

# Part 4G

## Financial regulations

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## 1. Status of Financial Regulations

### 1.1. Purpose

- 1.1.1. These Financial Regulations provide the framework within which the Council's financial affairs are managed to help make the best use of its resources. They apply to every Member and Officer of the Council and anyone acting on its behalf.
- 1.1.2. The Council's Executive Director of Finance and Resources as the Council's statutory Chief Financial Officer is ultimately responsible for ensuring the proper administration of the Council's financial affairs. These Regulations form part of the arrangements that the Executive Director of Finance and Resources has put in place to discharge their statutory responsibilities.
- 1.1.3. The Council has adopted a Constitution to regulate at a high level how it operates. Various specific regulations including the Contract Procedure Rules and Financial Regulations flow from the Constitution.

### 1.2. Scope

- 1.2.1. In addition to governing the financial affairs of the Council, these Regulations also apply to the London Borough of Hounslow Pension Fund and contain provisions which cover the financial interaction with any trading entity fully owned by the Council.
- 1.2.2. The regulations apply to the control of both the General Fund (GF) finances and the Housing Revenue Account (HRA) for both revenue and capital purposes and includes other smaller funds under the control of the Council.
- 1.2.3. These Regulations do not apply to schools. Schools are covered by separate financial regulations issued in accordance with the Schemes for Financing Schools Statutory Guidance issued by the Department for Education.
- 1.2.4. These Regulations specify the Council's requirements for the roles and responsibilities of the Executive Director of Finance and Resources, Directors and other responsible Officers in respect of:
  - (a) financial management roles and responsibilities
  - (b) financial planning and budgeting
  - (c) financial monitoring and control
  - (d) audit and risk management
  - (e) financial systems and procedure
  - (f) external arrangements
- 1.2.5. For the purpose of these Regulations:-
  - (a) "CLT" – refers to members of the Corporate Leadership Team which currently includes the Chief Executive, Deputy Chief Executive, all Executive Directors and the Director of Commissioning.
  - (b) "Directors" – refers to Directors/Assistant Directors, reporting into a CLT member.
  - (c) "Budget Holders" – refers to any staff with budget management responsibilities.
- 1.2.6. Annex A details the Schedule of Finance Authority to Officers (Schedule) which sets out the approved financial limits within which Officers may conduct the Council's business.

### 1.3. Non-compliance

- 1.3.1. All Councillors and staff (including non-permanent staff) have a general responsibility for the care of the Council's assets and a direct 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 and provides value for money.
- 1.3.2. CLT is responsible for ensuring that all staff (including non-permanent staff) in their departments are aware of the existence of and comply with the content of the Council's Financial Regulations and the supporting guidance and procedures.
- 1.3.3. CLT and Directors are responsible for reporting any breaches of the Financial Regulations to the Executive Director of Finance and Resources. The Executive Director of Finance and Resources is responsible for reporting, where appropriate, breaches of the Financial Regulations to the Audit and Governance Committee.
- 1.3.4. Failure to comply with any part of these Finance Regulations may constitute misconduct and lead to formal disciplinary action.

### 1.4. Maintaining the Regulations

- 1.4.1. The Executive Director of Finance and Resources is responsible for:
  - (a) Maintaining and updating these Regulations and submitting any proposed changes or additions as necessary to Borough Council for approval in consultation with the Monitoring Officer or Assistant Director of Governance.
  - (b) Issue explanatory guidance, advice and procedures to underpin and support the effective operation these Regulations.
  - (c) Where advice and guidance is issued, Members, Officer and others acting on behalf of the Council must ensure it complies with it in accordance with these Regulations.
  - (d) Report any breaches of these Regulations to Audit and Governance Committee.

### 1.5. Interpretation of these Regulations

- 1.5.1. Any doubt as to the interpretation of these Regulations or the associated guidance notes and procedures must, if unresolved after consultation with the Executive Director of Finance and Resources, be referred to the Assistant Director of Governance.

## 2. Financial Management

### 2.1. Principle

- 2.1.1. A transparent framework of financial management responsibilities and decision making is essential in the effective management of the Council's financial affairs. All Members and Officers have a duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

### 2.2. Decision Making

- 2.2.1. To enable Members to make informed decisions, all Executive and Committee reports must incorporate a separate section on 'financial implications', which will be prepared by the Executive Director of Finance and Resource's Department. Reports must show the costs or savings of proposals, together with any approved budget provision, future commitments,

potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations.

### 2.3. Roles and Responsibilities

#### *Members Roles and Responsibilities*

2.3.1. Members responsibility for the overall management of the Councils financial affairs are exercised through:-

- (a) Borough Council – which is responsible for approving the council’s overall policy framework and for setting the budget within which the Executive will operate, setting prudential indicators for capital finance and treasury management, approving the councils, medium term, treasury management, capital and investment strategies.
- (b) The Executive – which is responsible for proposing policy and budget to Borough Council and for discharging its functions in accordance with that agreed by Borough Council. They are responsible for managing and approving amendments to the budget within the overall budget envelope approved by Borough Council. Executive decisions can be delegated, as set out in the Scheme of Delegations or elsewhere in this Constitution.
- (c) Audit and Governance Committee – which is responsible for monitoring the councils regulatory and control framework, including the oversight of audit and fraud activity work as well as approving the annual Statement of Accounts.
- (d) Overview and Scrutiny – which oversee and challenge the policy framework and decisions being proposed by Executive before approval by Borough Council and implementation.
- (e) Pension Fund Panel – which is responsible for overseeing the management of the Council’s Pension Fund.
- (f) Pension Fund Board - assists the Council in ensuring compliance with Local Government Pension Scheme (LGPS) and other relevant regulations and legislation to ensure the effective and efficient governance of the scheme.

#### *Executive Director of Finance Resources Roles and Responsibilities*

2.3.2. The Executive Director of Finance and Resources has statutory and delegated duties in relation to the financial administration and stewardship of the Council. Legislation imposes statutory duties on the Executive Director of Finance and Resources for the proper management, financial administration, and stewardship of the Council’s assets and fiduciary interests of local taxpayers. These statutory responsibilities cannot be overridden and arise from:

- (a) Section 151 of the Local Government Act 1972
- (b) The Local Government Finance Act 1988
- (c) The Local Government and Housing Act 1989
- (d) The Accounts and Audit Regulations 2015
- (e) The Local Government Pension Scheme Regulations 2013
- (f) The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016
- (g) Public Service Pensions Act 2013
- (h) The Local Authorities Goods and Services Acts 1970
- (i) The Local Government Acts 2000 and 2003
- (j) The Localism Act 2011.

2.3.3. Responsibilities of the Executive Director of Finance and Resources include:

- (a) The proper administration of the Council’s financial affairs system and procedures. These include but not exhaustively, arrangements concerning financial planning,

- financial control, accounting, taxation, income, debt management, insurance, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
- (b) Determining the contents and ensuring compliance with Financial Regulations and any supporting Finance Procedures.
  - (c) Preparing the annual Revenue Budget and reporting to the Council on the robustness of the estimates and the adequacy of reserves.
  - (d) Updating the Council's capital strategy and preparing the annual Capital Programme, ensuring effective forward planning and sound financial management in its compilation.
  - (e) Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting, and taking action if overspends or shortfalls in income emerge.
  - (f) Reporting to Borough Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
  - (g) Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
  - (h) Maintaining an adequate and effective internal audit function and an effective anti-fraud and corruption strategy.
  - (i) Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
  - (j) Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
  - (k) Preparing the Council's annual statement of accounts and governance statement in accordance with all applicable codes of practice on local authority accounting.
  - (l) Preparing and implementing an effective treasury management strategy and effecting all investments and borrowings within the limits imposed by the Council.
  - (m) Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
  - (n) Management of pension fund investments and preparing Investment Strategy Statement to the Pension Fund Panel for approval.
  - (o) Ensuring that effective asset management arrangements are in place.
  - (p) Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.
  - (q) Ensuring that effective governance and financial management arrangements are in place for trading companies
  - (r) In the event of a disaster or civil emergency affecting the Borough, then subject to the overall approved funding limit (see Schedule) the Executive Director of Finance and Resources has the power to authorise necessary expenditure required to support the Chief executive in exercising their lawful power.
  - (s) Section 114 of the Local Government Finance Act 1988 requires the Director of Finance and Resources to report to the Borough Council, Executive and external auditor if the Council or one of its Officers:
    - i. Has made, or is about to make, a decision which involves incurring unlawful expenditure;
    - ii. Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council; or
    - iii. Is about to make an unlawful entry in the Council's accounts.

2.3.4. The Executive Director of Finance and Resources can choose to delegate their day-to-day responsibilities in respect of their functions and responsibilities as defined by these Regulations.

### ***Monitoring Officer Roles and Responsibilities***

- 2.3.5. The Assistant Director of Governance or Monitoring Officer, together with the Executive Director of Finance and Resources are responsible for advising the Executive and Borough Council on the legality of expenditure and about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- (a) initiating a new policy
  - (b) committing expenditure in future years to above the budget level.

### ***The Head of Audit and Investigations Roles and Responsibilities***

- 2.3.6. The Head of Audit and Investigations (operating in the Chief Internal Audit Executive role) is designated by the Executive Director of Finance and Resources and plays a key role in providing assurance to the Members, the Executive Director of Finance and Resources and CLT about the practical deployment and effectiveness of financial management arrangements across the organisation.
- 2.3.7. The Council's internal audit charter is a document that defines internal audit's purpose, authority, responsibility and position within the organisation.
- 2.3.8. The Head of Audit and Investigations has rights of access to information and data held by Officers or Members of the Council at all reasonable times and is responsible for the overall management and deployment of internal audit resources at the Council. They also have the right to report on any relevant matter of concern to senior management and members of the Council outside normal line management arrangements should they deem this necessary in protecting the interests of the Council and/or local taxpayers.

### ***Directors Roles and Responsibilities***

- 2.3.9. Whilst the Executive Director of Finance and Resources has overall responsibility for the finances of the Council, CLT and Directors are responsible for the day-to-day management of their Directorate's finances. Their responsibilities in relation to financial management include:
- (a) Ensuring and maintaining satisfactory financial management within their Directorates, ensuring staff carry out the duties specified by legislation or otherwise directed by these Regulations;
  - (b) Promoting and ensuring compliance with the financial management standards and practices set by the Executive Director of Finance and Resources in their Directorates;
  - (c) Consulting with the Executive Director of Finance and Resources on any matter which is liable to materially affect the resources of the Council. This must be done before any commitment is incurred, or a report made to any Executive Member or to a Committee for decision;
  - (d) Ensuring that Executive Members are advised of the financial implications of all proposals and that these have been agreed by the Executive Director of Finance and Resources or his/her nominated representative;
  - (e) Ensuring that contracts are entered into and signed on behalf of the Council in accordance with the Contract Procedure Rules prior to the commencement of the service or works. The Contract Procedure Rules cover any arrangements that formalise a contractual relationship with the Council, including development agreements;
  - (f) Reporting suspected fraud and irregularities to the Chief Internal Audit Executive for investigation and referral to the Police as necessary;
  - (g) Ensuring that the delegations relating to financial management and administration within their Directorates are exercised with due regard to the detailed requirements of these Regulations;

- (h) Ensuring that financial authorities are operated in accordance with the limits contained within the Schedule and that an electronic record of authorised Officers is maintained.
- (i) Implementing the management recommendations of the Internal Audit provider and external auditors.
- (j) Responsible for the completion of annual governance self-assessment forms in accordance with procedures issued by the Executive Director of Finance and Resources.

### ***Budget Managers Roles and Responsibilities***

2.3.10. Budget managers are responsible for the day-to-day management of their respective areas' finances. This includes Directors themselves but also extends to and includes those budget managers with delegated budget management responsibility. Budget managers responsibilities in relation to financial management include:

- (a) Promoting and ensuring compliance with these Regulations and associated Financial Procedures and taking corrective action in the event of any non-compliance.
- (b) Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by Executive and the Executive Director of Finance and Resources.
- (c) Ensuring that the financial implications of all proposals are properly reflected within all decision-making reports and that these have been agreed with the Executive Director of Finance and Resources or his/her nominated representative.
- (d) Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
- (e) Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
- (f) Complying with the Council's anti-fraud and corruption strategy and anti money laundering policy and reporting suspected fraud and financial irregularities to internal audit for investigation.
- (g) Complying with the Council's risk management strategy and notifying the Executive Director of Finance and Resources immediately of significant risks to the Council's financial position.
- (h) Ensuring that all financial transactions are recorded through the main accounting system accurately.
- (i) Ensuring that the controls framework of the Council's finance systems are followed at all times and necessary steps are taken to ensure their area complies with this framework.
- (j) Assisting cash flow through timely billing of income due, monitoring income received and taking appropriate action in the event of non-payment.
- (k) Assisting cash flow through minimising advance payments wherever possible.
- (l) Ensuring that all expenditure incurred complies with the requirements of the procurement code and has the necessary budgetary approval before commitment.
- (m) Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
- (n) Ensuring the proper security and safe custody of all assets under their control.
- (o) Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the necessary approvals.

### ***All Officers Roles and Responsibilities***

2.3.11. In addition to the specific responsibilities set out above the Council expects all Officers to:

- (a) Act in good faith, impartially and in accordance with their positions of trust.

- (b) Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- (c) Ensure that proper records and documentation are maintained of the Council's assets and financial transactions.
- (d) Comply with these Regulations, the associated Financial Procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- (e) Co-operate in audits of the Council's financial systems.
- (f) Report any suspected financial irregularities for investigation.
- (g) Ensure they comply with the Council's financial system control framework and policies.



### 3. Financial Planning and Budgeting

#### 3.1. Principles

- 3.1.1. The purpose of financial planning is to set out and communicate the Council's financial objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 3.1.2. The Council's medium term financial strategy represents a multi-year financial strategy that identifies the medium to long term financial implications for the organisation in delivering the councils priorities.
- 3.1.3. The Council's budget sets agreed parameters around resource allocations (budgets) for delivery of the annual activities and functions of Council services and is constructed within the context of a medium term financial plan.
- 3.1.4. Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. The Council is required to set a balanced budget each year.
- 3.1.5. The capital programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, major items of plant, equipment and vehicles.
- 3.1.6. The budget process must ensure that resources are:
  - (a) required in accordance with the law and properly authorised;
  - (b) used only for the purpose intended to achieve approved policies, objectives and service priorities;
  - (c) held securely for use when required;
  - (d) used with the minimum level of waste, inefficiency or loss.

#### 3.2. Revenue Budgets

- 3.2.1. The budget includes the allocation of financial resources to different services and projects, proposed contingency funds, setting the council tax including decisions relating to the control of the Council's borrowing requirement, the determination and control of its capital expenditure and the setting of virement limits.

#### *Members Roles and Responsibilities*

- 3.2.2. Executive are responsible for recommending the annual revenue budgets for the General Fund and Housing Revenue Account and capital programme to be approved by Borough Council. Having approved the annual budget, the Borough Council is responsible for setting the council tax levels.
- 3.2.3. In approving the annual budget the Borough Council must have regard to the report of the Executive Director of Finance and Resources on the robustness of the budget and the adequacy of the proposed financial reserves as required by section 25 of the Local Government Act 2003.

#### *Executive Director of Finance and Resources Roles and Responsibilities*

- 3.2.4. The Executive Director of Finance and Resources in consultation with CLT is responsible for:-

- (a) Preparing and reporting a medium term financial strategy to the Executive for recommendation to Borough Council. This will set out the overall medium term financial issues facing the Council, and consider the actions the Council may need to take and should be updated annually
- (b) Maintaining a financial planning and resource allocation process that properly reflects the Council's policy framework and strategic objectives.
- (c) Reporting to the Executive on the aggregate spending plans of Directorates and on the resources available to fund them, identifying any implications for Council Tax levies
- (d) Preparing and reporting on the Council's council tax base each year for formal approval by Executive.
- (e) advising on the medium term implications of spending decisions and funding options
- (f) Ensuring that an annual Revenue Budget and Council Tax Report is prepared in the context of a medium term financial plan for consideration by Executive and approval by Council.
- (g) Advising the Executive on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
  - legal requirements
  - medium-term planning prospects
  - the corporate strategy and Council priorities
  - available resources
  - spending pressures
  - government initiatives and public policy requirements
  - internal policy directives
  - cross cutting issues and Council priorities
  - allocating central budgets, inflation
- (h) The Executive Director of Finance and Resources is delegated as part of the final accounts process to make proper provision for known future commitments, and approve carry forward of budgets, which are consistent with agreed budgetary and/or policy framework, thereby:-
  - Considering and approving or rejecting requests for the creation of earmarked reserves.
  - Approving or rejecting transfers to or from reserves, or the re-designation of existing reserves.
- (i) Advising the Executive and Council on a prudent level of reserves for budget purposes, and ensuring any appropriate contingency provisions are maintained.
- (j) Advising the Council on the budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act 1972.
- (k) Undertaking the statutory consultation with business rate payers.
- (l) Encouraging the best use of resources and value for money by working with CLT to identify opportunities to improve economy, efficiency and effectiveness and by encouraging good practice in conducting financial appraisals of growth or savings and developing the financial aspects of effective Service Planning;

### ***Directors Roles and Responsibilities***

#### **3.2.5. Directors are responsible for:-**

- (a) Budget estimates of income and expenditure are a realistic reflection of agreed corporate and service priorities, and that they are submitted to the Executive as part of the overall budget setting process.
- (b) These estimates must be consistent with any relevant net resource allocation (cash limits), the annual budget cycle and prepared in line with guidance issued by the Executive and the detailed procedures issued by the Executive Director of Finance and Resources.
- (c) In drawing up draft budget plans having regard to;

- spending patterns and pressures revealed through the budget monitoring process;
  - legal requirements;
  - policy requirements as agreed by Council
  - reflect agreed priorities
  - initiatives already under way.
- (d) Establishing detailed budgets for each service area in advance of the financial year and requiring such budgets to be managed by responsible named budget managers.
- (e) Integrating financial and budget plans with service planning.
- (f) Ensuring that any planned approved withdrawals from reserves are applied for their intended purposes.

### 3.3. Capital Budgets

- 3.3.1. The Regulations and standards relating to budgetary management and control of the revenue Budget apply equally to capital expenditure and any changes to revenue budgets arising out of changes to the Capital Programme must be dealt with accordingly.
- 3.3.2. All capital expenditure is incurred or committed on a scheme by scheme basis. Capital expenditure must be reported gross of any funding and controlled at that level.
- 3.3.3. No expenditure may be incurred on a capital project unless it has been approved by Executive, other than in accordance with any delegations as set out in the Schedule.
- 3.3.4. Any slippage between years must be identified by Officers, reported to and approved by the Capital Strategy Board meeting. These must be reported to Executive through the financial monitoring update reports.
- 3.3.5. Any forecasted overspends greater than 10% of project budget or £250,000 (whichever the lower) must be contained within the overall Capital Programme and reported to the Capital Strategy Board and Executive. Variations to the approved budgets for capital schemes must be approved by Executive other than in accordance with any delegations as set out in the Schedule.

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 3.3.6. The Executive Director of Finance and Resources is responsible for:
- (a) Ensuring that a rolling Capital Programme is prepared on an annual basis for consideration by the Capital Strategy Board, approval by Executive for recommendation to Borough Council.
- (b) Ensuring the effective operation of the non-formal decision making Capital Strategy Board which purpose will be to:
- To provide strategic development of the Council's capital programme and capital strategy in accordance with the Council's objectives.
  - To consider any proposal for the use of capital against Council's priorities.
  - To review potential risk and Value for Money issues on any proposal for the use of capital.
  - To agree any programme of capital spend within the confines of Council agreed financing.
  - To provide a forum for establishing and providing robust challenge and debate around the capital programme.
  - To monitor the performance of projects and programmes within the Council's Capital Programme.

- To monitor and plan for capital receipts as a result of asset sales or other transactions.
  - To ensure that investments in projects are backed up with a rigorous business case that is updated and developed at key stages over the project life.
  - Review of service capital plans within the agreed capital programme
  - Review of the disposal and asset utilisation plans.
- (c) Ensuring the capital strategy board operates to provide Officer scrutiny before wider decision making by Executive
- (d) Issuing strategic guidance on budget preparation, and issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
- (e) Issuing guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions.
- (f) Ensuring that the revenue implications of the programme are contained within the Revenue Budget and medium term financial plan.
- (g) Ensuring that all schemes relying on the use of Prudential borrowing powers are properly appraised and provide value for money.
- (h) Issuing procedures on the preparation of capital budget estimates.
- (i) Ensuring that sources of funding (general fund, capital grants, self-financing etc) are identified for the entire programme. Reporting to Executive on the overall position and the availability of resources to support the Capital Programme.
- (j) Ensuring that any schemes requiring in year approval within the funding envelope approved within the capital programme, are reviewed by the Capital Strategy Board and approved by Executive or as delegated within the Schedule.
- (k) Ensuring that any schemes requiring in year approval outside the funding envelope approved within the capital programme, are reviewed by the Capital Strategy Board before consideration and approval by Executive
- (l) Ensuring the Capital Programme includes a contingency for in year approval of schemes, with allocation of this as set out in the Schedule. This is so to ensure that the overall affordability of the programme is maintained.
- (m) Maintaining a record of the current capital budget and expenditure on the Council's financial systems, and ensuring compliance with financial reporting standards.
- (n) Reporting to Executive on the performance against the Capital Programme and budget.

### ***CLT and Directors Roles and Responsibilities***

#### **3.3.7. CLT and Directors are responsible for:-**

- (a) Complying with the guidance issued by the Executive Director of Finance and Resources regarding preparation of the Capital Programme.
- (b) Ensuring all General Fund capital schemes and schemes included in the Housing Revenue Account programme are properly appraised with rigorous business cases documented. In addition projects should be supported by project plans, progress targets, funding strategies, identification of revenue costs (one off and ongoing), risk register and benefit realisation plans as appropriate.
- (c) Ensuring that all business cases are prepared in accordance with the procedures and timetable issues by the Executive Director of Finance and resources and are put forward for consideration firstly by the Capital Strategy Board, with consultation with relevant Executive Member(s).
- (d) Undertaking robust financial management of schemes on a day to day basis and ensuring the scheme constitutes value for money.
- (e) Undertaking an annual review of their schemes within the Capital Programme and consequential revenue expenditure, for inclusion in the medium term financial plan.
- (f) Ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by the

Executive (as advised by Executive Director of Finance and Resources), or in accordance with the limits set out in the Scheme.

- (g) Monitoring and reporting on a monthly basis on capital expenditure and receipts against approved capital budgets, on project slippage and variations, on additions/deletions, and on any changes in projected expenditure, to the Capital Strategy Board.
- (h) Reporting to the Executive if proposed sources of funding are not secured.
- (i) Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.
- (j) Complying with the requirements of Capital Strategy Board for business case sign off, progress updates and providing specific information in relation to a scheme when requested. All business cases to Capital Strategy Board must be submitted with a completed cover report in line with the guidance as set out by the Executive Director of Finance and Resources.

### 3.4. Pension Fund

#### *Executive Director of Finance and Resources Roles and Responsibilities*

3.4.1. The Executive Director of Finance and Resources is responsible for:-

- (a) the financial management and accounting arrangements of the Pension Fund, and for advising on the management of strategic, financial and operational risks.
- (b) ensuring that the following strategies are up to date and reviewed regularly:
  - Investment Strategy Statement;
  - Funding Strategy Statement;
  - Governance Compliance Statement;
  - Communications Policy;
  - and Pension Administration Strategy.
- (c) The Pension Fund Panel is responsible for approving the strategies.
- (d) Ensuring investments made are in line with the approved strategies

### 3.5. Virements

3.5.1. The term virement refers to transfers of resource allocations between or within approved cost centres for both revenue and capital purposes. The virement mechanism exists to enable the Executive and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Borough Council, thereby optimising the use of resources throughout the financial year.

3.5.2. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be effected after the year end to retrospectively fund over or under spends unless approved in advance by the Executive Director of Finance and Resources.

3.5.3. It is important that the scheme is carefully controlled within guidelines established by Borough Council and administered by the Executive Director of Finance and Resources. Any variation from those guidelines must be approved by Borough Council.

3.5.4. All virements must:

- (a) not commit the Council to any on-going additional expenditure in future years unless virements are permanent redirections of resources;
- (b) Appropriately authorised in line with the Scheme

- (c) Must be notified to Executive Director of Finance and Resources or his/her nominated representative;
- (d) be recorded in the Council's financial systems.

3.5.5. Note that this section applies to in year changes to budgets. Movement of budgets arising through the annual review of budgets for budget setting purposes are approved by Full Council as part of the budget setting process.

### **Executive Director of Finance and Resources Roles and Responsibilities**

3.5.6. The Executive Director of Finance and Resources is responsible for:

- (a) Controlling and administering the virement mechanism in accordance with guidance and limits set by Council. As a general rule, virement is only permissible in the following circumstances:
  - to correct any errors made in the initial loading of the budget onto the main accounting system
  - to reflect a structural reorganisation
  - to distribute centrally held budgets, e.g. savings targets and inflation provisions, subject to appropriate approval
  - to reflect receipt of additional grant or other funding
  - to reflect technical adjustments at the discretion of the Executive Director of Finance and Resources
  - to reflect any changes in directorate priorities
  - to reflect adjustments required in the use of earmarked reserves
- (b) Recording approved virements in the Council's financial systems and reflecting the impact of these in regular monitoring reports to Executive.

### **Directors Roles and Responsibilities**

3.5.7. Directors are responsible for:

- (a) Ensuring all proposed virements comply with the limits and approval requirements set out in the Schedule.
- (b) Ensuring that virements are correctly identified as either permanent or temporary (in year) adjustments.
- (c) Ensuring salary budgets are maintained at a level required to fund approved establishment.
- (d) Ensuring that salary budgets reflect establishment listing and vice versa.
- (e) Ensuring all the appropriate authorisations for virements are in place and provided to the Executive Director of Finance and Resources or his/her representative.
- (f) Directors are responsible for ensuring that any revised budgeted income levels are reasonable and that mitigation plans are in place to constrain expenditure in the event that budgeted income levels are not achieved.

### **Returning Officer**

3.5.8. Financial management of Election related activity should be undertaken in accordance with these Financial Regulations with Election Accounts prepared in accordance with procedures outlined by the Returning Officer of each Election.

## **3.6. In the event of an emergency**

3.6.1. In the event of an emergency or incident in the Borough that requires the Council to incur expenditure to discharge its responsibilities under relevant legislation the Executive Director of Finance and Resources is authorised to agree a supplementary estimate of expenditure in consultation with the Leader or a Executive member for Finance and Corporate Services.

This estimate and the actual expenditure incurred should be reported at a subsequent meeting of the Executive if the estimate and/or expenditure exceed £500,000.

- 3.6.2. Where Officers require a cash resource to fund expenditure related to an emergency they should agree specific arrangements with the Executive Director of Finance and Resources.

## 4. Financial Monitoring and Control

### 4.1. Principles

- 4.1.1. The Council Budget sets an annual cash limit. The Council's approval of the revenue estimates constitutes authority to incur expenditure, subject to compliance with the approved policies and regulations of the Council and any other limitation that may be imposed.
- 4.1.2. The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Borough Council.
- 4.1.3. To ensure the Council does not exceed its overall budget, each service area is required to manage its own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 4.1.4. Any forecasted revenue overspends or income shortfalls should be mitigated through a compensating underspend or overachievement of income elsewhere. Any underspend cannot be carried forward from one year to the next without the approval of the Executive Director of Finance and Resources, and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year. See reserves section.

### 4.2. Financial Monitoring and Control

#### *Members Roles and Responsibilities*

- 4.2.1. The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Borough Council. In doing so, it should receive regular in year reports on the financial monitoring position.

#### *Executive Director of Finance and Resources Roles and Responsibilities*

- 4.2.2. The Executive Director of Finance and Resources is responsible for:
- (a) Maintaining a robust framework of budget management and control that ensures that:
    - Budget management is exercised within annual cash limits and the medium term financial plan.
    - Revenue expenditure is recorded on the Council's financial systems in accordance with legal, regulatory and code of practice requirements.
    - Accurate and timely information is available to managers and budget holders that enables budgets to be monitored and controlled effectively.
    - All Officers responsible for committing expenditure comply with these Regulations.
    - Each cost centre is allocated to a named budget manager determined by the relevant service director.
    - Significant variances from budget are investigated and reported by budget managers on a regular basis.
  - (b) Monitoring and controlling income and expenditure against budget allocations at a Council-wide level.

- (c) Reporting regularly to the Executive on performance against budget, delivery of savings programmes and available reserves.
- (d) Any overspending on service estimates in total on budgets must be reported by the Executive Director of Finance and Resources to the Executive.
- (e) report to the Executive and Borough Council as necessary the financial implications of any new in-year proposal or amendment that will:
  - create financial commitments in future years;
  - change existing policies, initiate new policies or result in existing policies ceasing to operate;
  - materially extend or reduce the Council's services.

### **CLT and Directors Roles and Responsibilities**

#### 4.2.3. Directors are responsible for:

- (a) Ensuring that effective budgetary control arrangements exist and are observed within their respective areas in compliance with these Regulations.
- (b) Ensuring spending remains within the relevant net resource limit (cash limit) by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
- (c) Ensuring capital programme delivery is on track and within budgets, monitoring performance and taking corrective actions where variations from delivery programme are forecast.
- (d) Forecasting accurately on a monthly basis throughout the financial year, monitoring activity and spend to ensure projections are reasonable and accurate.
- (e) Ensuring any risks or issues relating to over or underspends within their areas are escalated to Finance on a timely basis.
- (f) Demonstrating value for money is achieved

Ensure where responsibility for day-to-day management of service budgets are delegated to service managers, they should first have received appropriate training to take on the role of budget holder

- (g) Advise the Executive Director of Finance and Resources annually of all Officers who have delegated responsibility for day to day management of service budgets.

### **Budget Managers Roles and Responsibilities**

#### 4.2.4. Budget managers are responsible for:

- (a) responsible for ensuring that there is sufficient budget provision prior to the appointment of staff on either a temporary or permanent basis or entry into a contract for the provision of goods or services to the Council.
- (b) Ensuring that expenditure is coded correctly and committed only against approved budget lines.
- (c) Ensuring any risks or issues relating to over or underspends within their areas are escalated on a timely basis.
- (d) Regularly reporting performance, variances, and forecasts to respective Director and ensuring the system forecasts and commentary reflect activity.

## **4.3. Financial Reporting**

- 4.3.1. The council is responsible for reporting to several external bodies in the form of returns and the annual statement of accounts, all under statute.

### **Members Roles and Responsibilities**



- 4.3.2. The Audit and Governance Committee is responsible for approving the annual statement of accounts and ensuring Officers have arrangements in place over the timely submission of statutory returns.

**Executive Director of Finance and Resources Roles and Responsibilities**

- 4.3.3. The Executive Director of Finance and Resources is responsible for:-
- (a) ensuring that the Statement of Accounts is prepared, published and submitted to the Council's external auditors in accordance with the Accounts and Audit Regulations and other relevant statutory requirements.
  - (b) Ensuring that the annual statement of accounts is prepared in accordance with the relevant CIPFA Code of Practice on Local Council Accounting in the United Kingdom
  - (c) ensuring that procedures are in place for completing required Government financial returns and ensuring compliance with HMRC requirements.

## 5. Audit and Risk Management

### 5.1. Principles

- 5.1.1. Management are responsible Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- 5.1.2. The Council is required to ensure provisions are in place for both internal and external audit. External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money. Internal audit evaluates and reports on the adequacy of the Council's internal control systems in securing the proper, economic, efficient and effective use of resources.

### 5.2. Internal Control

- 5.2.1. Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 5.2.2. There is a basic expectation that members and all Officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 5.2.3. The Executive Director of Finance and Resources is responsible for:
- Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutory and other authorities that govern their use.
  - Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Council's Annual Governance Statement.

#### ***CLT and Directors Roles and Responsibilities***

- 5.2.4. CLT and Directors and all Officers are responsible for:
- Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
  - Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
  - Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.
  - Complying with the controls set down in these Regulations and the Financial Procedures.

### 5.3. Internal and External Audit

- 5.3.1. Audit is a key management tool that Members and CLT should rely on to provide an independent and objective assessment of the internal control environment.

- 5.3.2. The Audit and Investigation team and the external auditors must be allowed to act independently and objectively in their planning and operation without undue influence by either Directors or Members.
- 5.3.3. The Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing external auditors to Councils. The duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998 and the Local Government Act 2000. These variously include rights of access and the right to report publicly on their findings and recommendations. The external auditors must comply with the provisions of a Code of Audit Practice in planning and conducting their work. This includes the audit of the Council's financial statements, the financial aspects of corporate governance and performance management. The work of the Council's auditors is reported to the Audit and Governance Committee annually each year.
- 5.3.4. The Council may also be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, and various other Inspectors of service at any time.

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 5.3.5. The Executive Director of Finance and Resources is responsible for:
- (a) Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations.
  - (b) Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
  - (c) Ensuring that audit plans and results are reported to the Audit and Governance Committee.
  - (d) Ensuring that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work

#### ***CLT and Directors Roles and Responsibilities***

- 5.3.6. CLT and Directors are responsible for:-
- (a) Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
  - (b) Ensuring recommendations in audit reports are considered and responded to promptly.
  - (c) Ensuring any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

#### ***All Officers Roles and Responsibilities***

- 5.3.7. All Officers are responsible for:
- (a) Ensuring that the appointed auditors have access to all documents and records for the purposes of the audit.
  - (b) Implementing audit recommendations within agreed timescales.
  - (c) Ensuring auditors are provided with any information and explanations that they seek in the course of their work.
  - (d) Notifying the Head of Internal Audit is notified immediately of any suspected or identified fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
  - (e) Ensuring that all records and systems are up to date and available for inspection.

#### 5.4. Preventing Fraud and Corruption

- 5.4.1. The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by Members, Officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings.
- 5.4.2. There is a basic expectation that Members and all staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the Constitution, the Council's Policy Framework and all relevant professional and other codes of practice.
- 5.4.3. The Council has adopted an anti-fraud and corruption strategy, fraud prosecution policy and whistle-blowing policy along with codes of conduct governing the behaviour of Members and Officers.
- 5.4.4. All staff and Members of the Council must inform the Head of Audit and Investigation immediately if they suspect or know of any impropriety, financial irregularity, fraud or corrupt practice. The Head of Audit and Investigation is responsible for determining the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required and may refer matters to the Police or other appropriate external body as they see fit in consultation with the contract client Officer

#### *Executive Director of Finance and Resources Roles and Responsibilities*

- 5.4.5. The Executive Director of Finance and Resources is responsible for:
- (a) Developing and maintaining an anti-fraud and corruption strategy that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
  - (b) Advising on the controls required for fraud prevention and detection.
  - (c) Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.

#### *CLT and Directors Roles and Responsibilities*

- 5.4.6. CLT and Directors are responsible for:
- (a) Ensuring that there are sound systems of internal control within their service areas for fraud prevention and detection.
  - (b) Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
  - (c) Reporting cases of suspected fraud or irregularity to internal audit for investigation, and complying with the Council's whistleblowing policy.
  - (d) Implementing audit recommendations within agreed timescales.
  - (e) Ensuring they seek advice from the fraud team in taking all necessary and timely action with their staff if fraud is suspected.
  - (f) Instigating the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

#### *All Staff Roles and Responsibilities*

- 5.4.7. All staff are responsible for:-
- (a) Complying with the Council's anti-fraud and corruption strategy.
  - (b) Ensuring they follow all controls policies and regulations to minimise fraud

### ***Head of Audit and Investigations Roles and Responsibilities***

5.4.8. The Head of Audit and Investigations is responsible for:

- (a) Having arrangements in place for the investigation of suspected irregularities and for liaison with the police.
- (b) Refer cases directly to the police if they believe that normal consultation practices would compromise the integrity of the investigation against the interests of the council or the general public;
- (c) Notify the council's auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service;
- (d) Require any Officer or member to:
  - make available such documents relating to the accounting and other records of the Council that are necessary for the purpose of the audit;
  - supply any information or explanation considered necessary for that purpose.

5.4.9. The Money Laundering Officer is responsible for having arrangements in place for the investigation of suspected irregularities and for liaison with the police.

## **5.5. Risk Management**

5.5.1. Risk Management is inherent to good management practice and essentially; it is concerned with identifying potential events (risks), establishing what could go wrong (threats) and the potential for success (opportunities) with the aim of trying to achieve the right balance between the two. The outcome from proper risk consideration ensures that managed controls are in place and the effective prioritisation and allocation of potentially scarce resources to the most appropriate area (high risk), to ensure service continuity and performance improvement.

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

5.5.3. Full details of the way that the Council manages its risks are set out in the Risk Management Policy and Strategy.

### ***Members Roles and Responsibilities***

5.5.4. The Audit and Governance Committee are responsible for approving the Council's risk management strategy, and for promoting a culture of risk management and awareness throughout the Council.

### ***CLT Roles and Responsibilities***

5.5.5. CLT is responsible for ensuring that there is a risk management strategy in place outlining the management of strategic, financial and operational risks.

### ***CLT and Directors Roles and Responsibilities***

5.5.6. CLT and Directors responsible for:

- (a) Implementing the Council's risk management strategy.
- (b) Integrating risk management within business planning and performance management arrangements.
- (c) Regular reviews of risk within their areas of responsibility, highlighting any new risk emerging
- (d) Mitigating, monitoring and reporting on risks.
- (e) Maintaining and testing business continuity plans.

- (f) Consulting the Insurance team on the terms of any indemnity that the Council is requested to give.

## 5.6. Insurance

### *Executive Director of Finance and Resources Roles and Responsibilities*

5.6.1. The Executive Director of Finance and Resources is responsible for:

- (a) effecting all relevant insurances and dealing with all claims;
- (b) maintaining a register of insurances and the property or risks covered thereby and for maintaining a register of insurance claims made against the Council including those that have yet to be settled
- (c) reviewing, at least annually, all insurances.
- (d) managing an internal insurance provision and reserve and service budgets to cover for risks or elements of risk not covered by external insurance policies
- (e) ensuring that the Council's insurance claims and reserves/ provisions are valued by an independent actuary at least every 5 years.

### *CLT and Directors Roles and Responsibilities*

5.6.2. It is the responsibility of CLT and Directors to:

- (a) notify the Executive Director of Finance and Resources 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;
- (b) notify the Executive Director of Finance and Resources without delay of any loss, liability or damage or any event likely to lead to a claim, and shall provide such information and explanations required by the Executive Director of Finance and Resources or the Council's insurers;
- (c) 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.
- (d) Directors are responsible for notifying the insurance team of asset disposals for which insurance cover is no longer required and the purchase of new assets, which need to be included within the Council's insurance cover.
- (e) Directors are responsible for notifying the insurance team of the provision of services by the Council to another body so that appropriate insurance arrangements can be made.
- (f) Consult with the insurance team to ensure that contractors who are engaged to carry out works to the Council's assets including schools have appropriate insurance cover.

## 6. Financial Systems and Procedures

### 6.1. Principles

6.1.1. Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This section covers:

- (a) Accounting systems
- (b) Income
- (c) Expenditure
- (d) Banking arrangements
- (e) Treasury management
- (f) Taxation
- (g) Trading accounts.

### 6.2. Accounting

6.2.1. The Council relies on a variety of different financial and accounting systems in controlling and administering the finances of the organisation. The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns.

6.2.2. It is vital that these systems ensure information is recorded accurately, completely and in a timely manner and that all necessary controls are in place to ensure that all transactions are properly processed and any errors detected promptly and rectified.

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

6.2.3. The Executive Director of Finance and Resources is responsible for:

- (a) Determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure.
- (b) Determining any financial systems which may sit outside of the main accounting system and ensuring that these are sound and properly integrated and interfaced.
- (c) Issuing guidance on the use and maintenance of the main accounting system and related financial systems and ensuring that supporting records and documents are retained.
- (d) Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- (e) Preparing the Council's consolidated accounts, balance sheet and governance statement for audit and publication, and issuing guidance to ensure achievement of statutory deadline.

#### ***Budget Managers Roles and Responsibilities***

6.2.4. Budget Managers are responsible for:

- (a) Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the Executive Director of Finance and Resources.
- (b) Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
- (c) Ensuring that the implementation of any external financial system has the express approval of the Executive Director of Finance and Resources, and is a adequately documented, tested and interfaced with the main accounting system.
- (d) Complying with the timetables required by the Executive Director of Finance and Resources to enable the production of consolidated accounts, budgets and statutory information.

### **6.3. Income**

- 6.3.1. Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection.
- 6.3.2. Where debts are considered to be irrecoverable they should be passed for approval to write off the debt on a timely basis. Debts should only be written off once all reasonable avenues have been exhausted or where it would prove uneconomical to pursue. Requests to approve the write off of debt should be accompanied by documentation that outlines why write off of the debt is considered to be necessary. See Schedule for authority levels for debt write offs.
- 6.3.3. Income must never be used to directly fund expenditure (i.e. all transactions must be shown separately in the ledger, both income and expenditure).

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 6.3.4. The Executive Director of Finance and Resources is responsible for:
- (a) Approving all procedures, systems and documentation requirements for all invoicing, credit notes, income collection and debt recovery.
  - (b) Ensuring that claims for Government grants and other monies are made properly and promptly.
  - (c) Ensuring that all monies received are properly receipted and recorded and banked promptly.
  - (d) Administering the process for writing off irrecoverable debts, and monitoring and reporting on write off levels.
  - (e) Recommending and implementing the Council's debt management policy.

#### ***Budget Managers Roles and Responsibilities***

- 6.3.5. Budget Managers are responsible for:
- (a) Ensuring that fees and charges for services are reviewed at least annually, consulting with the Executive Director of Finance and Resources and Executive Members on the financial effect of the review and obtaining Executive Member approval to any revisions, see Schedule for further details on approval process.
  - (b) Collecting payment at point of sale wherever possible to improve cash flow.
  - (c) Timely initiation of 'sales orders' in respect of all fees and charges due.
  - (d) Administering any local systems for invoicing, income collection and debt recovery as directed by the Executive Director of Finance and Resources.
  - (e) Ensuring the appropriate debt recovery action taken on unpaid invoices relating to service area.
  - (f) Providing operational data and information to ensure that claims for Government grants and other monies can be made properly and promptly.

### **6.4. Expenditure – General**

- 6.4.1. Expenditure may only be incurred where budgetary provision is available and must comply with the Council's procurement rules and approved payment processes. Purchase orders must be raised to ensure that the expenditure is recorded as a commitment in the Council's main accounting system. Expenditure must be shown separately to income and expenditure proposals that attract amounts of income must be shown gross in the accounts. The determination of any financial thresholds or bandings referred to by these Regulations must therefore be done with reference to the gross amount.



- 6.4.2. Expenditure may be incurred provided there is funding available through normal ordering and invoicing processes, entering into a contract arrangement, through the payment of salaries, wages and allowances, purchase cards or in exceptional circumstances through raising a cheque requisition. Directors, or their nominated representatives, are authorised to incur expenditure on works, goods and services where there is an approved budget for which they are responsible, provided such expenditure is legally incurred and within the Policy Framework.
- 6.4.3. The Contract Procedure Rules set out the specific procurement rules and procedures to be observed in contracting for the provision of works, goods and services.
- 6.4.4. Official purchase orders must be issued for all purchases including those under contract except:
- (a) where the supplier is on the official list of suppliers exempt from using official purchase orders;
  - (b) those allowed under the Council's Procurement Card Policy;
  - (c) purchases made through petty cash;
  - (d) those made using a Council prepaid card.
- 6.4.5. They may only be authorised by signatories up to the limits as set out in the Schedule.
- 6.4.6. The normal method of payment from the Council shall be by BACS. Payment by any another approved instrument drawn on the Council's bank account should be made only in exceptional circumstances. The use of direct debit shall require the prior agreement of the Executive Director of Finance and Resources.
- 6.4.7. Payments for works, goods and services must only be made:
- (a) on receipt of an invoice or contract certificate which satisfies VAT regulations,
  - (b) where the liability for payment is clearly established and evidenced;
  - (c) in accordance with contractual commitments;

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 6.4.8. The Executive Director of Finance and Resources is responsible for:
- (a) Issuing guidance on the ordering, certification and payment for all works, goods and services, subject to the provisions of the procurement code.
  - (b) Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
  - (c) Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services.
  - (d) Administering procurement cards and credit cards and processing payments.
  - (e) Agreeing the use of any pre-loaded payment cards.
  - (f) Ensuring that an effective procurement framework, code and policies are in place.

#### ***Budget Managers Roles and Responsibilities***

- 6.4.9. Budget managers are responsible for:
- (a) Complying with the requirements of the Council's procurement code.
  - (b) ensuring that the purchase is necessary and appropriate, expenditure is correctly coded and there is sufficient budget available to fund the purchase taking account of commitments already entered into against the budget
  - (c) Ensuring that all purchase orders are raised using the Council's financial system, for all works, goods and services other than:

- purchases appropriately made through petty cash, procurement card or credit card
  - continuous charges for utilities supplies, or periodic payments such as rents or rates, and treasury management payments
  - any other exceptions agreed with the Executive Director of Finance and Resources
- (d) Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Schedule and the procurement code.
- (e) Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.
- (f) Receipting all works, goods and services on the financial system promptly on receipt.
- (g) Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.
- (h) Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
- (i) The same Officer must not authorise an order, certify the receipt of goods and authorise an invoice for payment.
- (j) Ensuring that all procurement and credit cards are appropriately controlled, and that all expenses and other transactions are reviewed and authorised by the relevant line manager, are for proper business purposes, are supported by receipts, and are compliant with any other restrictions in force.
- (k) Ensuring that the transactions recorded on procurement or pre-paid cards is properly recorded on the Council's primary finance system.

## 6.5. Expenditure - Payroll

- 6.5.1. Staff costs form the largest item of expenditure made by the Council. It is important that payments are accurate, complete, timely and made in accordance with what is due consistent with the individual conditions of employment and/or the terms of any Officer or Member allowance scheme and that such payments are fully recorded and accounted for in the accounting system.
- 6.5.2. Schools are permitted to make their own payroll arrangements but if they choose to do so they must provide the Executive Director of Finance and Resources with all necessary information to provide assurance to the auditors that any alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.

### *Executive Director of Finance and Resources Roles and Responsibilities*

- 6.5.3. The Executive Director of Finance and Resources is responsible for making payments and emergency payments to staff.

### *Executive Director of Finance and Resources and Director of Human Resources Roles and Responsibilities*

- 6.5.4. The Executive Director of Finance and Resources and Director of Human Resources is responsible for:
- (a) Having sound arrangements in place for the payment of salaries, pensions and expenses to Officers and members, which are reliable, secure and in accordance with applicable regulations.
  - (b) Providing a corporate payroll system for recording all payroll data and generating payments to employees and members, including payment of pensions and expenses.
  - (c) The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.

- (d) Making arrangements for the accurate and timely payment of tax, pensions contributions and other deductions
- (e) Completing all HMRC returns regarding PAYE and providing advice and guidance on employment related taxation.
- (f) Ensuring that there are adequate arrangements for administering pensions matters on a day-to-day basis
- (g) Maintaining an accurate and up to date record of the Council's establishment.
- (h) Ensuring that there are policies and procedures in place and adhered to for new permanent and temporary employments and termination of employments that give rise to a financial cost to the Council.

### ***Budget Managers Roles and Responsibilities***

#### **6.5.5. Budget Managers are responsible for:**

- (a) Controlling resources and containing staff numbers within approved establishment and budget levels.
- (b) for ensuring that appointments, including temporary appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay.
- (c) Ensuring employee appointments are only progressed following confirmation from HR on establishment and finance on budget.
- (d) Ensuring that payroll are notified promptly of starters and leavers, and all information relating to employees' pay and expenses in line with processes and timetable.
- (e) Ensuring that all payments made to employees are properly authorised in compliance with the requirements set out in Council's human resources policies.
- (f) Ensuring that for expenses, managers review their audit samples of expense claims, validate that there are appropriate receipts in place, and make these available for audit as and when required.
- (g) Ensuring that all persons employed by the Council are paid through the Council's payroll, other than where the Director of Human Resources has agreed that the individual is bona fide self-employed or employed by a recognised agency.
- (h) Ensuring that all agency staff for administrative, professional and technical roles are appointed through the Council's corporate contracts with preferred agencies except where specific approval is obtained from the Director of Human Resources and/or Executive Director of Finance and Resources.
- (i) Ensuring that all temporary employees are appropriately recorded as per IR35 regulations.

### **6.6. Banking**

**6.6.1.** All transactions through the Council's bank accounts must be properly processed, recorded and reconciled.

**6.6.2.** Payments over £1500 made by Faster Payments or CHAPS using the online banking system provided by the Council's bankers must be authorised by two 'authorised signatories'.

### ***Executive Director of Finance and Resources Roles and Responsibilities***

#### **6.6.3. The Executive Director of Finance and Resources is responsible for:**

- (a) Managing and operating all the Council's bank accounts and ensuring that all payment methods, have the appropriate authorisations, approvals and signatures.
- (b) Ensuring that adequate controls are in place for the control of payment methods used.
- (c) Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
- (d) Approving the operation of any local cash or bank imprest accounts.

- (e) Authorise appropriate Officers to be 'authorised signatories' on the Council's bank accounts.

### **Budget Managers Roles and Responsibilities**

6.6.4. Budget Managers are responsible for:

- (a) Ensuring that no bank accounts are opened in the name of the Council.
- (b) Reporting to the Executive Director of Finance and Resources on the nature and state of any bank accounts for which they are responsible.
- (c) The proper administration of any local cash or bank imprest accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody, preparation, signing and despatch.

### **6.7. Treasury management**

6.7.1. The Council has adopted the recommendations set out in the CIPFA Code of Practice on Treasury Management (the Code) which have been observed in setting out the Council's Treasury Management Strategy and policy statements. Proper processes must be maintained for the investment of cash balances and for borrowing to fund the Capital Programme, ensuring compliance with the authorised annual Treasury Management Strategy Statement.

6.7.2. Petty cash imprest accounts should only be used when necessary for the efficient running of the service. Other solutions, such as purchase cards, vouchers, prepayment cards should always be considered as an alternative to petty cash when suitable. Petty cash accounts should be assessed annually to ensure they continue to be appropriate.

### **Members Role and Responsibilities**

6.7.3. Borough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies, strategies and practices to Executive, and for the execution and administration of treasury management decisions to the Executive Director of Finance and Resources, who will act in accordance with the organisation's policy and strategy for Treasury Management.

6.7.4. Borough Council nominates the Audit and Governance Committee to be responsible for ensuring the effective scrutiny of the treasury management strategy and policies.

### **Executive Director of Finance and Resources Roles and Responsibilities**

6.7.5. The Executive Director of Finance and Resources is responsible for:

- (a) Preparing and presenting an annual Treasury Management Strategy to Audit and Governance Committee prior to submission to Executive and the Council for approval.
- (b) Implementing, reviewing and reporting on the progress and outturn performance of the strategy and recommending any changes.
- (c) Ensuring that Borough Council receives reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual outturn report after its close.
- (d) Ensuring all investments and borrowings are within the limits agreed within the Strategy approved by the Council.
- (e) Approving the use of any finance leases.
- (f) Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
- (g) Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance.
- (h) Ensuring that cash flow forecasting and monitoring systems are in place
- (i) Maintaining and authorising any amendments to the approved counterparty list.

### ***Directors Roles and Responsibilities***

6.7.6. Directors are responsible for:

- (a) Ensuring that no finance leases or borrowings are entered into without the approval of the Executive Director of Finance and Resources.
- (b) Prior approval must be obtained from the Executive Director of Finance and Resources prior to the opening of bank or imprest accounts.
- (c) Directors are responsible for ensuring that bank and imprest accounts are reconciled on a monthly basis.

### ***Budget Managers Roles and Responsibilities***

6.7.7. Budget Managers are responsible for:

- (a) Assisting cash flow through timely billing of income, consideration of contracts payment terms and minimising advance payments wherever possible.
- (b) Supporting cash flow forecasting and notifying the Treasury Team in advance of any high value receipts or payments that may impact on investments and borrowings.
- (c) Operating petty cash and imprest accounts in accordance with the procedures set out by the Executive Director of Finance and Resources.
- (d) Vouchers, receipts etc. must be retained to support expenditure from petty cash or an imprest account.
- (e) petty cash and imprests are securely held

## **6.8. Taxation**

6.8.1. Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for and that losses, fines and penalties avoided.

### ***Executive Director of Finance and Resources Roles and Responsibilities***

6.8.2. The Executive Director of Finance and Resources is responsible for:

- (a) Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
- (b) Making monthly Construction Industry Scheme (CIS) returns to HMRC.
- (c) Managing the Council's partial exemption position.
- (d) Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery / payment of any revenues due/owed.
- (e) Ensuring arrangements are in place for the submission of any other tax returns e.g. income tax returns, stamp duty returns.
- (f) Providing advice and guidance on taxation issues.
- (g) Making arrangements for training on VAT matters to relevant staff

### ***Budget Managers Roles and Responsibilities***

6.8.3. Budget Managers are responsible for:

- (a) Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- (b) Seeking advice on the potential tax implication of any new initiatives or change in the delivery of Council activity and services.
- (c) Ensuring that the taxation implications of proposed land and building acquisitions and sales are properly identified and considered at the planning stage, through early engagement with the Executive Director of Finance and Resources
- (d) Where construction and maintenance works are undertaken, ensuring that the contractor fulfils the necessary construction industry scheme deduction requirements.
- (e) Adhering to all aspects of the Council's VAT and CIS procedures.

- (f) provide the Executive Director of Finance and Resources and the Head of Human Resources with prompt responses to requests for information in order to make statutory returns to Revenue and Customs and to enable them to respond to ad hoc questions from Revenue and Customs on behalf of the Council.

## **6.9. Asset Management**

- 6.9.1. The Council holds tangible assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is essential to the financial health and wellbeing of the Council that these assets are safeguarded and used efficiently and effectively in supporting the delivery of Council services. All staff are responsible for safeguarding the assets and information used in their day to day activities and must ensure they are aware of their responsibilities in respect of the Data Protection Act, software copyright legislation, and the security of the Council's information systems. These responsibilities are laid out fully in the IT Regulations and E-Communications Policy.
- 6.9.2. Leases for the acquisition of goods or services must not be entered into without the prior approval of the Executive Director of Finance and Resources. Leases for the occupation of premises by the Council or the occupation of the Council's premises by a third party must not be entered into without the prior approval of the Executive Director of Finance and Resources.

### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 6.9.3. The Executive Director of Finance and Resources is responsible for:
- (a) Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule, and that valuations are made in accordance with the local authority accounting code of practice and policies.
  - (b) Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the Executive Director of Finance and Resources.
  - (c) Ensuring that the Council has a capital and investment strategy that outlines the Council's capital strategy, approach and management of capital programme.
  - (d) Ensuring that the Council has in place an asset management plan, vehicle replacement plan, ICT replacement plan and infrastructure plan that details short, medium and long term use of assets and investment.
  - (e) Ensuring that all asset acquisitions and disposals are properly recorded and comply with the disposal policy and investment strategy.
  - (f) Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
  - (g) Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule.

### ***Executive Director of Housing, Planning and Communities Roles and Responsibilities***

- 6.9.4. The Executive Director for Housing, Planning and Communities is responsible for:
- (a) Maintaining up to date records of all land and buildings, including values, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the Executive Director of Finance and Resources.
  - (b) Establishing an asset management plan that details short, medium, and long term use of assets, and monitoring and reporting on performance.
  - (c) Arranging the disposal of surplus assets in compliance with the disposal policy, or approved Housing Revenue Account asset management strategy, and subject to the necessary approvals.

- (d) The acquisition of land and buildings on behalf of the Council in accordance with the asset management plan, Capital Programme and medium term financial plan, and subject to the necessary approvals.
- (e) Notifying the Executive Director of Finance and Resources of acquisitions and disposals so that the accounting records can be updated.
- (f) ensuring all rents, charges, fees etc due in respect of properties and land are raised and all income is collected and accounted for in the Council's accounting systems, ensuring that agreements are in place to support these arrangements.
- (g) Seeking approval on leases for the acquisition of goods or services and for the occupation of premises by the Council or the occupation of the Council's premises by a third party.

### ***Executive Director of Environment, Culture and Customer Services Roles and Responsibilities***

6.9.5. The Executive Director for Environment, Culture and Customer Services is responsible for:

- (a) Establishing a fleet management and replacement plan that details short, medium and long term use of assets, and monitoring and reporting on performance.
- (b) Establishing an infrastructure plan that details short, medium and long term use of assets, and monitoring and reporting on performance.
- (c) Seeking approval on leases for the acquisition of goods or services and for the occupation of premises by the Council or the occupation of the Council's premises by a third party.

### ***Budget Managers Roles and Responsibilities***

6.9.6. Budget Managers are responsible for:

- (a) Providing the Executive Director of Finance and resources with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
- (b) Maintaining local inventories of moveable assets as directed by the Executive Director of Finance and Resources.
- (c) Ensuring that any stocks and stores are properly recorded and that unnecessarily high levels do not accumulate.
- (d) Ensuring the proper security and safe custody of assets and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
- (e) Complying with guidance issued by the Executive Director of Finance and Resources on disposal of assets.
- (f) Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Schedule.
- (g) Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise

## **6.10. Stocks and stores**

6.10.1. Stocks and stores must only be held at a level which is necessary to maintain the smooth running of services.

### ***All Officers Roles and Responsibilities***

6.10.2. All Officers are responsible for:-

- (a) the care and custody of stocks. Stock records must be retained for all holdings of stock in excess of £5,000. Regular physical checks should be carried out against the stock records. Discrepancies between stock records and physical stocks must be investigated and concerns reported to the Head of Internal Audit.

- (b) The value of stores held at 31 March each year must be reported in accordance with instructions issued by the Executive Director of Finance and Resources
- (c) Approval must be sought from the Executive Director of Finance and Resources prior to the write-off of redundant stocks where the value exceeds £2,000.

## 6.11. Recharges

### *Executive Director of Finance and Resources Roles and Responsibilities*

6.11.1. The Executive Director of Finance and Resources is responsible for:

- (a) Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified.
- (b) Processing all charges and recharges on a regular and timely basis.
- (c) Advising on the operation of internal trading accounts.

### *Budget Managers Roles and Responsibilities*

6.11.2. Budget Managers are responsible for:

- (a) Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
- (b) Maintaining appropriate systems to calculate recharges or justify their apportionment.
- (c) Providing data to enable recharges to be processed on a regular and timely basis.

## 6.12. Retention of documentation

6.12.1. All appropriate evidence of the transaction and payment documents must be retained and stored, in accordance with the Council's document retention policies.



## 7. External Arrangements

### 7.1. Principles

- 7.1.1. For the purpose of these Regulations a partner is defined as an organisation (private or public) that is part funding or participating as a beneficiary in a project or provision of a service involving the Council.
- 7.1.2. All partnerships and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into, and be supported by clear governance, accounting and audit arrangements. Full Executive approval is required in order to set-up a new entity, such as a joint venture.
- 7.1.3. External funding can prove an important source of income but funding conditions and risk must be carefully examined before any agreement is entered into to ensure they are compatible with the aims and objectives of Council.
- 7.1.4. Legislation enables the Council to trade and provide services to third parties. All such work must be intra vires and the respective risks and financial benefits associated with such work must be properly considered and a business case approved before any trading activities take place.

### 7.2. Partnerships and Joint Working

- 7.2.1. Executive approval is required in order to set up a new entity, such as a subsidiary or joint venture. Each new entity must be supported by clear governance, accounting and audit arrangements. Any contractual joint working arrangements should be entered into using a process compliant with the Contract Procedure Rules.

#### ***Executive Director of Finance and Resources Roles and Responsibilities***

- 7.2.2. The Executive Director of Finance and Resources is responsible for advising on the financing, accounting and control of partnership arrangements including:
- (a) Financial viability in current and future years
  - (b) Risk appraisal and risk management arrangements
  - (c) Resourcing and taxation
  - (d) Audit, security and control requirements
  - (e) Assessing any financial implications that may arise from these arrangements.

#### ***CLT and Director Roles and Responsibilities***

- 7.2.3. CLT and Directors are responsible for:
- (a) Ensuring that any arrangements do not impact adversely upon Council services, that risk assessments have been carried out, and that appropriate approvals have been obtained before entering into any agreements.
  - (b) a terms of reference is agreed for all partnerships in which the Council participates and where the Council is making a financial contribution to the partnership a formal partnership agreement is entered into
  - (c) partnership agreements/ terms of reference state the outcomes that are to be achieved as a result of the Council's involvement in the partnership and include provisions about the sharing of information, custody of assets, reporting on the use of resources and the arrangements for distribution of any assets on cessation of the partnership.
  - (d) Ensuring that agreements and arrangements are properly documented.
  - (e) Maintaining local registers of partnerships entered into.

- (f) Providing appropriate information to the Executive Director of Finance and Resources to enable relevant entries to be made in the Council's accounts.
- (g) Ensuring that appropriate mechanisms are in place to monitor and report on performance.

### 7.3. External Funding

#### *Executive Director of Finance and Resources Roles and Responsibilities*

7.3.1. The Executive Director of Finance and Resources is responsible for:

- (a) Ensuring that any match funding requirements are considered prior to entering into any agreement, that future revenue budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed.
- (b) Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
- (c) Maintaining a central register of external funding/grant arrangements.
- (d) Ensuring that all audit requirements are met.

#### *CLT and Directors Roles and Responsibilities*

7.3.2. CLT and Directors are responsible for:

- (a) Advising the Executive Director of Finance and Resources of any government grants for which the Council is to be the accountable body.
- (b) Ensuring that the sustainability of funding is assessed for risk, any agreements entered into are consistent with and support the Council's service priorities, and necessary approvals have been obtained.
- (c) All claims for funds are made by the due date.
- (d) Having arrangements in place to ensure that its responsibilities are properly discharged and both the Council and any partner are compliant with all grant conditions
- (e) Work is progressed in accordance with the project plan and all expenditure is properly incurred and recorded.

### 7.4. Trading

7.4.1. The Executive is responsible for determining what external but wholly owned and controlled entities should be established to deliver or trade services, subject to the specific statutory controls applicable to the differing types of entity. It is also for Executive to determine the contractual and governance arrangements to be put in place for those entities, having regard to the advice of the Monitoring Officer and the Section 151 Officer.

7.4.2. The Executive can award contracts directly to or require services to be provided by its wholly owned and controlled entities as well as other external bodies subject to compliance with the Contract Procedure Rules and the other controls approved by the Section 151 Officer, supported by the Monitoring Officer.

7.4.3. These Regulations and Procedures Rules are to be read in conjunction with the guidance approved by the Executive or the Monitoring Officer relating to the governance arrangements for its owned and controlled service delivery vehicles.

7.4.4. The Leader, on behalf of Executive, will exercise the Council's decision-making powers in relation to those matters that are reserved to the Council (reserved matters) for companies in which the Council has an owning interest. This will ordinarily be delegated by the Leader to the Chief Executive.

- 7.4.5. In relation to each reserved matter issue to be determined, the shareholder representative who is the Executive Director of Finance and Resources of the Council is required to seek and have regard to the advice of the Monitoring Officer or their nominees prior to discharging their responsibilities in that capacity.
- 7.4.6. The legal status and regulatory rules of some types of external bodies are such that the Council must limit the extent to which it seeks to exercise control over those bodies, including the contractual arrangements put in place. In establishing operating arrangement put in place with such bodies, advice must be sought from the Section 151 Officer and the Monitoring Officer. This does not detract from the responsibilities of the Section 151 Officer to promote and monitor the accounting arrangements of such bodies, particularly as they affect or might affect the Council. The bodies referred to in this paragraph include, companies limited by guarantee, companies limited by share and any other form of legal entity through which the Council may provide or trade its services.
- 7.4.7. The Section 151 Officer is responsible for promoting the adoption of and compliance with appropriate accounting arrangements in external bodies and for monitoring such compliance, subject to the responsibilities of the individual entities to manage their financial affairs through their boards, finance director and others with such responsibility. Where appropriate, the Section 151 Officer will recommend that external bodies adopt a version of these Financial Regulations and Contract Procedure Rules approved by the Section 151 Officer.
- 7.4.8. To the extent that the Section 151 Officer has the power to do so, they must also consider the overall corporate governance and legal arrangements of external bodies with the Monitoring Officer when arranging contracts or other working arrangements with such bodies. They must ensure risks have been fully appraised before such arrangements are entered into.
- 7.4.9. CLT are responsible for ensuring that appropriate advice on legal, financial and taxation consequences together with relevant approvals are obtained before any arrangements are concluded in relation to work with the external bodies.
- 7.4.10. The Executive Director of Finance and Resources is responsible for ensuring that external bodies provide necessary financial information to the Council so it can discharge its financial and accounting responsibilities, including compliance with funding conditions and the preparation of consolidated accounts.