

## Financial Procedure Rules

### Introduction

- i. To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.
- ii. The Financial Procedure Rules provide clarity about the financial accountabilities of individuals: Elected members; the District Executive; the Chief Executive; Directors; Section 151 Officer (S151); the Monitoring Officer; other Managers and all other officers of the Council.
- iii. The Council has established other internal regulatory documents as set out in Part 4 of the Council's Constitution. The Constitution lays down the Council's governance structure, which sets out how the Council operates, decision making processes, and the Council's operating procedures.
- iv. It is not possible to draft procedure rules to cover every eventuality or circumstance. Consequently, the principles of sound financial management proper exercise of responsibility and accountability, as set out in this document should be applied in all circumstances.
- v. The following general principles apply: -
  - there should be adequate and understood separation of duties so as to maintain adequate control over all financial transactions and operations;
  - there should be a clear hierarchy of control;
  - there should be adequate training and supervision of staff and there should be adequate management and audit trails;
  - there should be adequate management of risks and additional checks where there are high levels of risk;
  - operational financial procedures should be clearly documented, key risks identified, and such documents kept up to date and there should be adequate business continuity plans in place to maintain effective administration of the Council's finances at all times.
- vi. Financial Procedure Rules apply to every member and employee of the Council and anyone acting on its behalf.
- vii. Executive members and Directors should, where decision-making is delegated to them, maintain a written record of all decisions. Where decisions are delegated or devolved to other responsible officers, references to Directors in the rules should be read as referring to them.
- viii. All elected members and employees have a general responsibility for taking reasonable action to provide for the security of assets, funds and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- ix. The S151 Officer is individually responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Audit Committee and then Full Council for approval. She/he is also individually responsible for reporting, where appropriate, breaches to the Council, to the District Executive, or the Audit Committee. Directors and their staff are responsible for promptly notifying the S151 Officer of any breaches of these Financial Procedure Rules.
- x. The Senior Leadership Team (SLT) is responsible for ensuring that all Managers are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents, and that all employees comply with them. The SLT shall also ensure that there is an adequate level of understanding of these rules within their teams and that copies are available for reference within their service area or are accessible via other media.

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## 1 FINANCIAL GOVERNANCE

### 1.1 Full Council

- a) The Full Council is responsible for approving the policy framework and, through a named vote, the annual revenue and capital budgets within which the Executive operates. This encompasses any medium and longer-term plans for both revenue and capital resources. The policy framework shall also include approval and setting the Council Tax rate.
- b) The Full Council may delegate to a Sub Committee or the Leader the approval of the Full Council Tax Determination that sets out the detailed council tax charges by town/parish and council tax band for each preceptor.
- c) It is also responsible for monitoring the budget including compliance with the authority's overall framework of accountability and control. If revenue reserves fall below the risk assessed minimum requirement then only Full Council can authorise any further use of those reserves, taking due account of advice from the Council's S151 Officer. Full Council is responsible for approving use of capital reserves greater than 5% of the usable receipts balance in any one year.

### 1.2 District Executive

- a) The District Executive is responsible for proposing the policy framework and detailed budget to the Full Council and for discharging executive functions in accordance with the policy framework and budget agreed by Full Council. The detailed budget should include the allocations to the various services and projects, proposed funding including taxation levels, and minimum required levels of general reserves. District Executive can approve the use of general reserves to fund Supplementary Budget allocations within the financial year subject to balances remaining at the risk assessed minimum requirements. District Executive can approve the use of usable capital receipts up to a maximum of 5% of unallocated receipts to fund Supplementary Budget allocations in any one year.
- b) Where the District Executive delegates executive decisions to a committee, or an individual Executive member (Portfolio Holder), or a member of staff, that delegation will include the financial accountabilities relating to the administration of the budget and spending decisions.
- c) The relevant budget holder will be the employee with responsibility for the relevant service, policy, or project, unless the Executive specifically identifies to whom budget responsibility is delegated e.g. to an Executive member.

- d) The Chief Executive, Directors or District Executive members who have responsibility for budgets delegated to them will be accountable to the District Executive or Full Council, as appropriate, for the use of delegated budgets and should report at least quarterly to their accountable body for the use of those budgets and on the latest budget position.
- e) The District Executive is responsible for ensuring individual Executive members with delegated powers consult with all relevant staff before taking decisions within their delegated authority, so that all implications, including financial implications, are taken into account.
- f) The District Executive will follow general good practice and comply with sound principles of accountability and effective management by delegating management and operational control normally to the Directors/ Managers and other suitable officers wherever feasible and practical.
- g) It is the responsibility of the Executive or Executive member with delegated budget responsibility to consult with the S151 Officer over the availability of funds before committing the authority to expenditure.

## **The Statutory Officers**

### **1.3 The Chief Executive**

- a) The Chief Executive is the Council's Head of Paid Service, and is responsible for the corporate and overall strategic management of the authority as a whole. This includes responsibility for establishing a framework for management direction, style, and standards and for monitoring the performance of the authority.

### **1.4 Monitoring Officer**

- a) The Council's Monitoring Officer and is responsible for promoting and maintaining high standards of conduct, including financial conduct.
- b) The Monitoring Officer in conjunction with the S151 Officer is responsible for advising the Executive, Full Council, Audit Committee and Scrutiny Committee about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- c) Actions that may be contrary to the budget include
  - initiating a new policy with additional unfunded budgetary implications
  - committing expenditure in future years above the current year budget level or medium term financial plan
  - incurring virement without approval or outside any limits set by Council
  - causing total expenditure to increase above the approved budget

### **1.5 Chief Finance Officer**

- a) The S151 Officer is the Chief Finance Officer, and is responsible for the proper administration of the Council's financial affairs and shall:
  - i. Advise the Council on insurance and financial risk;
  - ii. Advise the Council on effective systems of internal control;
  - iii. Ensure that there is an effective system of internal financial control;
  - iv. Advise the Council on anti-fraud and anti-corruption strategies and measures;
  - v. Present the annual Statement of Accounts to the Audit Committee subsequent to external audit and submit to the appropriate departments of central government any associated grant claims.
  - vi. Select and consistently apply accounting policies, determine accounting procedures and records, and ensure compliance with relevant Accounting Codes of Practice;
  - vii. Ensure that there is an effective internal audit function and assist managers to provide effective arrangements for financial scrutiny;
  - viii. Secure effective systems of financial administration and provide appropriate financial information to enable budgets to be monitored;
  - ix. Manage the cash and investments of the Council in accordance with the relevant CIPFA Codes of Practice and the Council's Treasury Management Strategy Statement, and determine effective and compliant Treasury Management Practices;

- x. Ensure that financial management arrangements are in line with the Council's policy objectives, the Council's overall governance arrangements and comply with any internally or externally set financial management standards;
- xi. Advise the Council on the setting of its revenue and capital budgets and the adequacy of its reserves to meet possible future commitments and contingencies. It is the responsibility of the S151 Officer to advise the District Executive on the setting of budget guidelines, to ensure budget estimates reflect agreed service levels and any guidelines set by the District Executive, and to liaise with budget holders throughout the budget preparation process;
- xii. Discharge statutory duties under Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Accounts and Audit Regulations 2015, and the Local Government Act 2003;
- xiii. Advise the District Executive and Full Council on prudent levels of reserves for the Council and on the robustness of the Revenue and Capital Budgets;
- xiv. Advise the District Executive, the Chief Executive, the Directors/ Managers on all taxation issues that affect the Council;
- xv. Ensure the effective billing, collection and recovery of all sums due to the Council, in accordance with the Debt Recovery Policy.

### **1.6 Chief Executive, Directors, and Budget Holders**

- a) The Council delegates all approved budgets for management purposes to a named post of the Council. Each named employee shall:
  - i. Ensure that the financial content of all reports, forms and procedures is approved by the S151 Officer (or a named Finance representative);
  - ii. Report any irregularities concerning the Council's financial affairs to the S151 Officer or Group Auditor at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy shall also be followed where relevant;
  - iii. Ensure that there are sufficient funds available in their cash limited budget before commitments are entered into;
  - iv. Consult with the S151 Officer prior to submitting to the SLT, District Executive or any Committee any report that may have financial implications;
  - v. Ensure that the Council's Standing Orders, Procurement Rules, and Human Resources Rules and procedural notes are complied with together with all applicable statutes, regulations, and best practice;
  - vi. Monitor and control expenditure against approved budget allocations and report to the District Executive quarterly in conjunction with the S151 Officer on variances and the action being taken to address them;
  - vii. Maintain systems of control that facilitate the achievement of the Council's objectives by using resources economically, efficiently, and effectively and by safeguarding the authority's assets and interests;
  - viii. Review and appraise their operations so as to achieve continuous improvement;
  - ix. Liaise with the Council's external auditor and any other inspectorate with statutory rights of access.
  - x. Ensure any compensation payments are authorised in accordance with the limits set in the Constitution (see Scheme of Delegation). The relevant Director will report to the SLT annually on the number and value of payments made.
  - xi. Maintain systems, procedures and sufficient resources to ensure that collection and recovery of all sums due to the Council follow the Income Management Policy.

### **1.7 Executive Members Exercising Budget Responsibility**

- a) Where an Executive Member exercises budget responsibility they shall comply with the provisions of section 1.6 above and all related Financial Procedure Rules.

### **1.8 All Other Employees**

- a) All other employees of the Council have a responsibility to:
  - i. Report any irregularities concerning the Council's financial affairs to the S151 Officer or the Internal Auditor (Assistant Director – SWAP) at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy and the Anti Money Laundering Policy shall also be followed where relevant;

- ii. Comply with the Council's Standing Orders, Financial Procedure Rules, Procurement Procedure Rules and procedural notes.

## **2 MANAGING RESOURCES**

### **2.1 General and Budget Monitoring**

- a) Delegation of cash limits shall be in accordance with the Scheme of Delegation.
- b) Delegation of cash limits is to the Chief Executive and Directors. The Chief Executive and each Director must maintain a full list of delegations to officers within their functional areas.
- c) Accountability for appropriate budgets shall be held at Chief Executive or Director level.
- d) Budget holders can only vary cash limited budgets in accordance with these Financial Procedure Rules. Accounting recharges (such as Support Services and depreciation) will not be included in cash limits.
- e) Budget monitoring is the responsibility of each Director. Where there is likely to be a significant variation between the budget and actual expenditure you must notify the S151 Officer as soon as possible including an action plan to rectify the situation where appropriate.
- f) Budgets must be managed and monitored at nominal code level. The nominal code describes the type of spending and income e.g. salaries, electricity, grants, fees and charges. Virements must be requested where insufficient funds are available at nominal level. Virements are required where the variance is greater than £1,000.
- g) The S151 Officer is responsible for setting a timetable and reporting the Council's financial performance and financial position to the Leadership Team and the District Executive.
- h) The Council has a statutory responsibility to produce a Statement of Accounts and all budget holders shall comply with the accounts closedown timetable set by the S151 Officer.

### **2.2 Variations to Structures and Staffing Levels**

- a) Within the total cash limit approved by the Council each year, the Directors shall be entitled to vary the numbers and composition of their workforce in order to meet service requirements, provided such variations do not commit the Council to increased expenditure in future years and subject to SLT approval. Directors proposing restructures shall liaise with both Finance Specialists and People Specialists to agree overall cost implications and HR process and procedure. Directors shall ensure they have included the cost implications of the Council's severance scheme, and that the S151 Officer verifies these costs. Directors shall cost salaried posts at the top of the grade in any workforce design, include all potential redundancies and/or early retirements and salary protections, and then be compared to the previous structure. Where there are any actual or potential additional costs associated with restructuring proposals that may commit the Council to increased expenditure in future years, Directors must obtain agreement from the SLT and District Executive including the method of financing.
- b) Directors shall not enter into or change a contract of employment, including the grading of a post without prior consultation with the Lead Specialist - People.
- c) Directors shall adhere to the Council's staffing policies and staffing delegations, including the proper use of appointment procedures, systems for determining remuneration and the method used to make payments to employees. Directors may choose to delegate these functions.

### **2.3 Virement Rules**

- a) Full Council is to approve the Detailed Budget Analysis including income and expenditure totals for each activity as part of the Annual Budget Report.
- b) District Executive have delegated authority to approve virements between activities/services within the overall net budget total and have agreed the following flexibilities and freedoms: -

## Directors/Managers

- c) Directors and Managers can increase their expenditure by up to £20,000 in one financial year for goods purchased for resale with a matching increase in income budgets, in consultation with a Finance Specialist.
- d) Directors and Managers can increase their cost centre income budget on services by up to a maximum of £20,000 in one financial year, with supporting evidence, and in consultation with a Finance Specialist.
- e) Directors and Managers can authorise any budget virement within each individual cost centre / activity / service of their responsibility, except the 'employees' budget, provided that the S151 Officer is notified in advance.
- f) Directors can authorise any budget virement to or from the 'employees' budget provided that the Lead Specialist – Finance approval is obtained in advance.
- g) Directors can increase their budgets in respect of 100% externally funded staff provided the Lead Specialist - People has agreed the contract terms and that the Lead Specialist – Finance has been notified in advance. Directors must ensure any additional costs associated with that member of staff is fully funded at the outset including any provision for possible redundancy costs.
- h) Subject to the above specific virement responsibilities, the following table summarises virement approval limits. Where virements are between different areas of responsibility the approval of all relevant officers and portfolio holders is required. The Lead Specialist – Finance shall ensure all virements above £50,000 are reported to District Executive for information and transparency.

Responsible	Limit	Finance approval required
Manager	£25,000	Specialist – Finance
Director	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

- i) Movements to and from earmarked capital and revenue reserves can be actioned by the relevant Director (or delegated budget holder where appropriate) provided that the use is for the approved purpose.
- j) All budget virements properly approved shall be actioned in the Council's main finance system only by Finance Officers.

## Area Committees

- k) Area Committees can approve budget allocations from total budgets and ring-fenced reserves delegated to each Committee by District Executive and Full Council. Area Budget information will be reported to the District Executive for information.

## 2.4 Revenue Under/Overspends and Budget Carry Forwards

- a) Directors/Managers are responsible for ensuring budgetary control is maintained at all times, and shall take all reasonable action to contain spending and meet income targets within approved targets. All forecast and actual variations to approved budgets by activity/service greater than £50,000 must be reported and fully explained to the District Executive through regular Financial Performance reports.
- b) The S151 Officer is responsible for approving all budget carry forwards due to timing differences between financial years in meeting agreed commitments.
- c) The S151 Officer shall transfer Revenue Budget Net Underspend or Overspend, after approved carry forwards and allocations to/from earmarked reserves, to General Reserves at the end of the financial year. District Executive can approve a net overspend of a maximum of £50,000 to be carried forward to the following financial year to be met from that year's approved budget.

## **2.5 Capital General and Budget Monitoring**

- a) A rolling five-year Capital Programme is to be prepared and reviewed annually to confirm the Capital Budget and Financing requirement within each financial year.
- b) The S151 Officer is responsible for compiling the Capital Budget and the 5-year Programme including the associated capital financing, in consultation with SLT, for consideration by the District Executive prior to submission to Full Council for approval. The programme will include:
  - committed schemes that are in the process of completion
  - schemes for replacement/maintenance of existing assets
  - new starts for the following years
  - receipts from expected sales of assets and
  - external contributions expected
- c) The Chief Executive or Directors may approve Supplementary Capital Budgets of up to £50,000, and District Executive may approve Supplementary Capital Budgets of up to £150,000 during the year, within the resourcing limit delegated by Full Council. Full Council is responsible for approving all other Supplementary Capital Budgets unless specific delegations exist e.g. for investment property acquisitions/disposals under the Council's approved Commercial Strategy. In all Supplementary Budget decisions the decision-maker must consider affordability of both capital and revenue implications of recommended projects, in consultation with the S151 Officer or Lead Specialist – Finance.
- d) The S151 Officer is responsible for setting the reporting timetable in consultation with the Portfolio Holder responsible for Finance. The Capital Programme will be monitored by District Executive or, where monitoring has been delegated, by the appropriate Area Committee.
- e) The S151 Officer in consultation with Responsible Officers and the SLT will prepare the monitoring reports to the District Executive.

## **2.6 Bidding for Capital Resources**

- a) Schemes where appropriate shall have completed a feasibility study before submission to Area Committees or District Executive. All schemes requiring Feasibility Funds require approval by SLT and then District Executive.
- b) There is a de-minimis value of £10,000 for each Capital Scheme, £250 for Capital Grants, and £10,000 for capital receipts.
- c) During the annual budget setting process, decisions will be made on which new schemes are to be included in the following year's Capital Budget and 5 year Programme. Capital Investment Appraisal shall be completed in line with Guidance provided by Finance and can be submitted to the S151 Officer at any time during the year but will be considered by SLT for onward approval by District Executive and Full Council in line with the agreed timetable.
- d) Proposals shall be clearly linked to the Council Plan and any relevant Service Plans.
- e) The capital investment appraisal form shall disclose any revenue consequences. If these cannot be absorbed by the service a request shall be made to District Executive for additional resources as part of the Revenue Budget setting process.
- f) Each approved scheme will be the responsibility of a named Responsible Officer, who shall monitor the scheme's progress and report accordingly.
- g) Allocations to services from the Internal Capital Loans Fund is delegated to the S151 Officer for assets purchased by the authority and recharged to services within the approved budget.

## **2.7 Purchase and Disposal of Plant and Vehicles over £10,000**



- a) Managers/Lead Specialists are responsible for assessing the need for acquiring, replacing or disposing of plant or vehicles and completing a business case that includes describing the business need and benefit, the costs and funding proposals. This includes regular (at least 6-monthly) reviews of leases.
- b) Managers/Lead Specialists shall liaise with a Finance Specialist in Support Services to determine the most economical approach to financing and confirm sufficient budget is in place.
- c) The Finance Lead Specialist has authority to approve advances from the Internal Loans Fund Reserve to finance vehicles and plant within the overall Fund total approved by Council. Alternatively, freehold or leasehold purchases may be approved by the Finance Lead Specialist if capital costs are affordable within approved capital budget totals and any revenue implications are affordable within approved revenue budgets.
- d) Managers/Lead Specialists shall maintain a maintenance and replacement plan for vehicles and plant, and submit future budget requirements in line with the annual Budget Timetable set by the S151 Officer.

## 2.8 Capital Receipts

- a) All Directors/Managers shall inform the relevant Finance Specialist of all expected capital receipts as soon as they are identified. Where a land and property asset is identified as available for sale this is to be considered in line with FPR 13.2. Disposal of other assets shall be approved by the relevant Director/Manager, and notified to Finance Lead Specialist. The Director/Manager must always seek to obtain best value when disposing of assets. Proceeds from sale of assets valued at £10,000 or above shall be credited to the Capital Receipts Reserve and allocated in accordance with the approved Capital Programme.

## 2.9 Virement Rules – Capital

- a) Approved budget allocations may be transferred between schemes subject the following authorisation responsibilities and limits.

Responsible	Limit	Finance approval required
Manager	£25,000	Specialist – Finance
Director	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

- b) All contributions made from revenue budgets to capital budgets (other than those purely made for accounting adjustments such as accounting for leases) shall be approved by the relevant Committee and authorised by the S151 Officer (or nominated representative).
- c) If, during the progress of approved schemes, significant budget variations are projected then virement can be made from another scheme within the Corporate or Area totals. All such proposed virements shall be reported to the District Executive for approval.

## 2.10 Monitoring the Capital Programme and Capital Projects

- a) Where Responsible Officers require schemes to be re-phased between years they shall notify the S151 Officer at least quarterly so that the overall financing of the Capital Programme can be maintained and investment income maximised.
- b) Progress on each project and funding projections must be submitted to the S151 Officer quarterly. This must include any slippage in the project timetable and spend with the actions being taken if necessary to bring the project back in line.
- c) Projects should be managed and monitored using the Council's Project Management Methodology and regular reports made to each Project Sponsor for monitoring purposes.
- d) Any projects amended, other than for minor changes, between approval and implementation must be resubmitted to the District Executive for approval. This includes projects that have received further external financing to meet additional costs over £50,000.

## **2.11 Capital Under/Overspends**

- a) The S151 Officer can approve the carry forward of underspends against budgets to the following year if the project has commenced before the year-end and has not been completed. District Executive or the appropriate Committee will decide at the year-end whether projects that have a delayed start date of more than one year can continue.

## **2.12 Post Completion Appraisals**

- a) On completion of a project the Responsible Officer will prepare a report in consultation with the S151 Officer (or nominated representative) stating how the project has performed against its set objectives. This will be reported as part of the outturn report to District Executive each year.

## **2.13 S106 Funds**

- a) All S106 funds over £10,000 will be included if appropriate in the capital programme once received and included within a quarterly monitoring statement for reporting to District Executive.

# **3 FINANCIAL CONTROL**

## **3.1 General**

- a) All accounting systems, procedures and records shall be subject to the approval of the S151 Officer. Changes to or discontinuation of existing systems/procedures and the introduction of new systems shall also be approved by the S151 Officer.
- b) All accounts and reports shall be prepared in accordance with these Financial Procedure Rules and in conformity with any Government Regulations and CIPFA Codes of Practice and any other professional guidance held to represent best practice.
- c) The Chief Executive and all Directors/Managers are responsible for specifying the budget requirements for their cost centre in accordance with the cash limit rules and the timetables established by the S151 Officer. Directors and Managers should seek the advice of the S151 Officer, or nominated representative, to ensure that budgets are compiled in accordance with the financial policies agreed by the Council.
- d) Directors and Managers are responsible for the proper operation of financial processes within their functional areas.

## **3.2 Local Code of Governance**

- a) The S151 Officer is responsible for preparing a Local Code of Corporate Governance, in consultation with the Monitoring Officer and Directors, which is to be reviewed on a regular basis and at least every three years. The Audit Committee is responsible for approving the Local Code of Corporate Governance.

## **3.3 Annual Governance Statement**

- a) The Council is required to publish an Annual Governance Statement at the end of each financial year, which is to be approved by the Audit Committee and signed by the Chief Executive and Leader. The Chief Executive and Directors/Managers shall annually declare and evidence that the internal controls within their functional area are regularly monitored and reviewed.

## **3.4 Internal Audit – South West Audit Partnership Ltd (SWAP)**

- a) The general standards for Internal Audit shall be those of the Institute of Internal Auditors (IIA) in conjunction with Public Sector Internal Audit Standards (PSIAS).
- b) The South West Audit Partnership Ltd (SWAP) Chief Executive, or nominated Senior Officer Representative, will be the responsible Chief Internal Auditor (CIA) as agreed with the S151 Officer. The CIA shall compile an Annual Audit Plan in consultation with the S151 Officer, to be approved by the Audit Committee.

- c) The Chief Internal Auditor shall report audit findings and significant control risks, performance in delivering the Audit Plan, and an annual Audit Opinion to the S151 Officer and the Audit Committee.
- d) To assist in the objectivity and independence of the South West Audit Partnership Ltd, all audit employees have:
  - authority to enter any Council premises or land
  - authority to access all Council records, documents and correspondence
  - receive explanations from employees and members on any matter that they are reviewing or investigating
- e) Such authority will not be used unreasonably.
- f) All thefts and break-ins to Council property shall be reported to the South West Audit Partnership Ltd at the earliest possible opportunity.
- g) Where the Council enters into agreements with partners that involve financial grants or contributions from the Council, those agreements shall give the South West Audit Partnership Ltd authority to examine the financial accounts of the partner.

### **3.5 Operational Leases**

- a) Directors/Managers may enter into an operational lease for equipment provided that the S151 Officer has confirmed in writing that the method of finance is appropriate for the asset concerned. Procedure 2.7 Purchase and Disposal of Plant and Vehicles over £10,000 shall be followed where appropriate. Directors/Managers may not enter into a lease without first taking advice from the Procurement Specialist. Directors/Managers shall ensure that charges arising from such arrangements can be met within approved budget for the current and future years.
- b) Directors/Managers must liaise with the Lead Finance Specialist or Finance Specialist to determine whether a lease shall be accounted for as capital or revenue expenditure.

### **3.6 Treasury Management**

- a) The S151 Officer is responsible for preparing annually a Treasury Management Strategy Statement (TMSS) setting out the main principles of treasury management to be followed, and including Prudential Indicators and other relevant performance measures. Full Council is responsible for approving the TMSS. Revisions to the TMSS or Prudential Indicators require Full Council approval.
- b) All Executive decisions on borrowing, investment or financing shall be delegated to the S151 Officer, who may delegate to appropriately trained Finance Officers in accordance with Treasury Management Practices. All employees are required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities and the Council's Treasury Management Strategy Statement, and comply with the Treasury Management Practices.
- c) The S151 Officer shall review the TMSS mid-year and recommend any changes to Full Council. The S151 Officer shall also provide a Treasury Management activity monitoring report mid-year, and an annual report by no later than 30th June to the Audit Committee and by the 30th September to Full Council.
- d) All investments and borrowing shall be made in the name of the Council or its approved nominees.
- e) All financial balances in the possession of the Council shall be controlled by the S151 Officer.

## **4 CONTRACT**

### **4.1 General**

- a) All employees shall comply with the Procurement Procedure Rules. Procurement rules relates to appropriate arrangements for purchasing works, goods and services, and include authority to approve/sign contracts which commits the Council to expenditure and potentially related obligations.

Authorisation of individual invoice payment transactions – which certifies that invoices are correct and valid for payment – are covered under purchasing below.

## **5 PURCHASING**

### **5.1 Payment of Invoices**

- a) The S151 Officer shall make arrangements for the payments of all monies due from the Council, which shall comply with statutory provisions in force.
- b) Invoices to be paid shall not be made out to employees of the Council, except in any case or category of case agreed by the S151 Officer in advance. Employees shall not amend any invoices received but instead return to the supplier to provide an amended invoice if necessary. Copy invoices shall be clearly marked as such, and appropriate checks undertaken to confirm an original invoice has not been received or paid.
- c) Where an order has been raised for goods and services (see Procurement Procedure Rules) the invoice must be matched with the order. In most circumstances, it is appropriate for an official order to be raised.
- d) All suppliers shall be asked to quote on all invoices the name of the group and section, the order number and the place where the work was done or goods delivered.
- e) No payment is to be made on the basis of a supplier's statement of account.
- f) The Chief Executive and Directors/Managers (or other delegated employees) shall be responsible for the verification and certification of all payments from their own budgets only. Certification means a manual signature or a computerised authorisation as required by the Council's E5 Financial Management System. The certification by, or on behalf of the Directors/Managers shall be regarded as an assurance that:
  - value has been received and accounted for in the opinion of the Chief Executive, and Directors/Managers
  - expenditure complies with the Procurement Procedure Rules and Financial Procedure Rules in force at the time
  - the document presented to support the payment is correctly priced and the invoice has not been previously passed for payment
  - all trade and prompt payment discounts have been deducted (where appropriate)
  - VAT has been properly accounted for in accordance with the HM Revenues and Customs regulations applicable at the time
  - expenditure and income is posted to the appropriate nominal codes on Cedar to ensure that the financial system reflects the correct nature of the expenditure/income incurred
- g) Where the same person raises the order and authorises the payment, a second person shall input details of the transaction into the Council's E5 Financial System.
- h) The Chief Executive and Directors/Managers can authorise any payments within their area of responsibility, and are allowed to delegate payments of up to £100,000 to their supporting officers by the process described in (g).
- i) A list of those employees authorised to certify all types of expenditure (including those authorisers via the Council's E5 Financial System) shall be prepared and signed by the Director/Manager and copies forwarded to the S151 Officer. The database of authorised employees shall be kept fully up to date by the Directors/Managers and all changes notified as soon as possible.
- j) Where invoices are authorised on line via the Council's Financial System the authoriser shall ensure the due date is in accordance with the invoice terms or the Council's payment policy. This requires that all undisputed invoices for goods and services supplied should be paid within 10 working days of their receipt by the Council.
- k) Invoices shall all be stored electronically in a specified folder ready for importing the image into the E5 system.

- l) As soon as possible after 31 March each year, Directors/Managers shall notify the Financial Services Team of all outstanding expenditure relating to the previous financial year. When such expenditure is subsequently certified for payment it shall be identified as required by the S151 Officer.
- m) The S151 Officer shall publish detailed closedown procedures each year.

## **5.2 Corporate Credit Cards**

- a) The S151 Officer is required to authorise the issue of a corporate credit card. The card shall only be used for business purchases. Receipts for all transactions shall be passed to Support Services-Finance for reconciliation to the monthly statements.

## **5.3 Procurement Cards**

- a) The issue and use of a procurement card shall be in accordance with the Procurement Card Rules as prepared by the Procurement Specialist and approved by the S151 Officer.

# **6 PAYROLL SERVICES**

## **6.1 Appointment of Employees**

- a) The appointment of all employees shall be made in accordance with approved Employment Policies and Procedures. Recruiting managers must ensure there is sufficient budget to fund the appointed position, to be certified by a Finance Specialist, and submit to the People Managers Forum for consultation and approval.

## **6.2 Amendments to Payroll**

- a) Directors / Responsible Managers shall notify the Lead Specialist – People as soon as possible, in the prescribed form, of
- all appointments, promotions, resignations, retirements, dismissals and suspensions from duty
  - all transfers between services within the control of the Directors
  - all periods of sickness and absence, except normal annual leave
  - all changes in remuneration of employees, except normal increments
  - all payments for compensation and any other emoluments to any employee
  - such other information as may be required by the Lead Specialist-People in connection with the calculation and payment of pay related expenditure
  - All leavers should be immediately reported to Support Services IT to enable their access to be cancelled on the financial system
  - the Directors are also required to contact the Lead Specialist – IT and the Revenues Specialists to identify if there is any outstanding debt owing to the Council – if this is the case, the Director shall then instruct payroll to deduct any debt from the last salary payment
  - The Financial Systems support team will at least once a year circulate an up to date list of Cedar users and access levels to the Directors, who will be required to sign and return this list, noting any amendments

## **6.3 Other Payments**

- a) All travelling, subsistence, financial loss, and any other reimbursements to employees shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council. In special cases a payment can be made through BACS.
- b) All travelling claims from both Officers and Members shall be submitted on the appropriate form monthly to payroll by the 5th working day of the month, together with appropriate VAT receipts to cover the mileage claimed. All high mileage claims over 300 miles per month shall be submitted monthly, claims under 300 miles per month shall be submitted at least quarterly.
- c) All payments for allowances, travel and subsistence etc. to elected members shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council.

## **6.4 Time Sheets**

- a) All timesheets and records for overtime, expenses etc. shall be in a form approved by the Director Support Services. All claims shall be submitted at least quarterly. Any claims submitted outside of this time limit (without the approval of the Chief Executive) will not be paid.
- b) The standard procedure for employees leaving the Council, or transferring to another post shall be followed in all cases. These procedures are laid down in Employment Policies and Procedures.

## **7 BANKING ARRANGEMENTS**

### **7.1 General**

- a) All arrangements with the Council's bankers concerning the Council's bank accounts and partnership accounts which the Council manages on behalf of any partnership, and the issue and deposit of cheques shall be made through the S151 Officer.
- b) The S151 Officer shall be authorised to operate such subsidiary bank accounts as deemed necessary.
- c) Any overdraft on the Council's bank accounts shall be kept within the limits set out in the Treasury Management Strategy Statement. Bank accounts shall be reconciled by the S151 Officer at intervals no longer than one month and kept up to date.

### **7.2 Cash and Cheques Received**

- a) All monies received on behalf of the Council shall, without delay, be banked in the Council's name in accordance with the instructions of the S151 Officer. Post-dated cheques will not be accepted.
- b) There shall be separation of duties between receiving and paying out monies. Employees who collect cash shall not be involved in the maintenance of cash and deposit books or other financial records in respect of that cash. This requirement can only be accepted on the written approval, in advance, of the S151 Officer.
- c) Post that may contain income shall be subject to control by not less than two persons from the point of delivery through to the receipt of a signature at the cash desk. The S151 Officer will issue detailed written instructions for the handling of postal income and these instructions shall be adhered to at all times.
- d) Where a person or body claims to have made a payment which has not been credited to their account, a Support Services Case Officer, or in his/her absence Support Services Case Team Leader, shall follow the agreed procedure immediately.
- e) All copies of cancelled receipts shall be retained for inspection.
- f) Managers are responsible for ensuring the control, monitoring and regular banking of daily receipts arising from cash collection points under their control. The S151 Officer will provide detailed procedure notes which shall be adhered to at all times.

### **7.3 Money Laundering**

- a) The Council has a nominated Money Laundering Responsible Officer (MLRO). The MLRO is the S151 Officer.
- b) Any transaction involving an unusually large amount of cash should cause questions to be asked about the source. This may particularly be the case where cash paid exceeds the amount needed to pay the transaction and a refund is requested but not in cash form. Any suspicious transaction in cash over £10,000 should be directly reported to the Money Laundering Responsible Officer and Money Laundering procedures followed.
- c) Any property or assets purchased from this Council shall be properly traced to the source of funds. Any suspicious transaction shall be reported to the Money Laundering Responsible Officer.

#### **7.4 Payments by Direct Debit**

- a) All agreements with banking organisations regarding direct debits shall be approved by the S151 Officer.
- b) Any telephone lines used to transmit confidential banking information regarding the Council's customers shall meet security standards approved by the Lead Specialist – IT. The Lead Specialist – IT shall ensure that direct debits requested from banks are made on the dates specified by the Support Services Team Leader.

#### **7.5 Direct Debits and Cheques Paid**

- a) All cheques and direct debit mandates drawn on bank accounts of the Council shall:
  - be signed only by the S151 Officer or other employee authorised by the S151 Officer
  - bear the name of the S151 Officer as produced by approved systems where this has been specifically agreed by the S151 Officer
- b) The S151 Officer shall arrange for such safeguards as are deemed necessary and practicable, including the separation of duties, so that as far as possible the following procedures are the responsibility of separate employees:
  - the checking of creditors' accounts
  - the control of cheques
  - the preparation of cheques
  - the signature of cheques
  - authorisation procedures for electronic payments (BACS, CHAPS)
  - the entry of the cash account
  - the reconciliation of bank balances

#### **7.6 Handling of Cheques**

- a) The Support Services Team Leader shall ensure the list of outstanding cheques is examined at least monthly and reasons sought for cheques that have not been cashed. Cheques, which have not been cashed six months after the date of issue, shall be cancelled.

### **8 INCOME**

#### **8.1 Income Collection**

- a) Arrangements for the collection of all monies due to the Council shall be subject to the control or approval of the S151 Officer.
- b) Managers shall maintain such information in connection with the work done, goods supplied or services provided so that a correct record of all sums due is maintained. Wherever possible income due should be collected in advance. Managers shall ensure that individual customer debtor accounts are raised as soon as possible but no later than five working days from the delivery of goods or provision of services, unless specified terms have been agreed by the S151 Officer.
- c) Monthly and where appropriate quarterly accounts should be produced five working days after the month or quarter's end. Managers shall record promptly, within the Council's Sundry Debtor System, all money due to the Council. The records shall include details relating to contracts, leases and other agreements and any arrangements entered into which involve the periodic receipt of money by the Council.

#### **8.2 Setting Fees and Charges**

- a) In line with the budget setting timetable all fees and charges shall be reviewed annually by each Director and Manager in consultation with the S151 Officer. All changes to such charges shall be agreed in advance with the S151 Officer and recorded annually within the Fees and Charges Register. The Register will be published on the Council's website and it is the responsibility of each Director and Manager to notify the S151 Officer of any changes made in addition to the annual review.

### 8.3 Writing Off of Debts

- a) Any debts written off shall be in accordance with procedures approved by District Executive, and shall be approved in line with the following delegations.

Income Type	Limits	Authority to Approve Write-Offs
Council Tax and Business Rates	£0.01 to £25	Customer Focus or Case Officer
	£25.01 to £100	Revenues Case Officer
	£100.01 to £1,000	Revenues Specialist / Team Leader
	£1,000.01 to £5,000	Lead Specialist – Finance
	>£5,000	S151 Officer
Other Income	£0.01 to £25	Customer Focus or Case Officer
	£25.01 to £100	Case Officer
	£100.01 to £1,000	Finance Specialist / Support Services Team Leader
	£1,000.01 to £5,000	Lead Specialist – Finance
	>£5,000	S151 Officer

- b) The recovery of all debts shall be in accordance with the Income Management Policy approved by the District Executive and supporting procedures agreed by the S151 Officer. It is the responsibility of Managers to adhere to policy and procedures, and ensure income due is collected.
- c) Managers shall be responsible for accounting for VAT on income, fees and charges in accordance with the Regulations of HM Revenue and Customs. The S151 Officer shall advise those managers of any changes to the Regulations.

### 8.4 Cash Floats and Petty Cash

- a) Where cash floats, petty cash or cash remittances are held, Managers shall ensure that cash holdings and receipts should be regularly reconciled and recorded to evidence monitoring and minimise the risk of cash differences.

## 9 IMPREST ACCOUNTS

- a) The Support Services Team Leader is responsible for the arrangements for Imprest Accounts. Guidance notes will be issued and employees in control of Imprest Accounts shall follow the correct procedures at all times. Managers shall ensure that all monies authorised for reimbursement in an Imprest Account are accounted for in accordance with the guidance notes.

## 10 RISK MANAGEMENT AND INSURANCES

### 10.1 Risk Management

- a) The Director – Strategy & Support Services will prepare the authority's Risk Management Policy statement and strategy for the approval of the District Executive and review the effectiveness of those arrangements. Systems will be developed to identify and evaluate all significant risks to the authority by all associated in the planning and delivery of services.
- b) A consolidated risk register will be maintained by the Specialist – Procurement. All risks identified in respect of the activities of the Council will be recorded on the register.
- c) The Directors are responsible for managing all risks in respect of their functions, and will ensure named officer(s) are responsible for maintaining risk data and profiles within those functions.
- d) Risks will be identified by:
- Programmed Control and Risk Self Assessments sessions facilitated by the South West Audit Partnership
  - Audit reviews
  - The Directors as part of their responsibilities for maintaining accurate risk records
- e) The South West Audit Partnership in conjunction with the Directors will devise Action Plans to actively manage risks, following all control and risk self-assessment sessions. The Directors will be responsible



for ensuring that all actions identified, in respect of any risk, are dealt with in accordance with the timetable specified.

- f) The Specialist – Procurement will provide risk management reports to SLT quarterly and to the Audit Committee twice yearly.

## **10.2 Insurances**

- a) The S151 Officer shall make arrangements for approved insurance cover, maintaining adequate records and negotiating claims with the Council's insurers.
- b) The Directors shall advise the Insurance Case Services Officer of the extent and nature of all new risks where insurance may not exist or may be inadequate.
- c) The S151 Officer can authorise payments of small claims from self-insured funds of up to £2,000.

## **10.3 Notification of Loss**

- a) Directors/Managers shall notify immediately the Insurance Case Services Officer, in writing, of any loss, liability or damage or any event likely to lead to a claim in connection with their areas of responsibility.
- b) All employees of the Council shall be included in a fidelity guarantee policy.

## **10.4 Review**

- a) The S151 Officer shall review insurance cover annually.

## **10.5 Car Allowances**

- a) Recipients of car allowances shall provide Payroll with copies of policies or premium receipts as may be necessary to ensure adequate cover against any liability of the Council arising from official use of their vehicle.

## **10.6 Current Insurance**

- a) The Insurance Case Services Officer shall keep all Directors notified as to the nature and extent of the various risks that are covered or left exposed.

## **10.7 Inventories**

- a) Managers shall be responsible for ensuring proper maintenance of inventories of furniture, equipment and the means for prompt and efficient identification of each item for the purposes of insurance claims or claims under suppliers' guarantees. The information shall be recorded in the format specified by the S151 Officer.

## **11 STOCKS, STORES, FURNITURE AND EQUIPMENT**

### **11.1 General**

- a) Managers shall be responsible for the care and physical control of all stocks, stores, furniture, plant and equipment in their custody. Records shall be maintained in a form specified by the S151 Officer.

### **11.2 Write Offs**

- a) Any items of stocks, stores, furniture or equipment to be written off shall require the certification of the Director or an employee nominated by the Managers. The certification shall be in writing and details notified to the S151 Officer as soon as possible.

### **11.3 Stock Checks**

- a) All stocks of goods held as stores, or for resale, shall be subject to stock check annually. Managers, shall certify a certificate of the value held at 31 March each year at cost and the certificate forwarded to

the S151 Officer within 10 days of the year end. The de minimis level for year-end stock certificate being returned to Support Services Finance is £1,000.

#### **11.4 Corrections**

- a) Correction of deficiencies and surpluses on stocks and stores accounts shall be in accordance with the procedures laid down by the S151 Officer.

#### **11.5 Disposal of Surplus Furniture & Equipment (including personal computers)**

- a) Prior to disposal the Manager shall offer the surplus furniture or equipment to other services within the organisation at no cost. Only when there is no organisational need to retain the equipment can it be sold.
- b) If there is no established organisational need, disposal of unwanted furniture is the responsibility of the Manager. In order to ensure a consistent approach, and that the Council receives value for money from disposal, the Specialist - Procurement shall co-ordinate disposal of surplus furniture and equipment.
- c) The Manager who wishes to dispose of surplus furniture and equipment shall advise the Specialist – Procurement. If it is reusable it will be sold. An advertisement shall be placed on the Bulletin Board and sealed bids submitted. The highest bid will be accepted and the income credited to the appropriate cost centre.
- d) All redundant ICT equipment including mobile telephones and related items shall be returned to Support Services ICT who will return to stock or dispose of securely.
- e) Managers shall amend inventories to reflect disposals and acquisitions.

### **12 CAR LOANS AND LEASED CARS**

- a) All loans and leases for the provision of motor vehicles shall be administered in accordance with the scheme approved by the District Executive.

### **13 BUILDINGS, LAND AND PROPERTY**

#### **13.1 Asset Register**

- a) The S151 Officer shall maintain a full and accurate register of all Council Property, Plant and Equipment and other Long Term Assets for the purpose of maintaining accurate balance sheet records and calculating capital charges in accordance with relevant Codes of Practice.
- b) The Commercial Property, Land and Development Manager shall ensure all land and property assets are fully and accurately recorded in a suitable property asset register / asset management system.
- c) If the property system and accounting asset register are separate systems, it is the responsibility of the Commercial Property, Land and Development Manager and the Lead Specialist – Finance to ensure these are reconciled regularly including as at 31 March each year to evidence accounting balances in the Balance Sheet.

#### **13.2 Buildings, Land and Property Transactions**

##### **Buildings, Land and Property**

- a) All arrangements for the acquisition and disposal of land and buildings shall be in accordance with approved governance arrangements for the Investment Assessment Group (IAG), Disposal Assessment Group (DAG), Strategic Development Board (SDB) and Regeneration Programme Boards (RPs) or otherwise in accordance with the Scheme of Delegation and these Rules. Acquisitions and disposals may include freehold or leasehold sale and purchase, gifts, grant or receipt of property rights and obligations, demolition, destruction or similar transactions.
- b) The following levels of delegation and procedures apply:

	<b>Business Case Assessment By</b>	<b>Values</b>	<b>Approval By</b>
Non-Investment Property acquisition		Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive
Non-Investment Property disposal	Disposal Assessment Group (DAG)	Up to £250,000	Chief Executive
		>£250,000	District Executive
Asset Transfers to Registered Social Landlords – for social housing or associated parking	Disposal Assessment Group (DAG), and agreement of S151 Officer and Portfolio Holder (Strategy and Policy)	Up to £250,000	Chief Executive
		>£250,000 and within approved Policy and Budget	Chief Executive
		>£250,000 and outside approved Policy and Budget	District Executive
Community Asset Transfers	Disposal Assessment Group (DAG)	Within CAT Policy	Chief Executive
		Outside CAT Policy	District Executive

### **Investment Properties**

- c) Investment Property acquisitions and disposals shall follow the governance and procedures agreed by Full Council as part of the Commercial Strategy, with the Director – Commercial Services responsible for its implementation.
- d) Full Council is responsible for approving the Total Investment Limit for the Property Investment Fund, and related changes to the Capital, Treasury and Investment Strategies.
- e) Authority to approve individual acquisitions and disposals (freehold or leasehold), subject to completion of appropriate business case and due diligence, shall be within the following delegation limits:

<b>Type</b>	<b>Business Case Assessment By</b>	<b>Values</b>	<b>Approval By</b>
Investment Property acquisition	Investment Assessment Group (IAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive
Investment Property disposal	Disposal Assessment Group (DAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive

- f) The S151 Officer, in consultation with the Chief Executive and the Commercial Services and Income Generation Director, has authority to reinvest investment property disposal income within the Investment Fund within the overall fund limit approved by Full Council, or to repay residual capital debt for acquired assets. Surplus income from capital growth realised on disposal will be returned to reserve balances.

### **Disposals at less than best consideration**

- g) With the exception of transfers to RSLs under £250,000 (for social housing or associated parking) or disposals outside of policy, the Commercial Property, Land and Development Manager in conjunction with the relevant Portfolio Holder and Director (Commercial Services and Income Generation) report to the DAG requesting approval to proceed with the disposal in such circumstances where either the use of a specific or general disposal consent or a Qualifying Meeting (as defined in the General Disposal Consent of 2003) is required before the disposal can be completed or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable. Approval via DAG procedure and governance.

### **Regeneration Programme Boards**

- h) Governance and delegated authority for implementing Regeneration Programmes shall be approved by Full Council.
- i) Full Council shall approve the total budget limits for each Regeneration Programme.

- j) The S151 Officer shall approve individual scheme Gross Budget, Net Budget and any funding arrangements, within the overall Programme limits set by Full Council.
- k) Individual schemes within approved Programme limits shall be approved by the Lead Director in consultation with the Programme Board Chair and the s151 Officer.

### **General**

- l) In respect of receipts from sale of assets where values are less than £10,000: net proceeds credited to the appropriate revenue budget.
- m) In respect of receipts from sale of assets where values are more than £10,000: where permitted under the Statutory Guidance on the Flexible Use of Capital Receipts (March 2016), net receipts can be used to fund revenue costs up to and including March 2022, provided the expenditure meets the requirements for qualifying expenditure under this guidance.
- n) The Director of Commercial Services and Income Generation (or delegated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Director, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £100,000 annually for Non-Investment and is in accordance with the District Valuer (or other RICS professional) valuation, and operates within approved budgets:-
  - the agreement of all monthly tenancies
  - the agreement of all licences
  - the conducting and agreement of all rent reviews
  - the agreement of all lease renewals (new leases approved under acquisitions above)
  - the agreement of lettings
  - the agreement of all easements and wayleaves
  - the agreement of all changes of use
  - the agreement of all compensation claims where there is budgetary provision
  - the agreement of all releases/variations of covenants
- o) **For Investment Properties**, the Director of Commercial Services and Income Generation (or delegated representative) shall have authority to approve all of the following in consultation with the S151 Officer where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £1,000,000 annually. Items in excess of this amount must be referred to the Investment Assessment Group for review and recommendation for approval by the Chief Executive in consultation with the Leader.
  - the agreement of all tenancies
  - the agreement of all licences
  - the conducting and agreement of all rent reviews including awarding rent free periods
  - the agreement of all lease renewals or new leases where tenancy of existing freehold/leasehold owned property changes
  - the agreement of lettings
  - the agreement of all easements and wayleaves
  - the agreement of all changes of use
  - the agreement of all compensation claims where there is budgetary provision
  - the agreement of all releases/variations of covenants

### **13.3 Condition Surveys**

- a) The Director Commercial Services and Income Generation shall ensure that condition surveys of all buildings and property assets in which the Council has a proprietary interest are carried out at least once every 5 years. Survey details are to be recorded in appropriate systems and work programmes prepared in accordance with priorities set out in the Property Repairs and Maintenance Policy.

#### **13.4 Asset Management Plans**

- a) The Director Commercial Services and Income Generation shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must detail the actions to be monitored by the Commercial Property, Land and Development Manager
- b) The Director Commercial Services and Income Generation shall maintain records and systems that enable the Council to ensure that the best use is made of all properties. The Director Commercial Services and Income Generation shall advise the Council on alternative uses of land and property as best serves the Council's interests at the time.
- c) The Commercial Property, Land and Development Manager shall ensure that all leases are kept up to date and rents due are revised at the appropriate time.

#### **13.5 Custody of Deeds and Documents**

- a) The Lead Specialist – Legal shall have custody of the title deeds and other agreements under seal or hand of all land owned by the Council (together with all deeds and documents held as security for any monies owed to the Council) and are responsible for their safe-keeping.

#### **13.6 Security**

- a) Directors shall be responsible for ensuring the proper security at all times for buildings, stocks, stores, furniture, equipment, cash and information held on files. The Directors shall consult with the Director Commercial Services and Income Generation in any instance where security is thought to be defective or where it is considered that special security arrangements may be needed, or where circumstances suggest the possibility of any irregularity.
- b) Directors shall ensure that there are appropriate arrangements for the control of all door, safe and cabinet keys held within their areas of responsibility. There shall be independent control of all receipt forms, cheques, tickets, store notes, order forms or similar documents and it shall be the responsibility of the appropriate Director to ensure that all such items are serially numbered and controlled in accordance with arrangements agreed with the Chief Internal Auditor (Assistant Director, South West Audit Partnership).

### **14 LOANS POLICY**

- a) The Council should only provide small loans to outside bodies where alternative forms of borrowing are not available or at prohibitive costs. The loans will only be made to outside bodies that operate from within the South Somerset District geographical area and are either registered charities, public sector, or not for profit organisations.
- b) All loan agreements will either be charged on the property to which they relate (like a mortgage) or a guarantee will be required from a surety which could be an individual, group of individuals or body.
- c) The maximum repayment period will be 10 years and all loans will be repaid on a repayment basis so that the loan is repaid across the loan period at instalment rates approved in advance (i.e. in the same way as mortgage repayments).
- d) Loans will be given at the appropriate PWLB rate for the period of the loan, or other prudent rate as determined by the S151 Officer in consideration of investment risk. The maximum amount of a loan to an outside body shall be £150,000.
- e) Approval of loans shall be by District Executive and a full appraisal submitted which shall include details of the security offered. In order to qualify for a loan the outside body shall also submit a Business Plan to the S151 Officer covering the period of the loan.
- f) For small loans of £5,000 or less the approval procedure may be delegated to the area portfolio holders, in consultation with the relevant Managers. The interest rate will be the relevant PWLB rate, or other prudent rate as determined by the S151 Officer in consideration of investment risk, and the loans should be guaranteed by the Town or Parish Council, or similar trustees.

- g) Any loans agreed outside of the loans policy shall be agreed by Full Council.

## **15 EXTERNAL ARRANGEMENTS**

### **15.1 Partnerships**

- a) In leading the community and entering into partnerships the Council will seek to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area.
- b) The main criteria for SSDC entering into a partnership are:
- to provide improvements in service delivery
  - to provide efficiency in the costs of service provision
  - to share risk
  - to achieve specific corporate priorities
- c) A partner is defined as a formal working arrangement involving one or more independent bodies, from any sector, who pool resources and share responsibility for agreeing and then delivering a set of planned actions and outcomes. A formal agreement is made by all partners to work together for specific outcomes.
- d) Partners may participate by:
- acting as a deliverer or sponsor, solely or jointly with others
  - acting as a funder or part funder
  - being the beneficiary group (or part thereof) of the activity undertaken in a partnership
- e) The District Executive is responsible for determining and agreeing all key partnerships. Directors are responsible for agreeing all substantial and minor partnerships. At inception a review period must be agreed and any associated delegation arrangements approved by District Executive if a key partnership or by the appropriate Director if a substantial or minor partnership.
- f) All partnerships must be reviewed annually and reported by the appropriate Director to the relevant committee (either District Executive or Area Committee). All partnerships must be included within the Partnership Register and updated annually by the appropriate Director.
- g) The Directors and Portfolio Holders shall consider and make provision for any overall corporate governance issues and shall ensure account is taken of any legal issues when arranging contracts with external bodies. They shall ensure that risks have been fully appraised before agreements are entered into with external bodies.
- h) The governance arrangements of all key and significant partnerships require approval of the members of Corporate Governance Group.
- i) All key partnerships have a requirement to produce, maintain, and monitor a shared risk register.
- j) The same high standards of conduct that apply throughout the authority shall be maintained in partnerships, and representatives to partnerships should exercise these same high standards.
- k) The S151 Officer shall ensure that accounting arrangements to be adopted in relation to partnerships and joint ventures are satisfactory and compliant with relevant regulations and Codes of Practice.
- l) Regular monitoring arrangements must be in place. For key partnerships monitoring must be reported regularly to the District Executive and other partnerships (substantial and minor) to the Area Committees. This can be carried out through the quarterly budget monitoring reports as a minimum.
- m) Directors and Portfolio Holders are responsible for ensuring that appropriate Council approvals are obtained before concluding negotiations in relation to work with external bodies.

## 15.2 External Funding

- a) The S151 Officer in consultation with the relevant Director/Manager or Portfolio Holder is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Each Director and Portfolio Holder is responsible for informing the S151 Officer promptly about such funding. Where such income is receivable against a grant claim the relevant Director or Portfolio Holder shall provide written confirmation to the S151 Officer that all output and other grant requirements have been properly and fully met.

## 15.3 Grants to Outside Bodies

- a) The District Executive or relevant Area Committee shall approve all grants and other assistance to external bodies, except where such annual assistance in total is less than £1,000 in value to any one body and there is budgetary provision for such assistance. It must not form a commitment of future year's annual budget unless it matches the criteria as set within the Community Grants Policy (4) in respect of those bodies with approved multi-year Funding Agreements / Service Level Agreements. Where the total value per annum to any one body is below £1,000 the relevant Director or Portfolio Holder may approve such assistance subject to the requirements of these Financial Procedure Rules being met. Where the total value per annum to any one body is below £1,000 the relevant Director may delegate the approval to the appropriate designated officer, again subject to the requirements of these Financial Procedure Rules being met.
- b) The District Executive Committee may approve a framework for the administration of any specified class of grant and assistance under that committee's control over the value of £1,000 by a relevant Strategic Director for the efficient conduct of business, subject to the agreed framework and meeting the other requirements of these Financial Procedure Rules.
- c) Reports to the District Executive Committee or Area Committees (and decisions taken under the provisions of (a) above) seeking approval to assist an outside body by grant or other assistance in kind shall provide assurance that the following requirements have been met or will be met, and ensure that the Council's interests are protected before any grant or assistance is actually made:
- the receiving body has been properly identified, has suitable lead parties, a defined work area/purpose, and suitable trust documents/constitution
  - any conflicts of interest have been declared and properly managed
  - any risks to such agreements and the Council's interests are being adequately and appropriately managed
  - it will be possible to confirm the proper use of the Council's assistance
  - the assistance contributes to the delivery of the Council's services or achievement of the Council's corporate objectives
  - the extent and purpose of the assistance have been properly identified
  - arrangements for the repayment of any loans have been made
  - arrangements to gain repayment/recovery for the value of the assistance are in place in the event of default by the recipient
  - any specific conditions relating to the assistance are identified
  - monitoring arrangements are to be set in place to ensure the assistance is used for the purpose approved
  - the recipient will provide evidence to the Council demonstrating proper accounting for, and use of the assistance, including, for assistance over £1,000 in value, access to the accounts of the body for S151 Officer, or designated representative and to supporting information, documents and evidence
  - a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance
- d) Full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance and by whom, and any other relevant transaction information.

## **16 BREACHES OF FINANCIAL REGULATIONS**

- a) Where a failure to comply with these regulations is identified the matter should be brought to the immediate attention of the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership).
- b) A report shall be made to the S151 Officer for minor breaches and to the District Executive or Audit Committee where the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership) consider the matter to be of significance.



## Appendix A

### Guidance on Interpretation – Officer Contacts

Section	Financial Regulation	Contact Officer
<b>1</b>	<b>FINANCIAL GOVERNANCE</b>	Section 151 Officer
1.2(e)	Decision Making Procedures	Democratic Services Specialist or Monitoring Officer
<b>2</b>	<b>CASH LIMITS</b>	Section 151 Officer
<b>3</b>	<b>FINANCIAL CONTROL</b>	
3.1	General	Section 151 Officer
3.2	Statement of Internal Control/Statement of Governance	Section 151 Officer
3.3	South West Audit Partnership	Assistant Director-SWAP
3.4	IT and Furniture Budgets	ICT Manager/Procurement & Risk Manager
3.5	Operational Leases	Lead Specialist – Finance / Specialist - Procurement
3.6	Treasury Management	Finance Specialist
<b>4</b>	<b>CONTRACTS</b>	
4.1	General	Specialist - Procurement
<b>5</b>	<b>PAYMENT OF INVOICES</b>	
5	Payment of Invoices	Support Services Case Team Leader
5.1	Corporate Credit Cards	Section 151 Officer
5.2	Procurement Cards	Procurement Specialist
<b>6</b>	<b>PAYROLL SERVICES</b>	
6.1	Appointment of Employees	Lead Specialist - People
6.2	Amendments	Lead Specialist - People
6.3	Other Payments	Lead Specialist - People
6.4	Timesheets	Lead Specialist - People
<b>7</b>	<b>BANKING ARRANGEMENTS</b>	
7.1	General	Section 151 Officer
7.2	Cheques/Cash Received	Support Services Case Team Leader
7.3	Money Laundering	Assistant Director-SWAP
7.4	Direct Debits (received)	Support Services Case Team Leader
7.5	Direct Debits and Cheques Paid	Support Services Case Team Leader
7.6	Handling of Cheques	Support Services Case Team Leader
<b>8</b>	<b>INCOME</b>	Specialist – Finance
<b>9</b>	<b>IMPREST ACCOUNTS</b>	Specialist – Finance
<b>10</b>	<b>RISK MANAGEMENT AND INSURANCES</b>	
10.1	Risk Management	Specialist - Procurement
10.2	Insurances	Insurance Case Services Officer
10.3	Notification of Loss	Insurance Case Services Officer
10.4	Review	Insurance Case Services Officer
10.5	Car Allowances	Insurance Case Services Officer
10.6	Current Insurance	Insurance Case Services Officer
10.7	Inventories	Insurance Case Services Officer
<b>11</b>	<b>STOCKS, STORES, FURNITURE AND EQUIPMENT</b>	
11.1	General	Specialist – Finance
11.2	Write Offs	Specialist – Finance
11.3	Stock Checks	Specialist – Finance
11.4	Corrections	Specialist – Finance
11.5	Disposal of Surplus	Specialist – Finance
<b>12</b>	<b>CAR LOANS AND LEASED CARS</b>	Specialist – Finance
<b>13</b>	<b>BUILDINGS, LAND AND PROPERTY</b>	
13.1	Asset Register	Commercial Property, Land and Development Manager
13.2	Buildings, Land and Property Transactions	Lead Specialist – Finance / Commercial Property, Land and Development Manager
13.3	Condition Surveys	Commercial Property, Land and Development Manager

13.2	Asset Management Plans	Commercial Property, Land and Development Manager
13.3	Custody of Deeds	Director Support Services
13.4	Security	Commercial Property, Land and Development Manager
<b>14</b>	<b>LOANS POLICY</b>	Lead Specialist – Finance
<b>15</b>	<b>EXTERNAL ARRANGEMENTS</b>	
15.1	Partnerships	Lead Specialist – Finance
15.2	External Funding	Lead Specialist – Finance
15.3	Grants to Outside Bodies	Lead Specialist – Finance
<b>16</b>	<b>BREACHES OF FINANCIAL REGULATIONS</b>	Section 151 Officer or Assistant Director-SWAP