

BASINGSTOKE & DEANE COUNCIL

FINANCIAL PROCEDURES

Dated February 2020

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A Definition of Roles

For the purpose of these financial procedures, Heads of Service are defined as managers reporting directly to an Executive Director.

The definition of Executive Directors includes the Head of Paid Service.

The Chief Financial Officer (CFO) and S151 Officer is the Executive Director of Corporate Services. Any reference to the CFO within these financial procedures should be read as referring to that officer.

Reference to a Chief Officer can be an Executive Director, Head of Service, or in the case of major projects and capital budgets, a Project Manager.

A Budget Holder can be a Chief Officer or another officer under the Scheme of Delegation as detailed in the Constitution.

B Financial Management

1 Financial Management Standards

- 1.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everyone is clear about the standards to which they are working and the controls which are in place to ensure that these standards are met.

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for:

- (a) the proper administration of the authority's financial affairs including the adequacy and robustness of financial management arrangements
- (b) providing strategic financial planning and professional corporate advice
- (c) setting and monitoring compliance with financial management standards
- (d) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- (e) providing financial information and reporting on the overall budget position
- (f) preparing the medium term financial strategy, revenue budget and capital programme and strategy
- (g) treasury management and banking arrangement procedures
- (h) maintaining an effective and adequate internal audit and audit arrangements

- (i) scheme of financial delegation
- (j) financial and related ICT systems
- (k) procedures and controls for ordering services, supplies and works
- (l) payment of accounts and collection of income
- (m) authorise payments in advance where doing so would provide a financial advantage to the authority
- (n) control of the payment of salaries and wages.
- (o) all forms of taxation
- (p) approving all accounting procedures and financial records of the council
- (q) advising on corporate risk management
- (r) having a formal input into all reports to Council, the Cabinet, committee meetings and/or Senior Leadership Teams which have finance implications.

Responsibilities of Chief Officers

- 1.2 To promote the financial management standards set by the Chief Financial Officer in their departments and to monitor adherence to the standards and practices within their own areas, liaising as necessary with the Chief Financial Officer.

Where expenditure against approved budgets requires Cabinet or Portfolio Holder approval or must be carried out in accordance with the relevant delegated power contained in the Constitution.

- 1.3 Chief Officers are responsible for:

- (a) ensuring compliance with Financial Regulations and Financial Procedures.
- (b) ensuring that Portfolio Holders are advised of the financial (and other) implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer.
- (c) ensuring the operation of financial processes within their departments. To do this they must ensure that adequate operational controls are in place.
- (d) ensuring the control of expenditure and income, monitoring of performance and that the necessary action is taken to remain within approved budgets.
- (e) alerting the Chief Finance Officer to any financial issue(s) that may become of concern to the council.

- (f) signing contracts on behalf of the authority (as set out in Contract Standing Orders).
- (g) identifying opportunities to improve efficiency, effectiveness and economy.
- (h) ensuring the Chief Financial Officer has advance notice (including receiving agendas, minutes, reports and related papers) of all relevant meetings at which a binding decision of the council may be made (including a failure to take a decision where one should have been taken) at or before the Council, the Cabinet, committee meetings, Senior Leadership Teams (or equivalent) meetings.
- (i) consulting with the Chief Financial Officer to seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

1.4 Budget managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not commit to ongoing expenditure (including the full-year effect of decisions made part way through a financial year) for which they have not identified future resources (i.e. not one-off savings/additional income). Each Head of Service should inform the Chief Financial Officer if there appears to be a likelihood that expenditure may exceed the available budget or the estimated income won't be achieved and take appropriate action. Further guidance is contained in the "A budget managers guide to the councils financial processes".

1.5 Chief Officers shall ensure that the Chief Finance Officer has formal input into all reports to Council, the Cabinet, Committee meetings and/or SLT which have finance implications.

2 Managing Expenditure

2.1 All staff have a duty to ensure that expenditure is in line with the approved budgets.

Responsibilities of the Chief Financial Officer

2.2 The Chief Financial Officer has authority to make special payments whether or not provision has been made in the approved estimates, in the following cases:

- (a) payments specifically required by law
- (b) payments under a Court Order
- (c) payments under agreements entered into by and on behalf of the council
- (d) payments made on the advice of the Chief Executive in the settlement of any action, complaint, or claim against the council
- (e) payments made on the advice of the Chief Executive in settlement of any complaint investigated by him or any mal-administration identified by the Commissioner for Local Administration.

Budget Virement – General

- 2.3 Budget virements enable the Cabinet, Portfolio Holders and Executive Directors to manage budgets and optimise the use of resources with a degree of flexibility within the overall policy and budget framework determined by full Council.
- 2.4 A budget virement is deemed to be ‘the planned transfer of a budget to be used for a purpose to that originally intended’.
- 2.5 Where formal approval of a budget virement is required this will be obtained via the usual reporting and decision notice process.
- 2.6 Cabinet, Portfolio Holders and Executive Directors can approve budget virements, within delegated limits, in agreement with the Chief Financial Officer and in accordance with the procedure for budget virements agreed by Full Council
- 2.7 Budget virement limits apply to the total gross expenditure for each service area/holding account (as shown in the budget book) or the annual budget for the capital scheme. This is referred to as the ‘budget item’
- 2.8 New capital schemes or the transfers of funding between capital and revenue cannot be agreed under the budget virement rules. These require full Council approval.
- 2.9 It should be noted that the relevant Executive Director remains accountable for ensuring that the correct virement procedures are followed where the day to day responsibility has been delegated to the Head of Service.

Revenue Budget Virement

- 2.10 Budget virements that affect centrally controlled budgets are subject to the approval of the Chief Financial Officer. As from 1 April 2007, centrally controlled budgets for the purpose of budget virements are;
 - Support services;
 - Capital charges;
 - I.T. recharges;
 - Property maintenance; and
 - Insurances and transfer payments.
- 2.11 Virement limits are cumulative and a control of virements will be maintained by the Chief Financial Officer and will be reported to SLT and the Performance Panel.
- 2.12 Executive Directors are able to approve an unlimited number of budget virements within a budget item (excluding centrally controlled items) up to the cumulative value noted in the table in 2.13.

2.13 Budget virements between budget items require approval as follows:

Value	Virement of Expenditure Budgets	Virement of income budgets and acceptance of external funding bids
Up to £100,000	Approved by Executive Director in consultation with the CFO	Approved by Executive Director in consultation with the CFO
£100,000 to £250,000	Approved by the Executive Director in consultation with the CFO and the Portfolio Holder	Approved by the Executive Director in consultation with the CFO and the Portfolio Holder
Over £250,000 to £500,000	Approved by Cabinet	Approved by Cabinet
Over £500,000	Approved by Council	Approved by Council

Management of Staff Budgets and the Establishment

2.14 Subject to appropriate funding being identified and confirmed with the Chief Financial Officer, all permanent changes to establishment FTE must be approved by the relevant Executive Director in consultation with the Head of Service for HR & OD..

2.15 Subject to appropriate funding being identified and confirmed with Chief Financial Officer, all recruitment to vacant posts and all temporary changes to establishment FTE must be approved by relevant Executive Director.

Treatment of Additional Revenue Income

2.16 Where additional revenue funding is received as a grant, contribution or sponsorship, this funding will be held centrally. An offsetting income and expenditure virement can be requested subject to the agreement of the Chief Financial Officer, upon clarification of the use of this funding. The Chief Financial Officer will determine the appropriate mechanism for this.

2.17 For all other types of income, such as an increase in the income from fees and charges in year, where it is demonstrable that this income is needed to support the service it relates to, an offsetting income and expenditure budget virement will be required which is subject to the agreement of the Chief Financial Officer and is subject to the approval levels set out in 2.13.

Transfer of Revenue Budgets Between Years

- 2.18 Cabinet approval is required to carry forward revenue budgets up to a cumulative total of £500,000. Council approval is required to carry forward cumulative revenue budgets greater than £500,000.

Carry forward requests will be considered as part of the outturn position and allocated linked to the ongoing financial position of the council and linked to the prioritisation of spend against the Council Plan and MTFS assumptions. Financial commitments can therefore not be made against these sums until approved.

Release of Reserve Budgets

- 2.19 The release of funding from earmarked revenue risks reserves is subject to the approval of the Chief Financial Officer, provided that the use of the funds is in accordance with the purpose for which the reserve was established. Any release of funding from other earmarked revenue reserves is subject to the approval of the Chief Financial Officer (up to £500,000) or Cabinet (more than £500,000) provided use of the funds is in accordance with the purpose for which the reserve was established. If funds are not to be used in accordance with the purpose for which reserve was established, Full Council approval is required.

Capital Scheme Budgets

- 2.20 Full Council approval must be obtained to add a scheme to the capital programme. It is the expectation that a scheme will not be added to programme without sufficient detail to seek approval to spend in the same report.
- 2.21 The capital programme for the period of the MTFS will be approved by full council as part the annual budget setting process.
- 2.22 New scheme requests outside of the budget setting process will be considered by the Capital Programme Board which will make recommendations for approval by full council.
- 2.23 An existing capital scheme budget can be moved between financial years, subject to the approval of the Chief Financial Officer where it does not exceed the approved overall value of the scheme.
- 2.24 The financial virement limits and process as detailed in 2.13 will be applied in the event of the following:
- An existing capital scheme's budget can be increased if additional capital funding is received as grant, contribution or sponsorship subject to the agreement of the Chief Financial Officer. following a recommendation from the Capital Programme Board; and
 - A scheme has been added to the programme without authority to spend, spend approval can be given subject to the agreement of the Chief Financial Officer following a recommendation of the Capital Programme Board.

- 2.25 The capital programme will be monitored in year and reported to Cabinet on a quarterly basis. The Capital Programme Board will consider slippage, rephasing, under and overspends in year and the resulting impact on the overall capital programme.
- 2.26 Any capital scheme savings identified will be returned to the revenue reserve for capital purposes (capital priorities or asset and infrastructure as appropriate) and will be available to fund future capital schemes.

3 Accounting Policies

Responsibilities of the Chief Financial Officer

- 3.1 The Chief Financial Officer is responsible for determining accounting policies and financial systems and ensuring that they are applied consistently.
- 3.2 The Chief Financial Officer will ensure that:
- (a) systems of internal control are in place that ensure that financial transactions are lawful
 - (b) suitable accounting policies are selected and applied consistently
 - (c) proper accounting records are maintained
 - (d) financial statements are prepared in accordance with best practice as defined in the Statement of Recommended Practice (SORP) and other accounting codes of practice.
- 3.3 The accounting policies are set out in the statement of accounts which is prepared at 31 March each year, and covers such items as:
- (a) separate accounts for capital and revenue transactions
 - (b) the basis on which debtors and creditors at year end are included in the accounts (accruals)
 - (c) details on substantial provisions and reserves
 - (d) fixed assets
 - (e) depreciation
 - (f) capital charges (charges to revenue for fixed assets)
 - (g) stocks and work in progress
 - (h) deferred charges
 - (i) investments
 - (j) government grants

- (k) leasing
- (l) pensions
- (m) overhead apportionment.

Responsibilities of Chief Officers

- 3.4 To adhere to the accounting policies and guidelines approved by the Chief Financial Officer.

4 Accounting Records and Returns

Responsibility of Chief Executive

- 4.1 To sign the Annual Governance Statement outlining the Council's governance arrangements.

4.2 Responsibilities of the Chief Financial Officer

- 4.3 The Chief Financial Officer is responsible for determining the accounting procedures and records for the authority.
- 4.4 Maintaining proper accounting records is one of the ways in which the council discharges its responsibility for stewardship of public resources. The council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit.
- 4.5 This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of the council's resources.
- 4.6 To arrange for the compilation of all accounts and accounting records.
- 4.7 To comply with the principle of a segregation of duties, including:
 - (a) separating the duties of providing information about sums due to or from the council and calculating, checking and recording these sums, from the duty of collecting or disbursing them
 - (b) employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.
- 4.8 To make proper arrangements for the public inspection of the Council's accounts in accordance with the Accounts and Audit Regulations 2015.
- 4.9 To ensure that all claims for funds, including grants, are made by the due date.
- 4.10 To prepare and publish the Statement of Accounts of the council for each financial year, in accordance with the statutory timetables and accounting codes of practice.

- 4.11 To sign the Statement of Responsibilities for the Statement of Accounts confirming that the accounts have been prepared in accordance with proper practices and present fairly the financial position of the council.
- 4.12 To administer the Borough Council's arrangements for under and overspendings to be carried forward to the following financial year.
- 4.13 To ensure that financial documents are retained in accordance with statutory requirements.

Responsibilities of Chief Officers

- 4.14 To operate within the required accounting standards and timetables.
- 4.15 To consult and obtain the approval of the Chief Financial Officer before making any changes to accounting records and procedures.
- 4.16 To comply with the segregation of duties principles when allocating accounting duties.
- 4.17 To maintain adequate records to provide an auditable trail leading from the source of income/expenditure through to the accounting statements.
- 4.18 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Chief Financial Officer, including information on any potential contingent liabilities and related party transactions.

5 The Annual Statement of Accounts

- 5.1 The council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. Full Council is responsible for approving the statutory annual Statements of Accounts.

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). The Council, or a nominated committee of the Council is responsible for approving the annual statement of accounts.

- 5.2 To select suitable accounting policies and apply them consistently.
- 5.3 To make judgements and estimates that are reasonable and prudent.
- 5.4 To comply with accounting codes of practice including the Best Value Accounting Code of Practice.
- 5.5 To sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March.

- 5.6 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Chief Officers

- 5.7 To comply with accounting guidance provided by the Chief Financial Officer and to supply the Chief Financial Officer with information when required.

C Financial Planning

1 Medium Term Planning and Forecasting

- 1.1 Medium term financial planning helps to ensure that there is a financial context against which the implications of future service plans can be judged.
- 1.2 Medium term forecasts covering a period of up to four years are a key element in medium term financial planning and will be required when considering the setting of prudential indicators. They ensure that the council is as well prepared as possible for the medium term financial implications of supporting current policies and commitments and of developing new policies within the context of the Council Plan.

Responsibilities of the Chief Financial Officer

- 1.3 To prepare and submit reports on budget forecasts for the Cabinet, including resource constraints and government grant implications. Reports should take account of medium term prospects, where appropriate.
- 1.4 To prepare and submit reports to the Cabinet on the aggregate spending plans of portfolios and departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 1.5 To determine the form in which medium term budget forecasts are prepared.
- 1.6 To advise on the medium term implications of spending decisions.
- 1.7 To encourage best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspect of service planning.
- 1.8 To advise full Council on executive proposals in accordance with the responsibilities under the Local Government Act 1972 (Section 151) and the Local Government Act 2003.

Responsibilities of Chief Officers

- 1.9 To integrate financial and budget plans into service planning, so that the budget plans can be supported by financial and non-financial performance measures.
- 1.10 To estimate the effect of maintaining current policies and commitments over a period of up to four years to enable medium term budget forecasts to be prepared.

2 Budgeting

The Budget Format

- 2.1 The council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with priorities. The budget is the financial expression of the Council's plans and policies and so it must be constructed so as to ensure that resource allocation properly reflects these.
- 2.2 Budgets enable the council to plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the council to budget for a deficit.
- 2.3 The general format of the budget and budget guidelines will be approved by full Council and proposed by the Cabinet on the advice of the Chief Financial Officer. The draft budget should include details of the allocation of resources over services and projects, proposed taxation levels and contingency funds and use of reserves.
- 2.4 The format of the budget determines the level of detail to which financial control and management will be exercised. The general format of the budget will be approved by Full Council and proposed by the Leader and the Cabinet on the advice of the Chief Financial Officer. The proposed draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Responsibility of the Chief Financial Officer

- 2.5 To advise the Cabinet on the budget proposals to be recommended to full Council.

Responsibilities of Chief Officers

- 2.6 To comply with accounting guidance provided by the Chief Financial Officer.

Revenue Budget Preparation and Monitoring

- 2.7 The Chief Financial Officer is responsible for ensuring that a revenue budget and a general revenue plan (Medium Term Financial Strategy) are prepared on an annual basis for consideration by the Cabinet, before submission to Full Council. Full Council may amend the budget or ask the Cabinet to reconsider it before approving it.
- 2.8 It is the responsibility of the Chief Officers to ensure that budgets which reflect agreed service plans are submitted to the Cabinet and that these budgets are prepared in line with the Cabinet's proposed budget strategy.
- 2.9 Budget managers ensure that once budgets have been approved by full Council, they are used for their intended purposes and that the resources are properly accounted for.

- 2.10 The Chief Financial Officer is responsible for providing appropriate financial information to enable the monitoring and control of expenditure against budgets and reporting to Cabinet and Council on the overall position on a regular basis.
- 2.11 The Executive Director is accountable for the control of income and expenditure for services. It is the responsibility of Heads of Service to control income and expenditure within their area. They should report on budget variances and identify necessary actions to remain within budget in consultation with the Executive Director. Expenditure against budgets should be for the approved purpose.
- 2.12 In the event of an overall service underspend, this will be taken into consideration against the overall budget position and is for the Chief Financial Officer to determine how this resource is utilised.
- 2.13 Considerations for new spending proposals should be discussed with the Executive Director. Any new proposal containing significant financial implications must take note of the Chief Financial Officer's advice as well as that of the relevant Director. Proposals will then be submitted following the process detailed in 2.31.
- 2.14 Budget management is a continuous process enabling the council to review and adjust its budget during the financial year. It also provides a mechanism that calls to account managers responsible for defined elements of the budget.
- 2.15 By continuously identifying and explaining variances against budgets, the council can identify changes in trends and budget requirement at the earliest opportunity.
- 2.16 For the purposes of budget management reporting, variances will be at service area level.

Responsibilities of the Chief Financial Officer

- 2.17 To determine the detailed form of the revenue budget and the methods for its preparation.
- 2.18 To prepare and collate budgets, in consultation with Chief Officers, which are consistent with the council's annual budget strategy and report them to the Cabinet.
- 2.19 To establish an appropriate framework of budgetary management and control which ensures that:
- (a) budget management is exercised within annual cash limits unless full Council agrees otherwise
 - (b) each budget holder has available timely information on receipts and payments for each budget that is sufficiently detailed to enable them to fulfil their budgetary responsibilities.

- (c) expenditure is committed only against an approved budget head
- (d) all officers responsible for committing expenditure comply with relevant guidance, and with financial regulations
- (e) each detailed budget has a single named responsible officer, determined by the relevant Executive Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure
- (f) significant variances from approved budgets are regularly investigated and reported on to Strategic Leadership Team.

2.20 To administer the council's scheme of virement and report the revised budget position to Strategic Leadership Team and the Performance Panel as a part of the councils budget monitoring process.

2.21 To submit reports to the Strategic Leadership Team, Portfolio Holder, Cabinet and to full Council, in consultation with the relevant Executive Director and Heads of Service, where a Head of Service is unable to balance expenditure and resources within existing approved budgets under his or her control.

2.22 To prepare and submit to the Portfolio Holder reports on the service's projected expenditure and income compared with its budget, in consultation with the Executive Director and Head of Service.

2.23 To prepare and submit to Strategic Leadership Team and the Performance Panel reports on the overall projected expenditure and income compared with the budget.

2.24 To provide formal input to all reports with financial implications

Responsibilities of Chief Officers

2.25 To accept accountability for their budgets and the level of service to be delivered and to understand their financial responsibilities.

2.26 To assist the preparation of estimates of income and expenditure, in consultation with the Chief Financial Officer and the Portfolio Holder, to be submitted to the Cabinet.

2.27 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

2.28 In consultation with the Chief Financial Officer and the Portfolio Holder and in accordance with the laid down guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by the Cabinet.

2.29 To have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process

- (b) legal requirements
 - (c) policy requirements as defined by full Council in the approved policy framework
 - (d) initiatives already under way when drawing up draft budget requirements.
- 2.30 To maintain budgetary control within their directorates and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.31 To ensure that an accountable budget holder is identified for each item of income and expenditure under the control of the relevant Head of Service (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.
- 2.32 To ensure that spending remains within the a service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.33 Each Head of Service shall inform their Executive Director and the Chief Financial Officer when there appears to be a likelihood that expenditure may exceed the budget provision or estimated income fail to be achieved. A joint report shall be submitted to the Leader and Cabinet if the Chief Financial Officer so decides.
- 2.34 To ensure that a monitoring process is in place to review performance levels/levels of services in conjunction with the budget and is operating effectively.
- 2.35 To obtain approval (following consultation with the Chief Finance Officer) by the Portfolio Holder, Cabinet or Council (as appropriate) for new proposals, of whatever amount, which:
- (a) create additional financial commitments in future years
 - (b) change existing policies, create new policies or end existing policies
 - (c) materially extend or reduce the council's services.
- 2.36 To ensure compliance with the scheme of virement.
- 2.37 To agree with the Chief Financial Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.
- 2.38 To follow an approved certification process for all expenditure.
- 2.39 To ensure all income and expenditure is properly recorded and accounted for.

Capital Programmes

- 2.40 Capital expenditure involves acquiring, replacing or enhancing fixed assets with a long-term value to the council, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 2.41 The programme of capital expenditure requires approval by full Council.

Responsibilities of the Chief Financial Officer

- 2.42 To prepare capital estimates jointly with Chief Officers in accordance with the Capital Appraisal & Prioritisation process and report them to the Cabinet for approval.
- 2.43 This will include the use of an overarching Capital Programme Board which will oversee and coordinate the preparation of the capital programme and the capital strategy for consideration and recommendation by Cabinet, along with any associated financing requirements, to full Council.
- 2.44 To prepare and submit monitoring reports to Council, the Cabinet, Portfolio Holders and appropriate member Panels on the projected income and expenditure and resources compared with the approved estimates on a regular basis.
- 2.45 To issue guidance concerning capital schemes and controls for example on project appraisal techniques and on the reporting of cost variations. The definition of 'capital' will be determined by the Chief Financial Officer, having regard to Government regulations and accounting requirements.

Capital Programme Board

- 2.46 The Board will oversee and co ordinate the preparation, review and implementation of the Council's Capital Strategy which must be approved by Council and reviewed annually.
- 2.47 The board will receive new bids for prioritisation and format a multi year capital programme taking into account projected available resources for submission to Cabinet and Council. The Board would also oversee and monitor in-year requests for changes and scheme progress as well as receive capital monitoring reports.
- 2.48 Through doing so, and taking a long term view, the Board should ensure that both individual projects and the programme as a whole is affordable and fits with the council's vision, priorities and outcomes as laid out in the Council Plan and other inter linked plans and strategies.
- 2.49 The terms of reference for the capital board are attached as Annex 1.

Responsibilities of Chief Officers

- 2.50 To comply with guidance concerning capital schemes and controls issued by the Chief Financial.
- 2.51 Before capital proposals can be actioned, to ensure that, in accordance with the councils approved capital strategy:
- (a) the scheme is included in the capital programme approved by full Council. If the scheme was not previously in the capital programme, the approval of full Council is required. Approval to spend is also required by Full Council.
 - (b) Standing orders, financial regulations and financial procedures are followed.
 - (c) a tender or quotation has been received, which does not exceed the amount included in the programme.
 - (d) all statutory approvals have been received as required.
- 2.52 To prepare regular reports reviewing the capital programme provisions for their services. This will be reviewed by the Capital Programme Board and reported quarterly to Cabinet and performance panel.
- 2.53 To ensure that information is provided to the Chief Financial Officer to enable maintenance of the contract payments register.
- 2.54 A budget holder who becomes aware that the final cost of a contract is likely to exceed the contract sum by 5% or £10,000 (whichever is the greater) shall report on the circumstances to the Portfolio Holder/the next appropriate Capital Programme Board/Cabinet meeting following consultation with the Chief Financial Officer.
- 2.55 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Financial Officer and, if applicable, approval of the scheme through the capital programme.
- 2.56 Any variation to the capital programme arising from the receipt of a specific grant, contribution or sponsorship, is subject to the virement approval levels set out elsewhere.

3 Maintenance of Balances and Reserves

- 3.1 The Chief Financial Officer is responsible for advising the Cabinet and/or full Council on prudent levels of balances and reserves for the council.
- 3.2 Full Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the council to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves may

also be maintained for specific purposes, such as the purchase or renewal of capital items.

- 3.3 Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), Guidance on Local Authority Reserves and Balances LAAP 55 and agreed accounting policies. Release of earmarked reserves is subject to the same approval levels as set out in the budget virement rules.

Responsibilities of the Chief Financial Officer

- 3.4 To advise the Cabinet and/or full Council on prudent levels of reserves for the council.
- 3.5 To ensure that for each reserve established, the purpose, usage and basis of transactions is identified.

Responsibilities of Chief Officers

- 3.6 To ensure that reserves are used only for the purposes for which they were intended.

D Risk Management and Control of Resources

1 Risk Management

- 1.1 It is essential to develop and maintain on an integrated basis, robust systems for identifying and evaluating all significant strategic and operational risks to the council. These systems should actively involve all staff associated with planning and delivering services.
- 1.2 The Chief Financial Officer will spearhead the risk management process and is responsible for advising the Cabinet on proper insurance cover where appropriate.
- 1.3 Executive Directors and Heads of Service are responsible for reviewing risks and notifying the relevant officers when any significant change in service provision occur during the year.
- 1.4 All organisations, whether they are in the private or public sectors, face risks to people, property and continuity of operations. Risk is the chance or possibility of loss, damage or injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisation wellbeing of the organisation. In essence it is therefore an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation has in place already to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.5 The Audit and Accounts committee is responsible for approving the authority's risk management policy and reviewing the effectiveness of risk management.

Responsibilities of the Chief Executive

- 1.6 Lead in identifying and managing risks and opportunities faced by the council.
- 1.7 Ensure that risk management is considered in all decision making reports.

Responsibilities of the Chief Financial Officer

- 1.8 To fulfil the role as the risk management champion.
- 1.9 Endorse employee compliance with the risk management policy.
- 1.10 To advise the Cabinet on proper insurance cover where appropriate.
- 1.11 To advise the Cabinet of the budgeted level of insurance cover.

Responsibilities of Chief Officers

- 1.12 To take responsibility for risk management within their directorate/service department whilst having regard to advice from the Chief Financial Officer and

other specialist officers (eg crime prevention, fire prevention, health and safety, internal audit).

- 1.13 To ensure there are regular reviews of relevant service risks in their departments.
- 1.14 To notify the Chief Financial Officer immediately of any loss, liability or damage that may lead to a claim against the Council or by the Council, together with any information or explanation required by the Chief Executive.
- 1.15 To 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.
- 1.16 To consult the Chief Financial Officer on:
 - (a) all new risks and liabilities which may need insuring
 - (b) any alterations which may affect existing insurances
 - (c) all leases of property granted by or to the Council which may involve a transfer of insurance cover
 - (d) the terms of any indemnity which the Council is asked to give.

Responsibility of the Chief Internal Auditor

- 1.17 The Chief Internal Auditor is responsible for reviewing compliance with controls introduced by Heads of Service to manage risks and to carry out an audit on the risk management process.
- 1.18 Maintain the council's risk management policy on behalf of Strategic Leadership Team.
- 1.19 Maintain the Corporate Risk Register on behalf of Strategic Leadership Team.
- 1.20 Provide support to employees in respect of risk management process,

2 Internal Control

- 2.1 Internal control refers to the systems of control to ensure that (a) the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources, and (b) the Council's assets and interests are safeguarded.
- 2.2 The Council has statutory obligations to meet and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.3 The Council faces a wide range of financial, administrative, technological and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

2.4 The system of internal control is established in order to provide measurable achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) risk management.

2.5 The key controls and control objectives for internal control systems are:

- (a) key controls should be reviewed on a regular basis and there should be an annual review to ensure that the framework of internal control is operating effectively in practice
- (b) managerial control systems including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) an effective internal audit function which is properly resourced. It should operate in accordance with the CIPFA Public Sector Internal Audit Standards and within any other statutory obligations and regulations.

Responsibilities of the Chief Financial Officer

2.6 To advise on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

2.7 To maintain an adequate and effective internal audit service.

Responsibilities of Chief Officers

2.8 Chief Officers are responsible for establishing sound arrangements to achieve their financial performance targets. They must also arrange for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness.

2.9 To ensure an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

- 2.10 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objective and management of risks.
- 2.11 To ensure staff have a clear understanding of the consequences of a lack of control or non-compliance with controls.

Responsibilities of the Chief Internal Auditor

- 2.12 Will provide an adequate assurance service on the effectiveness of risk management, control and governance processes.
- 2.13 Shall give advice on controls to be incorporated in new or revised systems before implementation.
- 2.14 Make recommendations that will improve the council's risk management, control and governance processes.

3 Audit Requirements

Internal Audit

- 3.1 The Accounts and Audit Regulations 2015 require that:

2 (3) A relevant authority must ensure that it has a sound system of internal control which –

- (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives
- (b) Ensure that the financial and operational management of the authority is effective: and
- (c) Includes effective arrangements for the management of risk.

2 (5) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Responsibilities of the Chief Financial Officer

- 3.2 To ensure that internal auditors have the authority to:

- (a) Enter at all times any premises or land occupied by the Council and have access to all council property.
- (b) Have access to all records, documents and correspondence relating to any activities of the Council held by Members or employees, if necessary, immediately on demand.
- (c) Require and receive such information and explanations as are necessary concerning any matter under examination from Members or employees.

- (d) Require any Council employee or agent, on demand, to produce cash, stores or any other Council property held under their control.
 - (e) Remove and hold in safe custody any books, records, vouchers or other material where they may be required as evidence in an investigation of suspected fraud or irregularity.
 - (f) Require an employee to surrender any keys or cards allowing access to Council premises or assets and to leave the Council's premises immediately.
 - (g) Where he or she considers it necessary, direct access to the Chief Executive, Leader of the Council and Chair of Audit and Accounts committee without prior consultation with the Chief Finance Officer.
- 3.3 To comment on the strategic and annual audit plan which has been prepared by the Chief Internal Auditor to take account of the characteristics and relative risks of the activities involved.
- 3.4 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity and that the Chief Internal Auditor has direct access to the Chief Executive, the Leader of the Council and the Cabinet.

Responsibilities of Chief Officers

- 3.5 To ensure that internal auditors are given access to premises, personnel, documents and assets which the auditors consider necessary for the purposes of their work.
- 3.6 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- 3.7 To consider and respond promptly to recommendations in audit reports.
- 3.8 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.9 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the authority, the Head of Service concerned shall forthwith notify the Chief Internal Auditor who shall take such steps as are considered necessary by way of investigation and report.
- 3.10 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Internal Auditor prior to implementation.

Responsibilities of the Chief Internal Auditor

- 3.11 To prepare an Annual Report, for Audit Accounts Committee, that includes an opinion on the effectiveness of the council's risk management, control and governance arrangements.

- 3.12 Prepare an Annual Audit Plan for approval by Audit & Accounts Committee.
- 3.13 Produce progress reports throughout the year for the Audit and Accounts committee on the work carried out by the internal audit team.

External Audit

- 3.14 The basic duties of the external auditor are governed by the Audit Commission Act 1998 and the Code of Audit Practice.
- 3.15 Section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice which external auditors follow when carrying out their duties. The code of audit practice issued in March 2000 sets out the auditor's objectives to review and report upon:
- (a) the financial aspects of the Council's corporate governance arrangements
 - (b) the Council's financial statements
 - (c) aspects of the Council's arrangements to manage its performance, including the preparation and publication of specified performance information.
- 3.16 The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'present fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.
- 3.17 The external auditor has rights of access to all documents and information necessary for audit purposes.

Responsibilities of the Chief Financial Officer

- 3.18 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 3.19 To ensure there is effective liaison between external and internal audit.
- 3.20 To work with the external auditor and advise full Council, Cabinet and Chief Officers on their responsibilities in relation to external audit.

Responsibilities of Chief Officers

- 3.21 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 3.22 To ensure that all records and systems are up to date and available for inspection. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue who have statutory rights of access.

4 Preventing Fraud and Corruption (incl. bribery and money laundering)

- 4.1 The Council will not tolerate fraud, corruption, bribery and money laundering in the administration of its responsibilities whether from inside or outside the Council.
- 4.2 The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3 The Council also expects that individuals and organisations (for example suppliers, contactors, service providers) that it comes into contact with, will act towards the Council with integrity.

Responsibilities of the Chief Financial Officer

- 4.4 To develop and maintain procedures to prevent fraud and corruption (including bribery and money laundering).
- 4.5 To maintain adequate and effective internal control arrangements.

Responsibilities of Chief Officers

- 4.6 To maintain a register of staff interests.
- 4.7 To ensure that all suspected financial irregularities are reported to the Chief Internal Auditor as soon as they become known.
- 4.8 To make staff aware of the policy for reporting concerns at work for example, the use of the whistleblowing policy.
- 4.9 To ensure that all break-ins at Council premises are reported to the police.
- 4.10 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

5 Management of Assets

- 5.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of both assets and information required for service operations (intellectual property).
- 5.2 A property asset register shall be maintained by the Property Manager with details of all land and property held by the Council.
- 5.3 The Chief Financial Officer is responsible for reviewing the Council's land and property holdings in accordance with Council policies. The Council's Asset Management Plan sets out acquisition, retention and disposal guidelines. Linked to this, any disposals must follow the Council's Land Disposal Standing Orders

and the Disposal Procedure for Land and Property which are contained within the Constitution.

- 5.4 A central inventory shall be maintained by the Chief Financial Officer of all items of moveable furniture, equipment, vehicles and plant where the value of an item exceeds £500.
- 5.5 Heads of Service shall arrange for the assets under their control to be checked against the inventory at the end of each financial year. Discrepancies shall be notified to the Chief Financial Officer. Surplus materials shall be disposed of by public auction or competitive tender unless the relevant Head of Service consider that the estimated proceeds of sale are insufficient to justify these methods. In such cases, the Heads of Service shall dispose of surplus materials in an effective and fair manner in consultation with the Chief Financial Officer. The Chief Financial Officer shall be consulted before disposals are made other than in accordance with the above procedure.
- 5.6 Exchequer services will verify with the relevant heads of service that the central asset register is up-to-date on an annual basis.
- 5.7 Intellectual property is a generic term that includes inventions and writings. If these are created by the employee during the course of employment, then as a general rule they belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property.

Responsibilities of the Chief Financial Officer

- 5.8 To ensure that asset registers are maintained in accordance with good practice for fixed assets. The function of asset registers is to provide the Council with information about fixed assets so that they are:
 - safeguarded
 - used efficiently and effectively
 - adequately maintained..
- 5.9 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).
- 5.10 To report to the Portfolio holder any significant write-off of stocks and stores.
- 5.11 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Responsibilities of Heads of Service

All Assets

- 5.12 To ensure the proper security of all buildings and other assets under their control.
- 5.13 To ensure that all moveable assets are included in the inventory maintained by the Chief Financial Officer.
- 5.14 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.
- 5.15 To ensure that no Council asset is subject to personal use by an employee without proper authority.
- 5.16 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- 5.17 To consult the Chief Financial Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.18 To ensure that income received for disposal of an asset is properly banked and coded.

Land, Buildings and Other Assets

- 5.19 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Financial Officer, in consultation with the Chief Executive has been established as appropriate.

Moveable Assets

- 5.20 To ensure assets are identified, their location recorded and that they are appropriately marked.
- 5.21 To assist the Chief Financial Officer to maintain inventories and record an adequate description of furniture, fittings and equipment, plant and machinery whose value exceeds a limit set by the Chief Financial Officer.
- 5.22 To carry out an annual check of all items on the inventory in order to verify location, review condition and take action in relation to surpluses or deficiencies. The Chief Financial Officer must be notified of all discrepancies.

Stocks and Stores

- 5.23 To make arrangements for the care and custody of stocks and stores in the department. Records must be kept in a form agreed with the Chief Financial Officer.
- 5.24 Records of stocks and stores shall be kept in a form approved by the Chief Financial Officer, who shall be entitled to receive from a Head of Service on demand a certificate of the quantities and values held.

- 5.25 Stocks and stores should be kept at the minimum level consistent with operational requirements.
- 5.26 The relevant Head of Service shall arrange for periodic checking of stocks and stores against the records kept, at least annually, and shall inform the Chief Financial Officer of surpluses and deficiencies identified.

Cash

- 5.27 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without the express authority of the Chief Financial Officer.
- 5.28 Keys to safes and similar receptacles holding cash shall be the personal responsibility of the named individuals to whom they are issued. The loss of such keys shall be reported to the Chief Financial Officer promptly. To ensure cash holdings on premises are kept to a minimum.

Information

- 5.29 To ensure that all employees are aware of their responsibilities under the General Data Protection Act and Freedom of information Act.

6 Treasury Management, Investments and Trust Funds

Treasury Management

- 6.1 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities which provides guidance on the proper practices to be employed for treasury management.
- 6.2 The main responsibilities are set out in Part 5 of the Constitution.

Additional Responsibilities of the Chief Financial Officer

- 6.3 To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by full Council.
- 6.4 To ensure that all securities which are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate person or organisation.
- 6.5 To effect all borrowings in the name of the Council.
- 6.6 To act as the Council's registrar of stocks, bonds, mortgages and to maintain records of all borrowing of money by the Council.
- 6.7 To ensure that Treasury Management Practices (TMP's) are reviewed annually to ensure that they comply with the annual strategy and government guidance.

- 6.8 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures, or other enterprises without the approval of full Council, following consultation with the Chief Financial Officer.
- 6.9 To ensure that no investment or borrowing is carried out other than by the Chief Financial Officer unless approval has been obtained.

Donated Asset, Trust Funds and Funds Held for Third Parties

- 6.10 To arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities etc relating to the trust with the Chief Financial Officer unless the deed otherwise provides.
- 6.11 To arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Financial Officer, and maintain written records of all transactions.
- 6.12 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Responsibilities of all Staff

- 6.13 To be responsible for accounting for all money, property, and assets handled by them in the course of their employment in addition to any accountability to other bodies or persons.

7 Banking Arrangements

- 7.1 Cash is the asset of the Council most at risk of misappropriation and therefore needs to be managed carefully and closely accounted for. Control over the management of bank accounts and income management rests with the Chief Financial Officer.

Responsibilities of the Chief Financial Officer

- 7.2 The Chief Financial Officer is authorised to operate any bank accounts considered necessary. for the management of the Council's cash and investments and to make all arrangements with bankers for this purpose
- 7.3 The Mayor may have an external bank account but all banking arrangements must be approved by the Chief Financial Officer.
- 7.4 To give authority for the ordering of cheque and banking stationery and to make proper arrangements for their safe custody,
- 7.5 To ensure that all cheques drawn on the Council's main banking account(s) bear an imaged signature of the chief Financial Officer or be signed personally by the Chief Financial Officer or by Officers authorised to do so. All alterations and amendments to cheques must similarly be signed.

- 7.6 To approve arrangements for the direct transfer of payments by electronic methods.
- 7.7 To approve any payment in advance for goods, services or supplies. For payments in advance above £5,000 this will be in consultation with the Head of Service Law and Governance.
- 7.8 To approve the use where appropriate of Corporate Credit/Debit Cards for procurement, to set card limits, to approve each individual member of staff who will have access to this facility, and to set the operating rules which will apply to the use of cards.
- 7.9 To put in place procedures to safeguard the Council against potential loss from fraudulent or negligent use of all payment procedures (specifically cheque payments, petty cash payments, electronic payments by the bank and the use of corporate debit/credit cards).
- 7.10 Where considered necessary, to provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts, including the setting and reviewing of a transaction limit to any such expenditure.
- 7.11 To determine the petty cash imprest limits and to maintain a record of all transactions and petty cash advances made, periodically reviewing the arrangements for the safe custody and control of these advances.
- 7.12 To reimburse imprest holders as often as necessary to restore the imprests.

Responsibilities of Head of Service

- 7.13 To follow the instructions on banking and money handling issued by the Chief Financial Officer.
- 7.14 The responsibilities of managers operating an imprest account are to:
- (a) obtain and retain vouchers to support each payment from the imprest account, to ensure that an official receipted VAT invoice is obtained where appropriate and ensure that the limits set by the Chief Financial Officer are not exceeded
 - (b) make adequate arrangements for the safe custody of the account
 - (c) produce upon demand by the Chief Financial Officer both the cash balance and all vouchers to the total value of the imprest amount
 - (d) record transactions promptly
 - (e) reconcile and balance the account at least monthly and signed and retain by the imprest statements
 - (f) provide the Chief Financial Officer with a certificate of the value of the account held at 31 March each year

- (g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Chief Financial Officer for the amount advanced to him/her
- (i) receive guidance on the running of the imprest account and follow it accordingly.

8 Staffing

- 8.1 In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. It is therefore important that the Council has an appropriate human resources strategy and policies by which staffing requirements and budget allocations are matched.

Responsibilities of the Chief Executive

- 8.2 The Chief Executive is responsible for determining how officer support will be organised for the Cabinet and Executive members and for all other member roles within the Council.
- 8.3 The Chief Executive is responsible for providing overall management of staff and for ensuring that there are systems for the proper evaluation of pay for all staff.

Responsibilities of the Chief Financial Officer

- 8.4 To ensure that budget provision exists for all existing and new employees.
- 8.5 To act as an advisor to on areas such as National Insurance and pension contributions as appropriate.

Responsibilities of Chief Officers

- 8.6 To be responsible for controlling total staff budgets
- advising the Portfolio Holders on the budget necessary in any given year to cover estimated staffing levels
 - adjusting the permanent staffing numbers within approved budget provision, varying the provision necessary within that constraint in order to meet changing operational needs.
 - the proper use of appointment procedures, workforce plans and verified personnel information.

- 8.7 To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on costs and overheads).
- 8.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 8.9 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 8.10 To ensure that the Chief Financial Officer is immediately informed if the staffing budget is likely to be materially over or under spent.
- 8.11 To ensure that all staff appointed are checked to ensure that they are appropriately qualified, experienced and trustworthy.
- 8.12 To ensure that the standing payroll information relating to all staff is verified at least annually.
- 8.13 To ensure that the information held on the Council's corporate personnel system is accurate.

E Financial Systems and Procedures

1 General

- 1.1 Sound systems and procedures are essential to an effective framework of accountability and control.
- 1.2 The Council has many systems and procedures relating to the control of its assets, including purchasing, costing and management systems. The Council is reliant on IT for its financial management information. The information must be accurate and the systems and procedure sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 1.3 The Chief Financial Officer has a professional responsibility to ensure that the Council's financial systems and procedures are sound and should therefore approve any major developments in this area.

Responsibilities of the Chief Financial Officer

- 1.4 The Chief Financial Officer is responsible for the operation of the Council's systems and procedures for financial and business-related purposes, for accounting systems, the form of accounts and the supporting financial records. Any changes made by officers to the existing financial systems or the establishment of new systems must therefore be approved by the Chief Financial Officer and Chief Internal Auditor. However, Heads of Service are responsible for the proper operation of financial processes in their own departments.
- 1.5 To make arrangements for the proper administration of the Council's financial affairs, including to:
 - (a) issue advice, guidance and procedures for officers and others acting on the Council's behalf
 - (b) determine the accounting systems, form of accounts and supporting financial records
 - (c) establish arrangements for audit of the Council's financial affairs.
- 1.6 For administrative ease, delegate to the Chief Financial Officer the write off of individual debts up to £3,000, notifying the appropriate Head of Service of the action taken.
- 1.7 To keep and regularly update a record of officers who are authorised to certify financial transactions.

Responsibilities of Head of Service

To agree with the Chief Financial Officer any changes to procedures to meet their own specific service needs.

- 1.8 To ensure that staff receive relevant financial training which has been approved by the Chief Financial Officer.
- 1.9 With the Chief Financial Officer to ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 1.10 To ensure there is a documented and tested business continuity plan to allow service delivery processing to resume quickly in the event of an interruption.
- 1.11 To ensure that systems and operating procedures are documented and staff trained in operations.
- 1.12 To maintain a scheme of delegation, identifying officers authorised to act upon the Chief Officers behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.13 To ensure that accounting records are properly maintained and held securely.
- 1.14 To ensure that vouchers, both electronic and paper, and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Financial Officer.
- 1.15 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained. To incorporate appropriate controls to ensure that, where relevant:
 - (a) all input is genuine, complete, accurate, timely and has not been previously processed
 - (b) all processing is carried out in an accurate, complete and timely manner
 - (c) output from the system is complete, accurate and timely.
- 1.16 To consult with the Chief Financial Officer and Chief Internal Auditor before changing any existing process or procedure or introducing new ones which have an impact on financial procedures.
- 1.17 In consultation with the IT Services Manager:
 - Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems - ensuring that, where possible, back-up information is securely retained in a fireproof location, preferably off-site, or in an alternative location within the building;
 - Ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation;
 - To ensure that relevant standards and guidelines for computer systems are observed;

- To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.; and
- To comply with the copyright, designs and patents legislation and, in particular, ensure that:
 - (a) only software legally acquired and installed by the Council is used on its computers
 - (b) staff are aware of legislative provisions
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

2 Income and Expenditure

Income

- 2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.
- 2.2 Chief Officers are responsible for ensuring that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officers behalf in respect of payments, income collection and for placing orders. It must also identify the limits of their authority. As part of the overall control framework for accountability and control, the Chief Financial Officer is responsible for specifying the procedure to be followed for ordering, making payments, and for collecting income and for approving procedures for writing-off debts.
- 2.3 VAT is generally recoverable from HM Customs and Excise on write-off. The write-off limits referred to in the following paragraphs are NET of any VAT included in the debts.

Responsibilities of the Chief Financial Officer

- 2.4 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.
- 2.5 To ensure, wherever possible, that at least two employees are present when post is opened so that money received by post is properly identified and recorded, and that the money is banked as soon as possible.
- 2.6 To write off debts up to a figure of £3,000 for individual debts excluding council tax and non-domestic rates debts, following the recommendation of the appropriate Head of Service and to recommend to the Leader of the Council and Cabinet Member for Finance and Service Improvement the write off of bad debts in excess of £3,000.

- 2.7 To write off debts up to a figure of £10,000 per case for Local Taxation and Non-Domestic Rates debts, and to recommend to the Leader of the Council and Cabinet Member for Finance and Service Improvement the write off of bad debts in excess of £10,000.
- 2.8 To keep a central control of all sums written-off.
- 2.9 To ensure that appropriate accounting adjustments are made following write-off action.
- 2.10 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts which are not paid promptly.

Responsibilities of Head of Service

- 2.11 To agree a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly in line with corporate policies in consultation with the Chief Financial Officer.
- 2.12 To approve, in consultation with the Chief Financial Officer, debts to be written-off up to a value of £3,000 per debt. Debts may only be cancelled with the agreement of the Chief Financial Officer. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt)
- 2.13 With the agreement of the Chief Financial Officer, to recommend to the Portfolio Holder for Finance and Service Improvement the write off of bad debts in excess of £3,000.
- 2.14 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.15 To issue official receipts or maintain other documentation for income collection where appropriate.
- 2.16 To hold securely receipts, ticket and other records of income, for the appropriate period (audit year plus 1, except where there is a statutory responsibility to retain records for a longer period).
- 2.17 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.18 To keep only up to approved levels of cash on the premises.
- 2.19 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. However, official imprest cheques may be cashed using income held, but this must be clearly documented. Appropriate details should be recorded on paying in slips to provide an audit trail. Money collected and deposited must be reconciled to that financial system and if applicable bank account on a regular basis.
- 2.20 To ensure income is not used to cash personal cheques or other payments.

- 2.21 To supply the Chief Financial Officer with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Council to record correctly the sums due, and to ensure that invoices are sent out promptly. To do this managers should use performance management systems to monitor recovery of income and flag up areas of concern to the Chief Financial Officer.
- 2.22 Managers have a responsibility to assist the Chief Financial Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- 2.23 To keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- 2.24 To notify the Chief Financial Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable produced.

Ordering and Paying for Work, Goods and Services

- 2.25 Councils have a statutory duty to achieve best value, in part through economy and efficiency. The Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Standing Orders.
- 2.26 Public money should be spent with demonstrable probity and in accordance with the Council's policies. Every officer and member of the Council has, therefore, a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council in accordance with appropriate codes of conduct.
- 2.27 To meet the requirements of The Late Payment of Commercial Debts (Interest) Act 1998, the Council's policy states that it is to make payments to suppliers within 30 days of invoice date unless other contractual conditions apply or if the payment to the supplier is in dispute.

Responsibilities of the Chief Financial Officer

- 2.28 To ensure that all payments for goods, supplies and services are made within the statutory 30 days (Late Payment of Commercial Debts (Interest) Act 1988) unless any other terms or conditions have been agreed in writing. Any interest incurred under the provisions of the Act will be recharged to the cost centre of the original payment.
- 2.29 To ensure that all of the Council's financial systems and procedures are sound and properly administered.
- 2.30 To approve any changes to existing financial systems and to approve any new systems before they are introduced.

- 2.31 Payments shall be made against original invoices only. Where such original documentation is unavailable, that substituted shall be endorsed with the reason for its use and that the sums due have not been paid previously.
- 2.32 To encourage suppliers of goods and services to receive payment by the most economical means for the Council.
- 2.33 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.
- 2.34 To approve the format of official orders, and associated terms and conditions.
- 2.35 To make payments from the Council's funds when expenditure has been incurred and authorised in accordance with financial regulations.
- 2.36 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court Order.
- 2.37 To make payments to contractors on the certificate of the appropriate manager, which must include detail of the value of the work, retention money, amounts previously certified and amounts now certified.
- 2.38 To provide advice and encouragement on making payments by the most economical means.
- 2.39 To ensure that a budgetary control system is established which enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of Chief Officers

- 2.40 To ensure that only those staff properly authorised process orders.
- 2.41 To ensure that a list of staff approved to authorise invoices and raise orders (Certifying Officers list) is reviewed periodically.
- 2.42 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Financial Officer.
- 2.43 To ensure that two authorised members of staff are involved in the ordering, process.
- 2.44 With regard to contracts for consultancy, construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Financial Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.

- 2.45 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the staff handbook or local conditions if staff are not covered by the code of conduct).
- 2.46 To follow the Council's Contract Standing Orders for tendering for all goods, services or works.
- 2.47 To ensure that official orders, in a form approved by the Chief Financial Officer, are issued for all work, goods or services to be supplied to the Council except for supplies of utilities, periodic payments such as rent or rates, payments made on an authorised corporate credit card (self approval), petty cash purchases or other exceptions clearly specified which are held on an approved list within Exchequer Services approved by the Chief Financial Officer. Oral orders may be placed in cases of urgency but shall be confirmed by official orders on the next working day.
- 2.48 To ensure that all official orders indicate clearly the nature and quantity of the materials, work or services to be supplied and details of the agreed or estimated price, relevant discounts and delivery terms.
- 2.49 To ensure that orders are only used for goods and services provided for the Council. Individuals must not use official orders to obtain goods or services for their private use.
- 2.50 The authoriser of an order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurement. Value for money should always be achieved. (For further information consult Contract Standing Orders).
- 2.51 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. Where appropriate entries should then be made in inventories or stores records.
- 2.52 Before certifying an invoice, the budget holder must ensure:
- (a) The expenditure has been properly incurred and that there is a relevant estimate provision or authority to spend.
 - (b) The goods or services have been received, examined as to quantity and quality and approved.
 - (c) The prices, extensions, calculations, trade discounts and other allowances are correct.
 - (d) The sums involved have not been paid previously.
 - (e) In the case of periodic charges, any standing orders are correct and the consumption is reasonable.

(f) Appropriate entries have been made in inventories or stock records as required.

2.53 To notify the Chief Financial Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Financial Officer.

2.54 To notify the Chief Financial Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

Payments to Employees and Members

2.55 Staff costs are a large item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by full Council.

Responsibilities of the Chief Financial Officer

2.56 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with prescribed procedures, on the due date.

2.57 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

2.58 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

2.59 To make arrangements for paying members' travel or other allowances upon receiving the prescribed form duly completed and authorised. No claims are authorised by anyone other than the claimant.

2.60 To provide advice and encouragement to secure payment of salaries and wages by most economical means. All staff are paid via BACS.

2.61 To ensure that there are adequate arrangements for administering superannuation matters on a day to day basis.

2.62 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Chief Officers

2.63 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.

2.64 To ensure that adequate and effective systems and procedures are operated, so that:

- (a) payments are only authorised to properly appointed employees
- (b) payments are only made where there is a valid entitlement
- (c) conditions and contracts of employment are correctly applied
- (d) employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- (e) payments to suspended staff are regularly reviewed
- (f) overpayments to staff are recovered.

2.65 To notify the Chief Financial Officer of all appointments, terminations, or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Financial Officer.

2.66 To ensure that payroll transactions are processed only through the payroll system. Service Managers should give careful consideration to the employment status of individuals employed on a 'self employed consultant or sub contract' basis. The Inland Revenue applies a tight definition for employee status and in cases of doubt, advice should be sought from the Chief Financial Officer.

2.67 To certify subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications.

2.68 Before certifying pay documents, the certifying officer should be satisfied that:

- (a) the time claimed is correct.
- (b) the duties described have been performed.
- (c) payment is in accordance with the employee's contract of employment.

2.69 To ensure that the details of any employee benefits in kind are notified to the Chief Financial Officer to enable full and complete reporting within the income tax system.

3 Taxation

3.1 The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Responsibilities of the Chief Financial Officer

3.2 To advise Chief Officers on all taxation issues that affect the Council, in the light of guidance issued by appropriate bodies and relevant legislation.

3.3 To maintain the Council's tax records, making all tax payments, receiving tax credits and submitted tax returns by their due date. Responsibilities include:

- completing all Inland Revenue returns regarding PAYE
- completing a monthly return of VAT inputs and outputs to HM Customs and Excise
- supplying details to the Inland Revenue regarding the Construction Industry Scheme

Responsibilities of Heads of Service

3.4 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise Regulations.

3.5 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Scheme requirements.

3.6 To ensure that all persons working for the Council are added to the payroll and tax deducted from any payments, except where the individuals are self-employed (i.e. satisfying the requirements of the Council's Tax Inspector for self employed status) or are employed by a recognised staff agency.

3.7 To discuss with the Chief Financial Officer the VAT, insurance and taxation implications of any new business venture or capital scheme.

F External Arrangements

1 Partnerships

- 1.1 Council partnerships are governed by the Partnership Governance Framework and officers must ensure that all partnerships are compliant with this framework.
- 1.2 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well being of the area. The Council works in partnership with others – public agencies, private companies, community groups and voluntary organisations. The Council will continue to provide direct services, but also has a leadership role to bring together the contributions of other partners.
- 1.3 The main reasons for entering into a partnership are:
 - (a) the desire to find new ways to share risk
 - (b) the ability to access new resources
 - (c) to provide new and better ways of delivering services
 - (d) to forge new relationships.
- 1.4 A partner is defined as either:
 - (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project, or
 - (b) a body whose nature or status gives it a right or obligation to support the project.
- 1.5 Partners participate in projects by:
 - (a) acting as a project deliverer or sponsor, solely or in concert with others
 - (b) acting as a project funder or part funder
 - (c) being the beneficiary group of the activity undertaken in a project.
- 1.6 Partners have common responsibilities:
 - (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - (c) be open about any conflict of interests which might arise
 - (d) to encourage joint working between themselves, promote the sharing of information, resources and skills between public, private and community sectors

- (e) to hold confidentially any information received, as a result of partnership activities or duties, that is of a confidential or commercially sensitive nature
 - (f) to act wherever possible as ambassadors for the project.
- 1.7 The Cabinet and Executive members are responsible for approving partnership arrangements with other local public, private, voluntary and community sector organisations to address local needs.
- 1.8 The Cabinet and Executive members can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's Constitution. When functions are delegated, the Cabinet and Executive members remain accountable for them to full Council.
- 1.9 The Chief Executive is responsible for ensuring due diligence and legality for all partnership arrangements.
- 1.10 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to partnerships that apply throughout the Council.

Responsibilities of the Chief Financial Officer

- 1.11 The Chief Financial Officer must ensure that accounting arrangements adopted relating to partnerships and joint ventures are satisfactory and that the overall corporate governance arrangements are satisfactory when contracts are arranged with external bodies. The Chief Financial Officer must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 1.12 To advise on effective controls which will ensure that resources are not wasted.
- 1.13 To advise on the key elements of funding a partnership arrangement. They include:
- (a) a scheme appraisal for financial viability both in the current and future years
 - (b) risk appraisal and management
 - (c) resourcing, including taxation issues
 - (d) audit, security and control requirements
 - (e) carry forward arrangements.
- 1.14 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Chief Officers

- 1.15 Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

- 1.16 To maintain a register of all arrangements entered into with external bodies in accordance with procedures specified by the Chief Financial Officer.
- 1.17 To ensure that before entering into agreements with external bodies, a risk management appraisal has been prepared for the Chief Financial Officer.
- 1.18 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- 1.19 To ensure that all agreements and arrangements are properly documented.
- 1.20 To provide appropriate information to the Chief Financial Officer to enable a note to be entered into the Council's statement of accounts concerning material items.
- 1.21 Before entering into an agreement, to consult the Head of Legal Services on its legality.

2 External Funding

- 2.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. The Council continues to work closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the Council to deliver services to the local community. However, in some instances although the scope for external funding has increased such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

Responsibilities of the Chief Financial Officer

- 2.2 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 2.3 To ensure that the match funding requirements are considered prior to entering into the agreements and future revenue budgets reflect these requirements.
- 2.4 To ensure that audit requirements are met.

Responsibilities of Chief Officers

- 2.5 To ensure that all claims for funds are made by the due date.
- 2.6 To ensure that the project progresses in accordance with the agreed project and all expenditure is properly incurred and recorded.

3 Work for Third Parties

Responsibilities of Chief Officers

- 3.1 To ensure that legal powers exist to carry out such work.
- 3.2 To ensure that proposals are costed properly in accordance with guidance provided by the Chief Financial Officer.
- 3.3 To ensure that contracts are drawn up using guidance provided by the Chief Financial Officer and Head of Legal Services and that the formal approvals process is adhered to.
- 3.4 To ensure that the approval of the Chief Financial Officer and the Head of Legal Services is obtained before any negotiations are concluded to work for third parties.
- 3.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Financial Officer.
- 3.6 To ensure that appropriate insurance arrangements are made.
- 3.7 To ensure that the Council is not put at risk from any bad debts.
- 3.8 To ensure that no contract is subsidised by the Council.
- 3.9 To ensure that, wherever possible payment is received in advance of the delivery of the service.
- 3.10 To ensure that the department has the appropriate expertise to undertake the contract.
- 3.11 To ensure that such contracts do not impact adversely upon the services provided by the Council.
- 3.12 To ensure that all contracts are properly documented.
- 3.13 To provide appropriate information to the Chief Financial Officer to enable a note to be entered into the statement of accounts.

Capital Programme Board (CPB) – Terms of Reference

When considering initial proposals for new schemes, the CPB will ensure that only after a positive contribution to one or more of the objectives has been demonstrated, will a project be recommended for resource allocation by Cabinet.

The CPB will be chaired by the Cabinet Member for Finance and Service Improvement and lead officers responsible for the strategic direction of capital investment for the council.

The CPB will consider the best approach to delivering capital schemes in order to enable funding to be better aligned with other partners and funding sources and ensure a borough wide approach is taken.

All applications/bids for external capital grant funding will be presented to the CPB ensure they are in line with agreed priorities and outcomes and that all capital and revenue consequences have been considered.

Capital resources will also be managed by the CPB and it will review and evaluate all capital bids for resources along with need for external borrowing and levels of voluntary 'Minimum Revenue Provision' (MRP). It will then recommend to Cabinet/council a prioritisation of resources to ensure alignment with other spending plans and the maximisation of benefits to the council and achievement of council outcomes, priorities and Executive commitments

The CPB will recommend the use of both non-ring fenced and ring-fenced resources and also the general prioritisation of resources so that Cabinet/council can make well informed final decisions on the utilisation of resources.

The CPB will also undertake an annual review of the individual capital schemes which are included in the capital programme to:

- Ensure that schemes still meet strategic priorities and outcomes via a capital appraisal process;
- Review their continued relevance in the context of a dynamic and constantly developing organisation;
- Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and re-phasing of planned expenditure; and
- Identify any unutilised or underutilised resources.

It will consider any reallocation of resources.

The Capital Programme Board will be made up of the following members:

- Cabinet Member for Finance and Service Improvement (Chair)
- Leader of the Council

- Chief Executive
- Executive Director Finance & Resources (S151 Officer)
- Executive Director Borough Development (Deputy Chief Executive)
- Cabinet Members (as relevant to schemes to be considered)
- Head of Financial Services
- Head of Property and Assets

By Invite:

- Executive Director for Borough Services
- Heads of Service
- Project/Programme Managers

GUIDANCE ON CAPITAL SCHEME APPROVAL REPORTS

In future all additions to the council's capital programme will require a robust business case that identifies the total cost of the scheme, that it is affordable, and funding requirement identifying any specific funding sources i.e. grant funding.

It should be noted, that if the need to borrow is identified as part of funding the scheme, the council has legal maximum limits on its ability which are agreed by council annually as part of the Treasury Management Strategy.

Process of Approval

All proposed schemes to be considered for capital investment must follow a two stage process.

Stage one: Outline Business Case

- A high level option appraisal should be undertaken covering, justification and links to council priorities, options, achievability, risks and a financial summary, agreed with the Chief Financial Officer, demonstrating a positive return on investment. This should be completed in consultation with the relevant Executive Director and Portfolio Holder; and
- The scheme request will then be reviewed by the Capital Programme Board. Once reviewed, the Capital Programme Board will then recommend whether a further detailed business case is required in order for the scheme to be fully assessed.

Stage two: Detailed Business Case

All schemes progressing to stage two must be supported by a detailed business case using the standard template maintained by the Corporate Programme Management Office. The business case must cover the following;

Business need

- A summary of what the scheme is and why it is required.

Scheme objectives

- Description of how the scheme will contribute to the council priorities;
- Outline the main benefits to be produced by the scheme;
- Define the key success factors and how success will be measured; and
- Outline main stakeholder groups and their contribution to the scheme.

Option appraisal

- Outline all options considered, the general approach taken (refer to Council's option appraisal guidance) and identify the preferred option;
- Include financial and non-financial benefits;
- Outline the risk assessment and mitigation (link to corporate risk policy); and
- Provide a sensitivity analysis showing the effect of changes in critical factors.

Achievability

- Provide a high level plan for achieving the desired outcome with key milestones;
- Should demonstrate the period of time over which the scheme will be implemented; and
- Provide outline contingency plans.

Financial Summary

- Identify the whole life cost of the scheme including both revenue and capital costs and how any recurring revenue cost implications will be met; and
- Provide financial analysis that demonstrates the preferred option provides a positive return on investment and that where external borrowing is proposed, how would this be repaid from scheme benefits.

Key Assessment Criteria

The assessment will involve consideration of the business case areas using the following criteria;

Non-Financial Areas

- How well does the proposal meet council priorities?
- Are key stakeholders supportive?
- Have a range of options been considered?
- Have innovative approaches been considered?
- Have alternative delivery options been considered?
- Can the scheme be delivered with the council's current capability and capacity?
- Can the risks be managed?
- Does the scope or timescale need to change?

Financial Assessment

- The preferred option must demonstrate a positive return on investment and be affordable. Higher scheme returns may need to be

required depending on the risk assessment and level of benefits, both financial and non financial;

- A reasonable assessment of whole life costs of the scheme should be used in the evaluation but avoid spurious accuracy;
- How sensitive are the key assumptions; and
- Consider alternative funding sources.

Scheme sign off and approval

The proposed process for assessing and gaining formal approval for new schemes is as follows;

- The Business Case must have been approved by the Executive Director and Portfolio Holder;
- The resource sections of the business case must have been cleared with the relevant corporate service area e.g. legal;
- The financial summary in the detailed business case must be signed off by the Chief Financial Officer;
- The Capital Programme Board will assess the business case and make a recommendation to Cabinet and Council as relevant;
- If the capital programme contains a scheme budget (or a general budget) then approval to spend will be subject to the virement delegations set out in 2.13 of the Financial Procedures; and
- If there is no funding in the approved capital programme then a Council decision would be required.

Post scheme review and ongoing monitoring

A post scheme review should be completed in accordance with best practise and Capital Programme Board will agree which of these reviews it wishes to see.