



South Staffordshire Council

PART 6

COUNCILLORS' REMUNERATION SCHEME & FINANCIAL PROCEDURE RULES

October 2024

THE LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND) REGULATIONS 2003
THE LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND) (AMENDMENT)
REGULATIONS 2003

MEMBERS' ALLOWANCES SCHEME

1. The following allowances are payable to members of South Staffordshire Council ("the Council") and in the case of Standards and Resources Committee a non-member, from 1st April 2024 to 31st March 2025, and each year thereafter unless amended or revoked, namely,

- an annual basic allowance of £6,502 payable monthly to all members of the Council;
- an annual special responsibility allowance payable monthly to those members (and in the case of the Standards and Resources Committee any non-member) who hold the following office under the Council at the rates indicated against each office and additional to the basic allowance:

Leader of the Council	£15,545
Cabinet Members	£6,784
Assistant Cabinet Members	£3,392
Leader of the Major Opposition Group	£2,826
Chairman of the Planning Committee	£3,963
Chairman of the Overview and Scrutiny Committee	£2,826
Chairman of the Standards and Resources Committee	£2,826
Chairman of the Licensing and Regulatory Committee	£2,826
Chairman of the Audit & Risk Committee	£2,826
Vice-Chairman of the Planning Committee	£1,130

on the basis that only one special responsibility allowance will be paid to a member in addition to the basic allowance;

- travel and subsistence allowances in accordance with the Council's scheme for the time being relating to the same (including, for the avoidance of doubt, parking charges), for officers paid on spinal column point 38 with the Council Offices, Codsall, being regarded as the normal place of work for the purposes of that scheme and payable in respect of all duties falling within the categories specified in regulation 8 of the Local Authorities (Members' Allowances) (England) Regulations 2003.
- an annual allowance to the Chairman of the Council of £5,653 payable monthly under the provisions of Section 3 of the Local Government Act, 2000, in addition to the annual basic allowance on the basis that no special responsibility allowance will be paid to the Chairman; and
- an annual allowance to the Vice-Chairman of the Council of £2,826 payable monthly under the provisions of Section 5 of the Local Government Act, 2000,

in addition to the annual basic allowance on the basis that no special responsibility allowance will be paid to the Vice-Chairman.

2. All allowances are subject to a yearly increase on 1st April each year (from 1.4.2023) based on the recommended increase for Chief Officer's pay (whether implemented or not by the authority).
 3. Where a term of office of any person covered by this scheme begins or ends otherwise than at the beginning or end of a year, the entitlement shall be to payment of such part of the allowance as bears to the whole the same proportion as the number of days during which the term of office as member subsists bears to the number of days in that year.
 4. Where payment of any allowance has already been made in respect of any period during which any person covered by this scheme is concerned is:
 - 3.1 ceases to be a member of the Council; or
 - 3.2 is in any other way not entitled to receive the allowance in respect of that period,
- the Council may require that such part of the allowance as relates to any such period be repaid to the Council.
5. Where a member of the Council is also a member of another authority, that member may not receive allowances from more than one authority in respect of the same duties.
 6. Any person covered by this scheme may, by notice in writing given to the Chief Executive, elect to forego the entitlement or any part of the entitlement to allowances.
 7. Any person covered by this scheme shall supply on a monthly basis, any claim for travelling and/or subsistence allowances to which they have become entitled during the previous month and details of any other expenses incurred in the performance of their duties as a councillor and for which they have not been reimbursed.
 8. Claims for travelling and subsistence allowances must be made within three months of the end of the month in which they arose failing which the Chief Finance Officer shall refuse to pay them.
 9. As soon as reasonably practicable the Corporate Director of Governance shall ensure that the provisions relating to the publicity required for this scheme and for the report of the Independent Remuneration Panel are met.

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STATUS OF FINANCIAL PROCEDURE RULES

- 1.1 Financial Procedure Rules provide the framework for managing the authority's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.2 They form an integral part of the regulations and procedures used within the Council and should not be considered in isolation to other parts of the Constitution, particularly Contract Procedure Rules and other financial policies and procedures.
- 1.3 The Procedure Rules identify the financial responsibilities of the Council, Cabinet and Scrutiny members, the Head of Paid Service, the Director of Finance and Monitoring Officer.
- 1.4 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.5 The Director of Finance is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. The Director of Finance is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the Cabinet members.
- 1.6 The authority's detailed financial procedures, setting out how the Procedure Rules will be implemented, are contained in the appendices to the financial procedure rules.
- 1.7 Members of Corporate Leadership Team are responsible for ensuring that all staff in their service areas are aware of the existence and content of the authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them.
- 1.8 The Director of Finance is responsible for issuing advice and guidance to underpin the Financial Procedure Rules that members, officers and others acting on behalf of the authority are required to follow.
- 1.9 Reference to Head of Paid Service, Monitoring Officer, Director of Finance, Members of Corporate Leadership Team, and Assistant Directors should be construed with reference to article 12 of this Constitution.
- 1.10 The Council's Corporate Leadership Team comprises the Chief Executive, the three Corporate Directors and the Director of Finance.

FINANCIAL REGULATION A: FINANCIAL

MANAGEMENT INTRODUCTION

- A.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- A.2 The Council is responsible for adopting the authority's Constitution and members' code of conduct and for approving the policy framework and budget within which the Cabinet operates. It is responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its Constitution. The Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.
- A.3 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

THE CABINET

- A.4 The Cabinet is responsible for proposing the policy framework and budget to the Council, and for discharging Cabinet functions in accordance with the policy framework and budget.
- A.5 Cabinet decisions can be delegated to an individual Cabinet member, an officer or a joint committee.
- A.6 The Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES OF THE COUNCIL

- A.7 The Council has established the following committees:

- Overview and Scrutiny
- Planning
- Licensing and Regulatory
- Audit & Risk
- Standards and Resources
- Wellbeing Select Committee

- A.8 The functions of these Committees can be found at Part 3 of the Constitution.

THE STATUTORY OFFICERS

Head of Paid Service

- A.9 The Head of Paid Service is responsible for the corporate and overall strategic

management of the authority as a whole. He or she must report to and provide information for the Cabinet, the Council, the Overview and Scrutiny Committee and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions.

Monitoring Officer

- A.10 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards and Resources committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A.11 The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by the Cabinet.
- A.12 The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.13 The Monitoring Officer is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework.
- A.14 The Monitoring Officer (together with the Director of Finance) is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
 - committing expenditure in future years above the budget level
 - incurring inter-service transfers above virement limits
 - causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- A.15 The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

Director of Finance

- A.16 The Director of Finance has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2011.
- A.17 The Director of Finance is responsible for:
- the proper administration of the authority's financial affairs
 - setting and monitoring compliance with financial management standards
 - advising on the corporate financial position and on the key financial

- controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and Capital Programme
- Treasury Management.

A.18 Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to the Council, Cabinet and external auditor if the authority or one of its officers:

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

A.19 Section 114 of the 1988 Act also requires:

- the Director of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the Director of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

MEMBERS OF THE CORPORATE LEADERSHIP TEAM

A.20 Members of Corporate Leadership Team are responsible for ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance.

A.21 It is the responsibility of members of Corporate Leadership Team to consult with the Director of Finance and seek approval on any matter liable to affect the authority's finances materially before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

A.22 The Council is responsible for agreeing procedures for virement of expenditure between budget headings.

Accounting Policies

A.23 The Director of Finance is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting records and returns

A.24 The Director of Finance is responsible for determining the accounting procedures and records for the authority.

The Annual Statement of Accounts

A.25 The Director of Finance 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 (CIPFA/LASAAC). The Audit & Risk Committee is

responsible for approving the annual Statement of Accounts.

FINANCIAL REGULATION B: FINANCIAL

PLANNING INTRODUCTION

- B.1 The Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:
- the Council Plan
 - the Medium-Term Financial Strategy
 - the Annual Budget
 - the Capital Programme

POLICY FRAMEWORK

- B.2 The Council is responsible for approving the policy framework and budget. The policy framework comprises the following statutory plans and strategies:
- Council plan
 - Capital Programme
 - Treasury Management Policy Statement
 - Plans and strategies which together comprise the Development Plan
 - Local Development Framework
 - Risk Management Strategy
- B.3 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the Council by the Monitoring Officer.
- B.4 The Council is responsible for setting the level at which the Cabinet may vire budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

Preparation of the Council Plan

- B.5 The Chief Executive is responsible for proposing the Council Plan to the Cabinet for consideration before its submission to the Council for approval.

CABINET BUDGETING

Budget Format

- B.6 The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the Director of Finance. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds where necessary.

Budget Preparation

- B.7 The Director of Finance is responsible for ensuring that a revenue budget is prepared on an annual basis and a Medium-Term Financial Strategy on a rolling five-yearly basis for consideration by the Cabinet, before submission to the Council. The Council may amend the budget or ask the Cabinet to reconsider it before approving it.
- B.8 It is the responsibility of members of Corporate Leadership Team to ensure that budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the Director of Finance.

Budget Monitoring and Control

- B.9 The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis.
- B.10 It is the responsibility of members of Corporate Leadership Team to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

Resource Allocation

- B.11 The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's policy framework.

Preparation of the Capital Programme

- B.12 The Director of Finance is responsible for ensuring that a Capital Programme is prepared on an annual basis for consideration by the Cabinet before submission to the Council.

Maintenance of Reserves

- B.13 It is the responsibility of the Director of Finance to advise the Cabinet and/or the Council on prudent levels of reserves for the authority.

FINANCIAL REGULATION C: RISK MANAGEMENT

AND CONTROL OF RESOURCES INTRODUCTION

- C.1 It is essential that robust, integrated systems are developed and maintained for

identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT

- C.2 The Audit & Risk Committee is responsible for approving the authority's Risk Management Strategy and for reviewing the effectiveness of Risk Management. The Director of Finance is responsible for ensuring that proper insurance exists where appropriate.
- C.3 The Director of Finance is responsible for preparing the authority's Risk Management Strategy, for promoting it throughout the authority and for advising the Cabinet on proper insurance cover where appropriate.

INTERNAL CONTROL

- C.4 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- C.5 The Director of Finance is responsible for advising 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.
- C.6 It is the responsibility of members of Corporate Leadership Team to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

- C.7 The Accounts and Audit Regulations 2015 issued by the Secretary of State for Communities and Local Government require every local authority to maintain an adequate and effective internal audit.
- C.8 The Public Sector Audit Appointments Ltd is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by part 5 of the Local Audit and Accountability Act 2014.

- C.9 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMRC, who have statutory rights of access.

PREVENTING FRAUD & CORRUPTION

- C.10 The Monitoring Officer is responsible for the development and maintenance of an Anti-Fraud and Corruption Policy.

ASSETS

- C.11 Members of Corporate Leadership Team should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

TREASURY MANAGEMENT

- C.12 The authority has adopted CIPFA's Code of Practice for Treasury Management in Public Services.
- C.13 The Council is responsible for approving the Treasury Management Policy Statement setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in the Public Services. The policy statement is proposed to the Council by the Director of Finance. The Director of Finance has delegated responsibility for implementing and monitoring the statement.
- C.14 All money in the hands of the authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, the Director of Finance.
- C.15 The Director of Finance is responsible for reporting to the Audit & Risk Committee a proposed Treasury Management Strategy for the coming financial year at or before the start of each financial year.
- C.16 All Cabinet decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- C.17 The Director of Finance is responsible for reporting to the Audit & Risk Committee not less than three times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

STAFFING

- C.18 The Council is responsible for determining how officer support for Cabinet and non-Cabinet roles within the authority will be organised.

- C.19 The Head of Paid Service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

FINANCIAL REGULATION D: SYSTEMS AND

PROCEDURES INTRODUCTION

- D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

GENERAL

- D.2 The Director of Finance is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by members of the Corporate Leadership Team to the existing financial systems, or the establishment of new systems must be approved by the Director of Finance. However, members of the Corporate Leadership Team are responsible for the proper operation of financial processes in their own service areas.
- D.3 Any changes to agreed procedures by members of the Corporate Leadership Team to meet their own specific service needs should be agreed with the Director of Finance.
- D.4 Members of Corporate Leadership Team should ensure that their staff receive relevant financial training that has been approved by the Director of Finance.
- D.5 Members of the Corporate Leadership Team must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Members of the Corporate Leadership Team must ensure that staff are aware of their responsibilities under Freedom of Information legislation.

INCOME AND EXPENDITURE

- D.6 It is the responsibility of members of the Corporate Leadership Team to ensure 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 member of the Corporate Leadership Team's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- D.7 The Director of Finance is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

TAXATION

- D.8 The Director of Finance is responsible for advising members of Corporate Leadership Team, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- D.9 The Director of Finance is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

- D.10 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading accounts and business units.

FINANCIAL REGULATION E: EXTERNAL

ARRANGEMENTS INTRODUCTION

- E.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

- E.2 The Cabinet is responsible for approving frameworks for partnerships. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3 The Cabinet can delegate its functions - including those relating to partnerships - to officers. The functions of the Cabinet, including a scheme of delegation, are approved by the Council and form Part 3 of this Constitution. Where functions are further delegated, the Cabinet remains accountable for them to the Council.
- E.4 The authority is represented on partnership and external bodies at member and officer levels as appropriate.
- E.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to administration in partnerships that apply throughout the authority.
- E.6 The Director of Finance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with

external bodies.

- E.7 Members of Corporate Leadership Team are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- E.8 The Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

WORK FOR THIRD PARTIES

- E.9 The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

APPENDIX A FINANCIAL MANAGEMENT FINANCIAL

MANAGEMENT STANDARDS

Why is this important?

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

Key Controls

- 1.2 The key controls and control objectives for financial management standards are:
- their promotion throughout the authority
 - a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Cabinet and Council.

Responsibilities of the Director of Finance

- 1.3 To ensure the proper administration of the financial affairs of the authority.
- 1.4 To monitor compliance against the CIPFA's Financial Management Code which sets out best practice financial management standards. Where appropriate, recommend actions necessary to meet these standards.
- 1.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.

- 1.6 To advise on the key strategic controls necessary to secure sound financial management.
- 1.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of the Corporate Leadership Team

- 1.8 To promote CIPFA’s financial management standards in their service areas and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance.
- 1.9 To promote sound financial practices in relation to the standards, performance and development of staff in their service areas.

MANAGING EXPENDITURE SCHEME OF VIREMENT

Why is this important?

- 1.10 The scheme of virement is intended to enable Cabinet, members of Corporate Leadership Team, Assistant Directors and their employees to manage budgets with a degree of flexibility within the overall policy and budget framework determined by the Council, and therefore to optimise the use of resources.

Key Controls

- 1.11 Controls in relation to virement rely on achieving a balance between appropriate governance and flexibility. It is recognised that Full Council approves the overall budget and must also approve any adjustments to this budget (supplementary estimates) or any re-alignment of priorities.
- 1.12 The Table below details the approvals necessary for Virements of different types:

Description of Virement	Prior Approval Required by (all of)	Notification Required to
Supplementary Estimate changing the total resources to be spent by the Council in year	Full Council	
Virement switching resources between Cabinet member responsibilities above £25,000	Relevant Cabinet Members Relevant Director/Assistant Directors	Full Council

	Director of Finance	
Virement switching resources between Cabinet member responsibilities below £25,000	Relevant Director/Assistant Directors Director of Finance	Relevant Cabinet Members
Virement switching resources between Service Teams with the same Cabinet Member having responsibility	Relevant Director/Assistant Director Director of Finance	Relevant Cabinet Member
Virement switching resources between total employee costs and other subjective head either within or across Service Teams	Relevant Director/Assistant Directors Finance Team Manager	Relevant Cabinet Member(s)

Description of Virement	Prior Approval Required by (all of)	Notification Required to
Virement Switching resources between Cost Centres within a Service Team	Relevant Service Team Manager	Relevant Director/Assistant Director Finance Team Manager
Virement switching resources between subjective headings within a Cost Centre (excluding employees above)	Relevant Budget Holder	Relevant Service Team Manager Finance Team Manager

1.13 Any changes to the Capital Programme are agreed by the Director of Finance following discussion at the Capital Working Group. Any changes **above £25,000** will be approved by Cabinet as part of budget monitoring reporting. Cabinet will also be responsible for approving expenditure on contracts where the original contract value would be exceeded by 10% or more.

1.14 No virement relating to a specific financial year should be made after 31 March in that year.

ACCOUNTING POLICIES

Why is this important?

1.15 The Director of Finance is responsible for the preparation of the authority's Statement of Accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC), for each financial year ending 31 March.

Key Controls

1.16 The key controls for accounting policies are:

- systems of internal control are in place that ensure that financial transactions are lawful
- suitable accounting policies are selected and applied consistently
- proper accounting records are maintained
- financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

Responsibilities of the Director of Finance

1.17 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year, and covers such items as:

- separate accounts for capital and revenue transactions

- the basis on which debtors and creditors at year end are included in the accounts
- details on substantial provisions and reserves
- fixed assets
- depreciation
- capital charges
- work in progress
- stocks and stores
- deferred charges
- accounting for value added tax
- government grants
- leasing
- pensions

Responsibilities of members of the Corporate Leadership Team

1.18 To adhere to the accounting policies and guidelines approved by the Director of Finance.

ACCOUNTING RECORDS AND RETURNS

Why is this important?

1.19 The authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

Key Controls

1.20 The key controls for accounting records and returns are:

- all Cabinet Members, finance staff and budget managers operate within the required accounting standards and timetables
- all the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- procedures are in place to enable accounting records to be reconstituted in the event of systems failure
- reconciliation procedures are carried out to ensure transactions are correctly recorded
- prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Director of Finance

1.21 To determine the accounting procedures and records for the authority. Where

these are maintained outside the finance service area, the Director of Finance should consult the member of the Corporate Leadership Team concerned.

- 1.22 To arrange for the compilation of all accounts and accounting records under their direction.
- 1.23 To comply with the following principles when allocating accounting duties:
- separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 1.24 To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit Regulations 2015.
- 1.25 To ensure that all claims for funds including grants are made by the due date.
- 1.26 To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable.
- 1.27 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of members of the Corporate Leadership Team

- 1.28 To consult and obtain the approval of the Director of Finance before making any changes to accounting records and procedures.
- 1.29 To comply with the policies referred to in paragraph 1.23 when allocating accounting duties.
- 1.30 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 1.31 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Director of Finance.

THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

- 1.32 The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Audit & Risk Committee is responsible for approving the statutory annual Statement of Accounts.

Key Controls

- 1.33 The key controls for the annual statement of accounts are:

- the authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the Director of Finance
- the authority's Statement of Accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

Responsibilities of the Director of Finance

- 1.34 To select suitable accounting policies and to apply them consistently.
- 1.35 To make judgments and estimates that are reasonable and prudent.
- 1.36 To comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 1.37 To sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 20xx.
- 1.38 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of members of the Corporate Leadership Team

- 1.39 To comply with accounting guidance provided by the Director of Finance and to supply the Director of Finance with information when required.

APPENDIX B: FINANCIAL PLANNING

PERFORMANCE PLANS

Why is this important?

- 2.1 Each local authority has a statutory responsibility to publish various performance plans, crime reduction strategies, etc. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

Key Controls

- 2.2 The key controls for performance plans are:
- to ensure that all relevant plans are produced and that they are consistent
 - to produce plans in accordance with statutory requirements
 - to meet the timetables set
 - to ensure that all performance information is accurate, complete and up to date
 - to provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the Director of Finance

- 2.3 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 2.4 To contribute to the development of corporate and service targets and objectives and performance information.

Responsibilities of members of the Corporate Leadership Team

- 2.5 To contribute to the development of performance plans in line with statutory requirements.
- 2.6 To contribute to the development of corporate and service targets and objectives and performance information.
- 2.7 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 2.8 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

BUDGETING

FORMAT OF THE BUDGET

Why is this important?

- 2.9 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Key Controls

- 2.10 The key controls for the budget format are:
 - the format complies with all legal requirements
 - the format complies with CIPFA's Service Reporting Code of Practice for Local Authorities
 - the format reflects the accountabilities of service delivery

Responsibilities of the Director of Finance

- 2.11 To advise the Cabinet on the format of the budget that is approved by the Council.

Responsibilities of members of the Corporate Leadership Team

2.12 To comply with accounting guidance provided by the Director of Finance.

REVENUE BUDGET PREPARATION, MONITORING AND CONTROL

Why is this important?

2.13 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism holds budget managers to account for their areas.

2.14 The authority operates within an annual cash limit, approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.

2.15 A budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the member of the Corporate Leadership Team.

Key Controls

2.16 The key controls for managing and controlling the revenue budget are:

- budget managers should be responsible only for income and expenditure that they can influence
- there is a nominated budget manager for each cost centre heading
- budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- budget managers follow an approved certification process for all expenditure
- income and expenditure are properly recorded and accounted for
- performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budgets.

Responsibilities of the Director of Finance

2.17 To establish an appropriate framework of budgetary management and control that ensures that:

- budget management is exercised within annual cash limits unless the Council agrees otherwise.
- each member of the Corporate Leadership Team has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- expenditure is committed only against an approved budget head.
- all officers responsible for committing expenditure comply with relevant

- guidance, and the financial procedure rules.
- each cost centre has a single named manager, determined by the relevant member of the Corporate Leadership Team. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
- significant variances from approved budgets are investigated and reported by budget managers regularly.

2.18 To administer the authority's scheme of virement.

2.19 To submit reports to the Cabinet and to the Council, in consultation with the relevant member of the Corporate Leadership Team, where a member of the Corporate Leadership Team is unable to balance expenditure and resources within existing approved budgets under his or her control.

2.20 To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of members of the Corporate Leadership Team

2.21 To maintain budgetary control within their service areas, in adherence to the principles in 2.17, and to ensure that all income and expenditure is properly recorded and accounted for.

2.22 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the member of the Corporate Leadership Team (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 that commits expenditure.

2.23 To ensure that spending remains within the 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.

2.24 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.

2.25 To prepare and submit to the Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Director of Finance.

2.26 To ensure prior approval by the Council or Cabinet (as agreed by the members of Corporate Leadership Team) for new proposals, of whatever amount, that:

- create financial commitments in future years
- change existing policies, initiate new policies or cease existing policies
- materially extend or reduce the authority's services.

- 2.27 To ensure compliance with the scheme of virement.
- 2.28 To agree with the relevant other member of the Corporate Leadership Team where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or member of Corporate Leadership Team level of service activity.

BUDGETS AND MEDIUM-TERM FINANCIAL PLANNING

Why is this important?

- 2.29 The authority 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 authority's plans and policies.
- 2.30 The revenue budget must be constructed to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- 2.31 Authorities should prepare a Medium-Term Financial Plan to cover a 3 to 5 year period. This ensures that the authority is able to prepare for events in advance.

Key Controls

- 2.32 The key controls for budgets and medium-term planning are:
- specific budget approval for all expenditure
 - budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet
 - a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the Director of Finance

- 2.33 To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.34 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Council, and after consultation with the Cabinet and members of the Corporate Leadership Team.
- 2.35 To prepare and submit reports to the Cabinet on the aggregate spending plans of service areas and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.

- 2.36 To advise on the medium-term implications of spending decisions.
- 2.37 To encourage the best use of resources and value for money by working with members of the Corporate Leadership Team to identify opportunities to improve economy, efficiency and effectiveness.
- 2.38 To advise the Council on Cabinet proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of members of the Corporate Leadership Team

- 2.39 To prepare estimates of income and expenditure, in consultation with the Director of Finance, to be submitted to the Cabinet.
- 2.40 To prepare budgets that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the Director of Finance in accordance with the Council's general directions.
- 2.41 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.42 In consultation with the Director of Finance and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee. These should have regard to:
- spending patterns and pressures revealed through the budget monitoring process
 - legal requirements
 - policy requirements as defined by the Council in the approved policy
 - framework initiatives already under way.

RESOURCE ALLOCATION

Why is this important?

- 2.43 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need. It is therefore imperative that needs are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities.

Key Controls

- 2.44 The key controls for resource allocation are:
- resources are acquired in accordance with the law and using an approved authorisation process

- resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- resources are securely held for use when required
- resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Director of Finance

2.45 To advise on methods available for the funding of resources, such as grants from central government and borrowing.

2.46 To assist in the allocation of resources to budget managers.

Responsibilities of members of the Corporate Leadership Team

2.47 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.

2.48 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

CAPITAL PROGRAMMES

Why is this important?

2.49 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

2.50 The Prudential Code places controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key Controls

2.51 The key controls for Capital Programmes are:

- specific approval by the Council for the programme of capital expenditure
- expenditure on capital schemes is subject to the approval of the Director of Finance
- a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Cabinet
- proposals for improvements and alterations to buildings must be approved by the appropriate member of the Corporate Leadership Team
- the development and implementation of asset management plans

- accountability for each capital proposal is accepted by a named manager
- monitoring of progress in conjunction with expenditure and comparison with approved budget.

Responsibilities of the Director of Finance

- 2.52 To prepare capital estimates jointly with members of the Corporate Leadership Team and to report them to the Cabinet for approval.
- 2.53 To prepare and submit quarterly reports to the Capital Working Group and Corporate Leadership Team on the projected scheme expenditure compared with the approved estimates.
- 2.54 To prepare and submit half yearly (Q1 and Q3) Finance and Capital Programme update reports to the Cabinet.
- 2.55 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the Director of Finance, having regard to government regulations and accounting requirements.
- 2.56 To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the Capital Programme provision by more than 10% of the original sum. This should be approved by the Capital Working Group before presentation to Cabinet.

Responsibilities of members of the Corporate Leadership Team

- 2.57 To comply with guidance concerning capital schemes and controls issued by the Director of Finance.
- 2.58 To ensure that all capital proposals have undergone a financial appraisal using the model held by the Director of Finance.
- 2.59 To ensure that adequate records are maintained for all capital contracts.
- 2.60 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Director of Finance, where required.
- 2.61 To prepare and submit reports, jointly with the Director of Finance, to the Cabinet, of any variation in contract costs greater than the approved limits following approval at the Capital Working Group.
- 2.62 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the Capital Programme.

MAINTENANCE OF RESERVES

Why is this important?

2.63 The local authority must decide the level of General Fund reserves it wishes to maintain before it can decide on the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key Controls

2.64 The key controls for the maintenance of reserves are:

- Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and agreed accounting policies.
- For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- Expenditure from reserves must be authorised by the appropriate member of the Corporate Leadership Team or Assistant Director in consultation with the Director of Finance.

Responsibilities of the Director of Finance

2.65 To advise the Cabinet and/or the Council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter.

Responsibilities of members of the Corporate Leadership Team

2.66 To ensure that resources are used only for the purposes for which they were intended.

APPENDIX C: RISK MANAGEMENT AND CONTROL

OF RESOURCES RISK MANAGEMENT

Why is this important?

- 3.1 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 organisational well-being of the organisation.
- 3.2 It is the overall responsibility of the Audit & Risk Committee to approve the authority's Risk Management Strategy, and to promote a culture of risk management awareness throughout the authority.

Key Controls

3.3 The key controls for risk management are:

- procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority
- a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- provision is made for losses that might result from the risks that remain
- procedures are in place to investigate claims within required timescales
- acceptable levels of risk are determined and insured against where appropriate
- the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Director of Finance

- 3.4 To prepare and promote the authority's Risk Management Strategy.
- 3.5 To develop risk management controls in conjunction with other members of Corporate Leadership Team.
- 3.6 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- 3.7 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of members of the Corporate Leadership Team

- 3.8 To notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the Director of Finance or the authority's insurers.
- 3.9 To take responsibility for Risk Management, having regard to advice from the Director of Finance and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
- 3.10 To ensure that there are regular reviews of risk within their service areas.
- 3.11 To notify the Director of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 3.12 To consult the Director of Finance and the Corporate Director of Governance on the terms of any indemnity that the authority is requested to give.
- 3.13 To ensure that employees, or anyone covered by the authority'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.

INTERNAL CONTROLS

Why is this important?

- 3.14 The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 3.15 The authority faces a wide range of financial, administrative and commercial risks, which threaten the achievement of its objectives. Internal controls are also necessary to manage these risks.
- 3.16 The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - Risk Management.

Key Controls

- 3.17 The key controls and control objectives for internal control systems are:
- internal controls should be reviewed on a regular basis and the authority should make a formal statement annually (the Annual Governance Statement) to the effect that it is satisfied that the systems of internal control are operating effectively
 - managerial control systems should be in place, 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
 - financial and operational control systems and procedures should be confirmed as adequate, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
 - the Council should have an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and with any other statutory obligations and regulations.

Responsibilities of the Director of Finance

- 3.18 To assist the authority to put in place 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.

Responsibilities of members of Corporate Leadership Team

- 3.19 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness.
- 3.20 To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the Director of Finance. Members of the Corporate Leadership Team should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.21 To ensure staff have a clear understanding of the consequences of lack of internal control mechanisms.

AUDIT REQUIREMENTS

Why is this important?

- 3.22 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 (SI 2015/234), regulation 6, more specifically require that a “relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control”.
- 3.23 Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Key Controls

- 3.24 The key controls for internal audit are:
- that it is independent in its planning and operation
 - the Head of Internal Audit (or equivalent) has direct access to the Head of Paid Service, Director of Finance, all levels of management and directly to elected members
 - the internal auditors comply with the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

Responsibilities of the Director of Finance

- 3.25 To ensure that internal auditors have the authority to:
- access authority premises at reasonable times
 - access all assets, records, documents, correspondence and control systems
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any employee of the authority to account for cash, stores or any other authority asset under his or her control
 - access records belonging to third parties, such as contractors, when required
 - directly access the Head of Paid Service, the Cabinet and Audit & Risk Committee.

- 3.26 To review the strategic and annual audit plans prepared by the Head of Internal Audit (or equivalent), which take account of the characteristics and relative risks of the activities involved.

Responsibilities of members of the Corporate Leadership Team

- 3.27 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- 3.28 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 3.29 To consider and respond promptly to recommendations in audit reports.
- 3.30 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.31 To notify the Director of Finance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the member of the Corporate Leadership Team should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.32 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 Head of Internal Audit prior to implementation.
- 3.33 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

EXTERNAL AUDIT

Why is this important?

- 3.34 The Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing external auditors to each local authority. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 3.35 The basic duties of the external auditor are defined in the Local Audit and Accountability Act 2014.
- 3.36 The authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts gives a 'true and fair view' the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements.

Key Controls

- 3.37 The key controls for external audit are:
- External auditors are appointed by the PSAA normally for a minimum period of five years. This ensures that the local authority is independent from the decision to appoint an external auditor.

Responsibilities of the Director of Finance

- 3.38 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- 3.39 To ensure there is effective liaison between external and internal audit.
- 3.40 To work with the external auditor and advise the Council, Cabinet and members of the Corporate Leadership Team on their responsibilities in relation to external audit.

Responsibilities of members of Corporate Leadership Team

- 3.41 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.
- 3.42 To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

Why is this important?

- 3.43 The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.
- 3.44 The authority expects that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. It also expects that individuals and organisations that work with the Council (e.g. suppliers, contractors, service providers) will ensure that their practices do not allow fraud and corruption.

Key Controls

- 3.45 The key controls regarding the prevention of fraud and corruption are that:
- the authority has an effective Anti-Fraud and Anti-Corruption Policy and maintains a culture that will not tolerate fraud or corruption
 - all members and staff act with integrity and lead by example
 - senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt
 - high standards of conduct are promoted amongst members by the Standards and Resources Committee
 - the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
 - whistle blowing procedures are in place and operate effectively
 - legislation including the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Director of Finance

- 3.46 To maintain adequate and effective internal control arrangements.
- 3.47 To ensure that all suspected irregularities are reported to the chief internal auditor, the Head of Paid Service, the Cabinet and the Audit & Risk Committee.

Responsibilities of members of the Corporate Leadership Team

- 3.48 To ensure that all suspected irregularities are reported to the Head of Internal Audit (or equivalent).
- 3.49 To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 3.50 To ensure that where financial impropriety is discovered, the Director of Finance is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- 3.51 To ensure that any interests are entered into the Council's register of interests.
- 3.52 To develop and maintain an Anti-Fraud and Corruption Policy, Whistleblowing Policy and Anti-Money Laundering Policy.

ASSETS SECURITY

Why is this important?

- 3.53 It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is essential for proper fixed asset accounting and sound asset management.

Key Controls

- 3.54 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- resources are used only for the purposes of the authority and are properly accounted for
 - resources are available for use when required
 - resources no longer required are disposed of in accordance with the law and the procedure rules of the authority so as to maximise benefits
 - an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
 - all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation
 - all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's computer and internet security policies.

Responsibilities of the Director of Finance

- 3.55 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £10,000 (equipment) and £25,000 (land and property). The function of the asset register is to provide the authority with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.

- 3.56 To receive the information about assets required for accounting, costing and financial records from each member of the Corporate Leadership Team.
- 3.57 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

Responsibilities of members of the Corporate Leadership Team

- 3.58 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 member of the Corporate Leadership Team in consultation with the Director of Finance, has been established as appropriate.
- 3.59 To ensure the proper security of all buildings and other assets under their control.
- 3.60 Where land or buildings are surplus to requirements, a report should be presented to CLT and subsequently Asset Scrutiny Panel to gain approval for sale/disposal.
- 3.61 To pass title deeds to the appropriate officer who is responsible for custody of all title deeds.
- 3.62 To ensure that no authority asset is subject to personal use by an employee without proper authority.
- 3.63 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority.
- 3.64 To ensure that relevant service areas maintain a register/inventory of high value/moveable assets. Guidance should be sought from the Director of Finance regarding the values at which this is appropriate.
- 3.65 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 3.66 To consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.67 To ensure cash holdings on premises are kept to a minimum.
- 3.68 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Director of Finance, the Cabinet agrees otherwise.
- 3.69 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.
- 3.70 To carry out an annual check of all items on the inventory in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.

- 3.71 To make sure that property is only used in the course of the authority's business, unless the member of the Corporate Leadership Team concerned has given permission otherwise.

In relevant service areas:

- 3.72 To make arrangements for the care and custody of stocks and stores in the service area.
- 3.73 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All significant discrepancies should be investigated and pursued to a satisfactory conclusion.
- 3.74 To investigate and remove from the authority's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of a predetermined limit.
- 3.75 To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the Director of Finance, the Cabinet decides otherwise in a particular case.

ASSET DISPOSAL

Why is this important?

- 3.76 Obsolete, non-repairable or unnecessary assets should be disposed of in accordance with the law and the procedure rules of the authority.

Key Controls

- 3.77 The key controls regarding asset disposal are:
- assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority
 - best price is obtained, bearing in mind other factors, such as environmental issues.
 - for items of significant value, disposal should be by competitive tender or public auction.
 - procedures protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the Director of Finance

- 3.78 To provide guidance on best practice for disposal of assets on a case by case basis.
- 3.79 To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of members of the Corporate Leadership Team

- 3.80 To ensure that income received for the disposal of an asset is properly banked and coded.

TREASURY MANAGEMENT

Why is this important?

3.81 Treasury Management aims to ensure that the authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the authority's capital sum.

Key Controls

3.82 The key controls around Treasury Management are:

- That the authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the authority's Treasury Policy Statement.
- That two members of Corporate Leadership Team (CLT) authorise investment and redemption transactions above £50k. This should be the S151 Officer or Deputy and another member of CLT.

Responsibilities of Director of Finance

3.83 To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.

3.84 To report three times a year on treasury management activities to the Audit & Risk Committee.

3.85 To approve the opening or closing of any bank account.

3.86 To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the Council.

3.87 To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate member of the Corporate Leadership Team.

3.88 To effect all borrowings in the name of the authority.

3.89 To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

3.90 To ensure that no Teams within the authority hold imprest accounts in the form of cash. Payment by purchasing card is now the appropriate method of acquiring low value goods that do not require purchase orders to be raised. It can also be a method of acquiring services where payment is required ahead of delivery (can include for example conference/hotel bookings, train travel).

- 3.91 To ensure a list is maintained of all purchasing cards that have been issued to staff alongside their requisite limits, both in terms of value and permitted items that may be purchased.

Responsibilities of members of the Corporate Leadership Team

- 3.92 To follow any guidance on banking and Treasury Management issued by the Director of Finance.
- 3.93 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 the Council, following consultation with the Director of Finance.
- 3.94 To arrange for all trust funds to be held, wherever possible, in the name of the authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Director of Finance, unless the deed otherwise provides.
- 3.95 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Finance, and to maintain written records of all transactions.
- 3.96 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.
- 3.97 To ensure that employees in possession of a purchasing card:
- Obtain and retain vouchers to support purchases made via purchasing card. Where possible, a VAT receipt shall be obtained to enable VAT monies to be properly reclaimed.
 - Make adequate arrangements for the safe custody of the purchasing card in their possession.
 - Receive monthly statements and complete their purchase log to reconcile to this statement. This will should be forwarded to the authorising manager on a monthly basis.
 - Surrender their card immediately on termination of employment or if transferred to another role that does not require a Purchasing Card.
 - Ensure that the Purchasing Card is never used to make purchases of a personal nature.

STAFFING

Why is this important?

- 3.98 In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key Controls

- 3.99 The key controls for staffing are:
- an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
 - procedures are in place for forecasting staffing requirements and cost
 - controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority
 - checks are undertaken prior to employing new staff to ensure that they are

appropriately qualified, experienced and trustworthy.

Responsibilities of the Director of Finance

- 3.100 To ensure that budget provision exists for all existing and new employees.
- 3.101 To act as an advisor to members of the Corporate Leadership Team on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of members of the Corporate Leadership Team

- 3.102 To produce an annual staffing budget in consultation with the Director of Finance.
- 3.103 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).
- 3.104 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 3.105 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.
- 3.106 To ensure that the Assistant Director Organisation and People Development and the Director of Finance are immediately informed if the staffing budget is likely to be materially over or underspent.

APPENDIX D: FINANCIAL SYSTEMS & PROCEDURES

GENERAL

Why is this important?

- 4.1 Service areas have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.
- 4.2 The Director of Finance has a professional responsibility to ensure that the authority's financial systems are sound and should therefore approve any new developments or changes.

Key Controls

- 4.3 The key controls for systems and procedures are:
- data exists to enable the authority's objectives, targets, budgets and plans to be formulated
 - performance is communicated to the appropriate managers on an accurate, complete and timely basis
 - early warning is provided of deviations from target, plans and budgets that require management attention
 - operating systems and procedures are secure.

Responsibilities of the Director of Finance

- 4.4 To issue advice, guidance and procedures for officers and others acting on the authority's behalf.
- 4.5 To determine the accounting systems, form of accounts and supporting financial records.
- 4.6 To establish arrangements for audit of the authority's financial affairs.
- 4.7 To approve any new financial systems to be introduced.
- 4.8 To approve any changes to be made to existing financial systems.

Responsibilities of members of the Corporate Leadership Team

- 4.9 To ensure that accounting records are properly maintained and held securely.
- 4.10 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Finance.
- 4.11 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.
- 4.12 To incorporate appropriate controls to ensure that, where relevant:
 - all input is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely.
- 4.13 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 4.14 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 4.15 To ensure that systems are documented and staff trained in operations.
- 4.16 To consult with the Director of Finance before changing any existing system or introducing new systems.
- 4.17 To establish a scheme of delegation identifying officers authorised to act upon the member of the Corporate Leadership Team's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 4.18 To supply lists of authorised officers, with specimen signatures and financial

limits, to the Director of Finance, together with any subsequent variations.

- 4.19 To review the limits for approving purchase orders within the financial system on a regular basis. These are set out below:

Role	Grade Level	Authorisation Limit	What can be Authorised
CLT	CLT	No Limit	All Areas
Assistant Directors	O	£100,000	Service Area Only
Team Manager/Leader	K-N	£50,000	Service Area Only
Assistant Team Leaders/Manager	H-J	£10,000	Service Area Only
Other	F-G	£2,500	Service Area Only

- 4.20 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 4.21 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- 4.22 To ensure that relevant standards and guidelines for computer systems issued by the member of the Corporate Leadership Team are observed.
- 4.23 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 4.24 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- only software legally acquired and installed by the authority is used on its computers
 - staff are aware of legislative provisions
 - in developing systems, due regard is given to the issue of intellectual property rights.

INCOME AND EXPENDITURE INCOME

Why is this important?

- 4.25 Cash and debtors can be vulnerable assets and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.

Key Controls

4.26 The key controls for income are:

- All income due to the authority is identified and invoiced for correctly.
- Income is collected from the correct person/ organisation in accordance with the agreed terms and conditions. The debt collection procedures detailed in the approved Debt Recovery Policy shall apply in the event of any arrears.
- Wherever practical, Direct Debit shall be the preferred method for collection of periodic invoices. Exceptions (and the reasons for) shall be recorded.
- Where the Council's services are procured by an outside organisation, a Purchase Order number shall be obtained from that organisation ahead of the service or goods being delivered. This Purchase Order will then be quoted on the subsequently raised invoice. Invoices that do not have a Purchase Order quoted will not be paid.
- With the exception of buildings with regular cash collection arrangements (currently Leisure Centres and Baggeridge Country Park) all other Council Offices shall not transact for Council Services using cash unless this is a statutory requirement.
- In the event that any unexpected cash balances are received in Council Offices then two officers shall be responsible for agreeing the value of the cash and securing it on the Council premises (in a lockable cupboard if no other secure location is available). Arrangements will then be made for the monies to be banked e.g. with a cash collection company. Under no circumstances will Council officers be expected to physically carry cash balances off premises to be banked.
- All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- Money collected and deposited is reconciled to the bank account by a person not involved in the collection or banking process.
- Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. 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.
- Corporate Leadership Team will be informed on a quarterly basis of the total level of outstanding debt due to the authority alongside an aged analysis of this debt.

Responsibilities of the Director of Finance

- 4.27 To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- 4.28 To oversee the write off of bad debts up to approved limits in each case as detailed below ensuring that in all cases there is a justified reason why correctly raised debts should not be pursued further:

Role	Level of Authority	
	From £	To £
Transactional Services Team Manager / Senior Accountant	0.01	250
Deputy S151 Officer	251	1,000
Finance Director (151 Officer)	1,001	5,000
Corporate Leadership Team and Leader of the Council	Over 5,001	

Responsibilities of the Corporate Leadership Team

- 4.29 To maintain a Fees & Charges policy for the supply of goods or services and to review it regularly in line with corporate policies and in any case, annually as an integral part of the budget setting process in compiling the MTFS.
- 4.30 To recommend the Debt Recovery Policy to Audit and Risk Committee for approval.
- 4.31 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 4.32 To issue official receipts or to maintain other documentation for income collection.
- 4.33 To hold securely receipts, tickets and other records of income for the appropriate period.
- 4.34 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 4.35 To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 4.36 To ensure income is not used to cash personal cheques or other payments.
- 4.37 To supply the Director of Finance with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Director of Finance to record correctly the sums due to the authority and to ensure accounts are sent out promptly. Members of the Corporate Leadership Team have a responsibility to assist the Director of Finance in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf.
- 4.38 To recommend to the Director of Finance all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. 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.

- 4.39 To obtain the approval of the Director of Finance when writing off debts in excess of the approved limit, and the approval of the appropriate member of the Cabinet where required.
- 4.40 To notify the Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance and not later than 15 April.

ORDERING & PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

- 4.41 Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. Regard shall be had to the Council's Contract Procedure Rules. These procedures should be read in conjunction with the authority's Contract Procedure Rules on tenders and contracts.
- 4.42 Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.

Key Controls

- 4.43 The key controls for ordering and paying for work, goods and services are:
- official orders must be in a form approved by the Director of Finance.
 - official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, stationery ordered over the internet in line with the contract for such, purchases made in accordance with the purchasing card scheme, periodic payments such as rent or rates, or other exceptions specified by the Director of Finance.
 - each order must conform to the guidelines approved by the Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Director of Finance.
 - the normal method of payment from the authority shall be by BACS or CHAPS, drawn on the authority's bank account by the Director of Finance.
 - official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
 - all goods and services are ordered only by appropriate persons and are

correctly recorded

- all goods and services shall be ordered in accordance with the authority's code of practice for tenders and contracts unless they are purchased from sources within the authority
- goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order
- payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards
- all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the Director of Finance

- 4.44 To approve the form of official orders and associated terms and conditions.
- 4.45 To make payments from the authority's funds on the member of the Corporate Leadership Team's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- 4.46 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.
- 4.47 To make payments to contractors on the certificate of the appropriate member of the Corporate Leadership Team, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 4.48 To provide advice on making payments by the most economical means.

Responsibilities of members of the Corporate Leadership Team

- 4.49 To ensure that unique official orders are used for all goods and services, other than the exceptions specified in 4.41.
- 4.50 To ensure that orders are only used for goods and services provided to the service area. Individuals must not use official orders to obtain goods or services for their private use.
- 4.51 To ensure that only those staff authorised by him or her place orders and to

maintain an up-to-date list of such authorised staff. The authoriser of the 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. Value for money should always be achieved.

- 4.52 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- 4.53 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
- receipt of goods or services
 - that the invoice has not previously been paid
 - that expenditure has been properly incurred and is within budget provision
 - that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - correct accounting treatment of tax
 - that the invoice is correctly coded
 - that discounts have been taken where available
 - that appropriate entries will be made in accounting records.
- 4.54 To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who placed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.
- 4.55 To encourage suppliers of goods and services to receive payment by the most economical means for the authority, generally BACS. It is essential, however, that payments made by direct debit have the prior approval of the Director of Finance.
- 4.56 To utilise the central purchasing procedures established by the Director of Finance in putting purchases, where appropriate, out to competitive quotation or tender. The Council's Contract Procedures Rules sets out the process for this.
- 4.57 To ensure that employees are aware of the national code of conduct for local government employees.
- 4.58 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Finance. This is to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

- 4.59 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance and, in any case, not later than 15 April.
- 4.60 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Finance 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 subcontractors' tax status.
- 4.61 To notify the Director of Finance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 4.62 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

- 4.63 Staff costs are the largest item of expenditure for most authorities. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' 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 the Council.

Key Controls

- 4.64 The key controls for payments to employees and members are:
- proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancements
 - frequent reconciliation of payroll expenditure against approved budget and bank account
 - all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
 - that HM Revenue and Customs regulations are complied with

Responsibilities of the Director of Finance

- 4.65 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 4.66 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 4.67 To make arrangements for payment of all travel and subsistence claims.
- 4.68 To make arrangements for paying members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.69 To ensure that all salaries and wages are paid monthly by BACS which is the most economical means.
- 4.70 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of members of the Corporate Leadership Team

- 4.71 To ensure appointments are made in accordance with the procedure rules of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available
- 4.72 To notify the Director of Finance 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 Director of Finance.
- 4.73 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 4.74 To ensure that payroll transactions are processed only through the payroll system. Members of the Corporate Leadership Team should consider the employment status of individuals employed on a self-employed consultant or subcontract basis. The HM Revenue and Customs applies a strict definition for employee status, and in cases of doubt, advice should be sought from the Assistant Director – Organisation and People Development.
- 4.75 To certify travel and 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 authority, ensuring that cost-effective use of travel arrangements is achieved.

Due consideration should be given to tax implications and that the Director of Finance is informed where appropriate.

- 4.76 To ensure that the Director of Finance is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 4.77 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of members

- 4.78 To submit claims for members' travel and subsistence allowances on a monthly basis.

TAXATION

Why is this important?

- 4.79 The authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be significant.

Key Controls

- 4.80 The key controls for taxation are:
- budget managers are provided with relevant information and kept up to date on tax issues
 - budget managers are instructed on required record keeping
 - all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
 - returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Director of Finance

- 4.81 To complete all HM Revenue and Customs returns regarding PAYE.
- 4.82 To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.
- 4.83 To provide details to the HM Revenue and Customs regarding the Construction Industry Tax Deduction Scheme. Responsibilities of the members of the Corporate Leadership Team
- 4.84 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.

- 4.85 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 4.86 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

Why is this important?

- 5.1 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. Local authorities regularly work in partnership with others – public agencies, private companies, community groups and voluntary organisations. Their key role is to bring together the contributions of the various stakeholders.
- 5.2 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.
- 5.3 The main reasons for entering into a partnership are:
- the desire to find new ways to share risk
 - the ability to access new resources
 - to provide new and better ways of delivering services
 - to forge new relationships.
- 5.4 A partner is defined as either:
- an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
 - a body whose nature or status give it a right or obligation to support the project.
- 5.5 Partners participate in projects by:
- acting as a project deliverer or sponsor, solely or in concert with others
 - acting as a project funder or part funder
 - being the beneficiary group of the activity undertaken in a project.
- 5.6 Partners have common responsibilities:
- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - be open about any conflict of interests that might arise

- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- to act wherever possible as ambassadors for the project.

Key Controls

5.7 The key controls for partnership arrangements are:

- if appropriate, to ensure partners are aware of their responsibilities under the authority's financial and contract procedure rules
- to ensure that risk management processes are in place to identify and assess all known risks
- to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Director of Finance

5.8 To advise on effective controls that will ensure that resources are not wasted.

5.9 To advise on the key elements of funding a project. They include:

- a scheme appraisal for financial viability in both the current and future years
- risk appraisal and management
- resourcing, including taxation issues
- audit, security and control requirements
- carry-forward arrangements.

5.10 To ensure that the accounting arrangements are satisfactory.

Responsibilities of members of the Corporate Leadership Team

5.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Director of Finance.

5.12 To ensure that, before entering into agreements with external bodies, a project appraisal has been prepared for the Director of Finance.

5.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.

5.14 To ensure that all agreements and arrangements are properly documented.

5.15 To provide appropriate information to the Director of Finance to enable a note to be entered into the authority's statement of accounts concerning material items.

EXTERNAL FUNDING

5.16 External funding is an important source of income, but funding conditions need to be carefully considered to ensure that they are achievable and compatible with the aims and objectives of the authority.

Key Controls

5.17 The key controls for external funding are:

- to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council as accountable body are clearly understood
- to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council
- to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Director of Finance

5.18 To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

5.19 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

5.20 To ensure that audit requirements are met.

Responsibilities of members of the Corporate Leadership Team

5.21 To ensure that the Director of Finance is consulted before any funding bids are submitted.

5.22 To ensure that all claims for funds are made by the due date.

5.23 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

WORK FOR THIRD PARTIES

Why is this important?

5.24 Current legislation enables the authority to provide a range of services to other bodies. Such work may enable a service area to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is in line with regulations.

Key Controls

- The key controls for working with third parties are:to ensure that proposals are costed properly in accordance with guidance provided by the Director of Finance
- to ensure that contracts are drawn up using guidance provided by the Monitoring Officer and that the formal approvals process is adhered to

Responsibilities of Director of Finance

5.25 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of members of the Corporate Leadership Team

- 5.26 To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- 5.27 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Finance.
- 5.28 To ensure that appropriate insurance arrangements are made.
- 5.29 To ensure that the authority is not put at risk from any bad debts.
- 5.30 To make every effort to ensure that no contract is subsidised by the authority.
- 5.31 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.32 To ensure that the service area/unit has the appropriate expertise to undertake the contract.
- 5.33 To ensure that such contracts do not impact adversely upon the services provided for the authority.
- 5.34 To ensure that all contracts are properly documented.
- 5.35 To provide appropriate information to the Director of Finance to enable a note to be entered into the statement of accounts.