 4.15.2 The Corporate Chief Procurement Manager Officer is responsible for developing the Corporate Strategy for Commissioning and Procurement and providing advice on procurement issues.
- 4.15.3 The Head of Legal and Democratic Services is responsible for agreeing the content and format of contracts and agreements and for signing any contract or legal agreement involving a charge upon assets or property.
- 4.15.4 The Chief Finance Officer is responsible for issuing guidance notes to Chief Officers on the procedures to be adopted in relation to:
- Placing requisitions for goods, supplies and services.
 - Placing of official orders.
 - Potential financing options e.g. buy, rent or lease.
 - Receipt of goods.
 - The authorisation of invoices, interim certificates and final accounts for building or construction contracts.
 - The system and timescales for the payment of creditors.
 - Records and procedures required in relation to monitoring and control of contracts.
- 4.15.5 The Chief Finance Officer has overall responsibility for ensuring safe and efficient arrangements for all payments.
- 4.15.6 Chief Officers are responsible for ensuring that:
- Before entering into purchasing commitments, the estimated cost is covered by financial provision in the budget to which it relates.
 - Contract Procedure Rules, procurement and payments procedures are applied within their service areas, including adherence to any procurement guidance in the Procurement Advice Centre.
 - Appropriate records are maintained to substantiate decisions made under delegated powers.
 - All employees within their Service area are aware of the guidance issued by the Chief Finance Officer and for ensuring that effective internal controls are established to ensure compliance.

- All employees within their service area are aware of the Council's Employee Code of Conduct and how this relates to this area.

4.16 HR and Employees

- 4.16.1 The full Council is responsible for determining how officer support for executive and non-executive roles within the Council will be organised.
- 4.16.2 The Chief Executive is responsible for providing overall effective management to employees and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 4.16.3 The Chief Finance Officer is responsible for paying employees securely, accurately and on time and for the payment of travel and subsistence claims.
- 4.16.4 Chief Officers are responsible for ensuring the operation of adequate and effective procedures for payroll and personnel matters to allow the Chief Finance Officer to fulfil their responsibilities.
- 4.16.5 Chief Officers are responsible for ensuring compliance with Council policies in relation to claims for travel and subsistence, and for arranging the most cost effective means of travel and subsistence.
- 4.16.6 Chief Officers are also responsible for controlling employee numbers by:
- Advising the Cabinet on the annual budget necessary to cover estimated staffing levels.
 - Adjusting the staffing levels to that which can be funded within approved budget provision and varying the provision as necessary within that constraint in order to meet changing operational needs.
 - The proper use of recruitment and appointment procedures.
 - Monitoring employee costs through monthly budget reports.
 - Monitoring vacancies.

5. FINANCIAL SYSTEMS AND PROCEDURES

5.1 General

- 5.1.1 Sound systems and procedures are essential for an effective framework of accountability and control.
- 5.1.2 The Chief Finance Officer is responsible for:

- The operation of the Council's accounting and financial systems.
- The format of accounts and any supporting financial records.
- Advising Chief Officers on the establishment and operation of trading accounts and business units.

5.1.3 Any changes proposed by Chief Officers to the existing financial systems or the establishment of new systems must first be approved by the Chief Finance Officer.

5.1.4 It is the responsibility of Chief Officers to:

- Ensure the proper operation of financial processes in their own Services and agree with the Chief Finance Officer any changes to these processes to meet their own specific Service needs.
- Ensure that their employees receive relevant and appropriate financial training that has been approved by the Chief Finance Officer.
- Ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection Legislation.
- Ensure that their employees are aware of their responsibilities under Freedom of Information and Data Protection Legislation.

5.2 Payment of Members Allowances

5.2.1 The Chief Finance Officer is responsible for operating secure and reliable systems to process Members Allowances.

5.2.2 It is the responsibility of Members to submit properly certified claims in accordance with the format and timescales specified by the Chief Finance Officer.

5.3 Taxation

5.3.1 The Chief Finance Officer is responsible for ensuring that appropriate advice and guidance is available to Chief Officers on all taxation issues that affect the Council, having regard to guidance issued by appropriate bodies and relevant/applicable legislation.

5.3.2 The Chief Finance Officer is responsible for maintaining the Council's tax records, making all payments, receiving tax credits and submitting tax returns by their due date, as appropriate, and complying with HM Revenue and Customs regulations.

5.3.3 Chief Officers are responsible for compliance with any guidance issued by the Chief Finance Officer.

5.4 Council Tax Collection Fund

- 5.4.1 The Chief Finance Officer is responsible for the establishment and maintenance of the Collection Fund and will make suitable arrangements for it to be administered in accordance with the Local Government Finance Acts 1987 and 1988 and any other Enactments relating to the proper administration of public funds.
- 5.4.2 The Chief Finance Officer will undertake the day to day management and administration of the Collection Fund, including the maintenance of a Collection Fund Account for administering the raising and recovery of Council Tax and for paying precepts and demands on those funds.

5.5 Business Rates Collection Fund – Business Rates Retention Scheme

- 5.5.1 The Chief Finance Officer is responsible for the establishment and maintenance of a separate Collection Fund in respect of Business Rates and will make suitable arrangements for it to be administered in accordance with Schedule 7B of the Local Government Finance Act 1988.
- 5.5.2 The Chief Finance Officer will undertake the day to day management and administration of the Collection Fund including the maintenance of a Collection Fund Account for administering the raising and recovery of Business Rates and for paying precepts and demands on those funds.

6 PARTNERSHIPS

- 6.1 The Cabinet is the focus for forming partnerships with other local, public, private, voluntary and community sector organisations. The Cabinet is responsible for approving any delegations of its powers, to address local needs.
- 6.2 The Council or the Cabinet can delegate its functions, including those relating to partnerships, to officers. Details are set out in the Scheme of Delegation that forms part of this Constitution. Where its functions are delegated, the Cabinet remains accountable for them to the full Council.
- 6.3 The Chief Executive or the appropriate chief officer or senior officer nominated by the chief officer may represent the Council on partnership and external bodies, in accordance with the respective decisions of the Council and the Cabinet.
- 6.4 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct in partnerships that apply throughout the Council.

- 6.5 The Chief Finance Officer is responsible for ensuring that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Appendix A - FINANCIAL MANAGEMENT STANDARDS

- FMS01 Introduction to Financial Management Standards
- FMS02 Budget Preparation and Medium-Term Financial Planning
- FMS03 Budget Monitoring and Reporting
- FMS04 ~~Preparation and Monitoring of the Capital Programme~~Accounting Policies
- FMS05 ~~Annual Statement of Accounts~~Accounting Records and Returns
- FMS06 ~~Maintenance of Reserves and Provisions~~Preparation and Monitoring of the Capital Programme
- FMS07 ~~Risk Management~~Annual Statement of Accounts
- ~~FMS08 Internal Control~~
- FMS09 ~~Insurance~~Maintenance of Reserves and Provisions
- FMS10 ~~Audit Requirements~~Risk Management
- FMS11 ~~Use and Disposal of Assets~~Audit Requirements
- FMS12 ~~Treasury Management~~Internal Control
- ~~FMS13 Banking~~
- FMS14 ~~Income Collections~~Insurance
- FMS15 ~~Grants and External Funding~~Treasury Management
- FMS16 ~~Debt Recovery~~Banking
- FMS17 ~~Voluntary Funds and Trust Funds~~Income Collection
- FMS18 ~~Corporate Procurement Cards~~Debt Recovery
- ~~FMS19 Ordering and Paying for Work, Goods and Services~~
- FMS20 ~~HR and Employee Requirements~~Corporate Procurement Cards
- FMS21 ~~Financial Management Systems~~Payroll HR Requirements

FMS22 ~~Accounting Policies~~ Taxation

~~FMS23 Accounting Records and Returns~~

FMS24 Ordering and Paying for Works, Goods and Services ~~Taxation~~

FMS25 ~~Council tax, Business Rates and Collection~~ Partnerships ~~Fund~~

FMS26 ~~Partnerships~~ Grants and External Funding

FMS 29 Voluntary Funds and Trust Funds

FMS 30 Financial Management Systems