

CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

Part 4.H – Financial Regulations

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1. Status of Financial Regulations

- 1.1 The Financial Regulations (the Regulations) provide the governance framework for managing the Council's financial affairs. They apply to all Members, officers of the Council and anyone acting on its behalf. It is likely to be considered a disciplinary offence to breach these Financial Regulations and procedures.
- 1.2 They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting practices and professional good practice.
- 1.3 The Local Government Act 1972 (Section 151) makes the Chief Financial Officer responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities.
- 1.4 All Members and Officers 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, is properly authorised and achieves value for money. In doing so proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.
- 1.5 The Regulations apply to the control of both the General Fund finances (except maintained schools), Capital and the Housing Revenue Account, as well as other grants received. Schools must adopt their own financial policy and procedures based on the principles within the Regulations but also taking account of more specific guidance issued, including the Croydon Scheme for Financing Schools.
- 1.6 The Regulations identify the financial responsibilities of:
 - The **full Council**;
 - The **Cabinet**;
 - The **Head of Paid Service** (Chief Executive);
 - The **Chief Financial Officer** (Director of Finance, Investment & Risk - who is also the Council's Interim Section 151 Officer);
 - The **Monitoring Officer** (Interim Executive Director of Resources – who is also the Council Solicitor);
 - **Executive Directors**
 - **All officers and Members of the Council**
- 1.7 The **Chief Financial Officer** is responsible for maintaining and regularly reviewing these Regulations and has delegated authority for any additions or changes.
- 1.8 The **Chief Financial Officer** is responsible for issuing advice and guidance to underpin the Regulations to which Members, Officers and others acting on behalf of the Council are required to have regard.

- 1.9 The **Chief Financial Officer** is also responsible for reporting, where appropriate, breaches of the Regulations to the **Council** and/or to **Cabinet**.
- 1.10 The Regulations are supported by a set of mandatory Financial Policies and Procedures which provide more detailed direction on the arrangements to be complied with. All Officers and Members must ensure that they read and follow these procedures. Failure to comply may constitute misconduct and lead to formal disciplinary action.

Financial Control Framework

- 1.11 The financial administration framework of the Council is organised in accordance with Section 151 of the Local Government Act 1972, requiring that every local Authority in England and Wales should “make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs.” The framework comprises:
- **Constitution:** The principal rules governing the Council’s affairs, including financial, and the delegation of authority to Members and Officers.
 - **Financial Regulations:** this document is part of the Constitution, created by the Council, with amendments delegated to the **Chief Financial Officer**, to provide a framework for its financial procedures.
 - **Financial Policies and Procedures:** set out controls and responsibilities of all staff and Members
 - **Schemes of Delegation**
 - **Scheme of Financial Delegation**
 - **Procurement Governance Handbook**
 - **Tenders & Contracts Regulations**
 - **Project and Project Management Framework**

Scheme of Financial Delegation

- 1.12 The **Chief Financial Officer** must approve the Council’s Scheme of Financial Delegation which sets out the financial authorisation limits for Officers.
- 1.13 The Scheme of Financial Delegation is administered by the **Head of Internal Audit**. Amendments to the scheme will be approved by the **Chief Financial Officer** on the recommendation of the **Head of Internal Audit**.

2. Other Financial Accountabilities

Virements

- 2.1 Virement is the term used to transfer (or vire) budgetary provision from one budget heading to another. Transfer of budgetary provision within the same budget heading is not considered a virement however appropriate evidence for this transfer must be maintained and completed in accordance with the Scheme of Financial Delegation.
- 2.2 An inter-departmental virement is a transfer between budgets within different departments. An intra-departmental virement is a transfer between two budgets within the same department.
- 2.3 Virements must not be fragmented to circumvent the limits set out below. Any transfers intended to have a permanent effect must form part of the budget setting process and will be set out within the annual “Council Tax and Budget Setting report”.

Approval	Limit
Heads of Service	Up to £100k for virements within their budgets
Directors	Up to £500k for virements within their division.
Executive Directors	Unlimited for virements within their department. Up to £500k between departments. (Both Executive Directors to agree).
Cabinet with full support of Chief Financial Officer . The Chief Financial Officer must have formal agreement from both Executive Directors .	Above £500k for inter-departmental virements.
Director of Finance, Investment & Risk	Unlimited non-controllable virements*.

*Non-controllable virements are those which need to be undertaken for accounting purposes (such as depreciation and recharges).

Treatment of year-end balances

- 2.4 Requests to carry forward revenue budgets at the end of the financial year must be made by the budget holder as part of the closing of accounts process. Requests are to be made via an official form and will be approved by the Chief Financial Officer. Once approved the budget will be included in the annual statement of accounts as an earmarked reserve. Requests need to be made annually and any balances at the end of a financial year will **not** automatically be carried forward.

- 2.5 Slippage of Capital schemes should be identified as soon as possible during the financial year and reported to Cabinet as part of the financial monitoring cabinet report. At the end of each financial year slippage will be approved by the Chief Financial Officer and reported to Cabinet for approval as part of the July financial review report.

Accounting policies

- 2.5 The **Chief Financial Officer** is responsible for selecting the Council's accounting procedures, records and policies, including any changes to those policies, and ensuring that they are applied accurately and consistently.

The Annual Statement of Accounts

- 2.6 The **Chief Financial Officer** is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The **General Purposes & Audit Committee** is responsible for approving the annual statement of accounts on behalf of **full Council**.
- 2.7 The **Chief Financial Officer** is responsible for the preparation and publication of an Annual Governance Statement (AGS). This is the outcome from an annual review of the Council's risk management, internal control and governance arrangements and is published with the Statement of Accounts. The AGS is signed by the **Chief Executive** and the **Leader** and is approved by the **General Purposes & Audit Committee** on behalf of **full Council**.

Trading Accounts

- 2.8 The **Chief Financial Officer** must advise on the establishment and operation of trading accounts to ensure the accounting and control processes comply with the Council's, accounting requirements and that the results of any trading operations are properly recorded and reported.

3. Financial Planning and Budgeting

This section deals with the frameworks and processes by which the financial situation of the Council is planned, controlled and reported. The Strategic Budget process can be summarised as below:

- 3.1 The **full Council** is responsible for agreeing the Council's policy framework and budget, which will be proposed by the Cabinet at the annual council tax and budget setting meeting, usually at the end of February.

In terms of financial planning, the key elements are:

- the medium term financial strategy;
- the budget;
- the capital strategy;
- the capital programme.

Policy Framework

- 3.2 The **Head of Paid Service** is responsible for proposing the Corporate Plan to the **Leader** and **Cabinet** for consideration before its submission to the **full Council** for approval. The Corporate Plan sets out how the Council will achieve its organisational objectives and can be multi-year.

Budget format

- 3.3 The general format of the budget will be proposed by the **Leader** or **Cabinet** on the advice of the **Chief Financial Officer** and approved by the **full Council**. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Budget preparation

- 3.4 The **Chief Financial Officer** is responsible for ensuring that a revenue budget and capital programme and budget, are prepared on an annual basis. The **full Council** may amend the budget or ask the **Leader** and **Cabinet** to reconsider it before approving it.
- 3.5 The **Chief Financial Officer** will issue details of the Council budget to **Executive Directors** as soon as possible following approval by the **full Council**. Each of the **Executive Directors** will be expected formally to sign off their budget with the **Chief Financial Officer** before submission to the Cabinet.
- 3.6 It is the responsibility of **Executive Directors** to ensure that budget estimates reflect agreed service plans and are submitted to the **Chief Financial Officer**. The **Chief Financial Officer** will provide a detailed Directorate budget book before 1st March relating to the next budget year.

The total for the Directorate budget book must equal the budget agreed by the **Executive Directors**.

Financial Management Process

3.7 The **Chief Financial Officer** is responsible for the financial management process enabling capital and revenue budgets to be monitored effectively.

3.8 The **Chief Financial Officer** is responsible for monitoring and controlling expenditure against budget allocations and reports the actual position in comparison to the budget, projected out-turn position and any proposed action to be taken by departments to deal with any variances to:

- the **Leader** and **Cabinet** at least quarterly; and
- the **Executive Leadership Team**.

3.9 **Executive Directors** are responsible for:

- controlling income and expenditure within their area and monitoring performance, taking account of financial information provided by the **Chief Financial Officer** and / or their own systems;
- quarterly and monthly reporting for areas of high financial risk, in accordance with the agreed corporate format and timetable, on variances within their own areas;
- taking any action necessary to avoid exceeding their budget allocation and alerting the **Chief Financial Officer** as soon as possible if this cannot be achieved;
- Ensuring that fees and charges are reviewed annually as a minimum and changes reflected through the budget planning process

Maintenance of Balances and Reserves

3.10 It is the responsibility of the **Chief Financial Officer** to advise the **Leader** and **Cabinet** and / or the **full Council** on prudent levels of balances and reserves to be maintained for the Council. Use of the contingency fund has to be agreed by the **Chief Financial Officer**.

Capital Programme

3.11 Capital expenditure is expenditure which is used to purchase fixed assets or to add value to existing fixed assets where those assets have a useful life extending beyond a year (for example, expenditure used to purchase land and buildings).

3.12 **Full Council** must agree the overall capital programme as part of the Council Tax and budget setting report each year. Quarterly financial monitoring of the capital programme, including spend to date, projected spend for the financial year and slippage will be presented to Cabinet as part of the financial monitoring report. Programme and Project managers

along with the relevant **Executive Director** must ensure that any variances to budget are reported as soon as they are aware of them.

- 3.13 The Growth Board is the Officer control mechanism by which all non IT and FM capital expenditure is managed and assured. Details on its role are contained in the Growth Board terms of reference.
- 3.14 ICT and FM capital expenditure is approved through their own Officer boards. All of these boards must be presented with a business case that details the expenditure to be incurred and the timing of that expenditure to ensure accurate financial management and monitoring.

4. Petty Cash

- 4.1 Petty cash accounts may consist of either a cash float, or bank imprest account used to reimburse expenditure.
- 4.2 The **Chief Financial Officer** will provide petty cash accounts as appropriate to such services that need them. Such accounts will be maintained in the manner and delegation prescribed by the **Chief Financial Officer**.
- 4.3 The responsible budget holder and account holder will:
- Make adequate arrangements for the safe custody of the account;
 - Limit payments from the account to minor items of expenditure (i.e. abnormal purchases with a value of less than £25) and to other such items as the **Chief Financial Officer** may approve;
 - Obtain a receipted voucher in relation to each purchase. Where appropriate (and in the case of all purchases over £5 attracting VAT) a proper VAT receipt must be obtained;
 - Record transactions promptly;
 - Reconcile and balance the account at least monthly; reconciliation sheets to be signed by the responsible officer and the budget holder and retained; and
 - Provide an annual return in timely manner.
- 4.4 No income received on behalf of the Council may be paid into the petty cash account but must be banked or paid to the Council.
- 4.5 Petty cash accounts must not be used for cashing personal cheques or making personal loans. They must not be used for travel and subsistence claims because of tax implications.
- 4.6 The **Chief Financial Officer** will, on the recommendation of the **Head of Internal Audit**, consider, and approve where appropriate, requests for variations from the standard rules governing the operation of petty cash accounts, based on specific needs and individual circumstances.
- 4.7 All officers administering petty cash accounts must ensure that they comply with the petty cash procedures.

5. Procurement Cards

- 5.1 Procurement cards (Pcards) are used to pay for small value transactions which cannot be paid through the P2P system. The Procurement Card Procedures govern the use and includes credit limits, card holders responsibilities and monitoring.
- 5.2 Any exemptions to transactions and credit limits will require a delegated decision under the Council's Scheme of Financial Delegation to be agreed by the **Chief Financial Officer** upon the recommendation of the **Head of Internal Audit**.

6. Banking Arrangements and Cheques

- 6.1 All arrangements with the Council's bankers concerning the Council's bank accounts will be made through the **Chief Financial Officer**. The opening of new bank accounts must be made by at least two authorised signatories approved by the **Chief Financial Officer**.
- 6.2 Additions to or removals from the list of authorised signatories for ALL Council bank accounts will be approved by the **Chief Financial Officer**
- 6.3 All bank accounts should be reconciled with the Council's cashbooks at least once in each quarter (more frequently in specified cases).
- 6.4 Cheques and books will be ordered via the bank only on authority from the **Chief Financial Officer**, who will make adequate arrangements for their safe custody and use.
- 6.5 Cheques on the Council's accounts will bear the facsimile signature of or be signed by the **Chief Financial Officer** or as delegated by the **Chief Financial Officer**. Under no circumstances should an account be opened in the name of an individual officer.
- 6.6 Where funds are held on behalf of third parties, **Executive Directors** will arrange for their secure administration, approved by the **Chief Financial Officer** and shall ensure that written records of all transactions are maintained.

7. Risk Management and Insurance

- 7.1 The Council is committed to establishing an effective risk management framework and culture to enable management at all levels to deliver their objectives in the light of those risks. The **Chief Financial Officer** has responsibility for establishing and delivering corporate risk management arrangements across the Council.
- 7.2 The **Chief Financial Officer** is responsible for preparing the Council's Risk Management Policy Statement and for promoting it throughout the Council, including the Executive Leadership Team.
- 7.3 The **General Purposes & Audit Committee** is responsible for reviewing the Council's Risk Management Policy statement and strategy and is responsible for reviewing the effectiveness of risk management via a quarterly review of the high level risks on the Council's risk register.
- 7.4 At a departmental level **Executive Directors, Directors and Heads of Service** should ensure that risk assessments are conducted, followed by appropriate work to manage the risks identified and to monitor current and emerging risks.
- 7.5 The **Chief Financial Officer** shall effect and periodically review all insurance cover in consultation with other Executive Directors and Directors who shall provide such information as may be required.
- 7.6 **Directors** shall promptly notify the **Chief Financial Officer** of all new risks and any alterations, terminations, loss or liabilities that affect existing insurances. Where appropriate, **Directors** should also inform the Police as soon as possible of any losses and inform the **Head of Internal Audit** and the **Head of Insurance & Risk**
- 7.7 Directors shall consult the **Chief Financial Officer** or **Head of Insurance & Risk** in respect of the terms of any indemnity which the Council is required to obtain or provide.

8. Internal Control

- 8.1 Internal control refers to the systems of controls devised by management to help ensure the:
- Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources; and
 - Council's assets and interests are safeguarded.
- 8.2 The **Chief Financial Officer** 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.
- 8.3 **Executive Directors** are responsible for establishing 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.
- 8.4 **Executive Directors** are required to complete an annual assurance statement for their departments.

Audit Requirements

- 8.5 The basic duties of the external auditor are governed by National Audit Office in its Code of Practice.
- 8.6 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue & Customs, who have statutory rights of access.
- 8.7 The **Chief Financial Officer** is responsible for arranging an adequate and effective internal audit to examine the accounting records and systems of internal control of the Council in accordance with proper practices.
- 8.8 **Internal Audit** has unrestricted access to all Council records and information (both hard copy and digital), activities, property, other assets, Officers, Members and contractors it considers necessary to fulfil its responsibilities. This may be, where necessary, on demand and without any prior notice. Rights of access to other bodies funded by the Council should be set out in the conditions of funding. The rights and responsibilities are set out more fully in the Internal Audit Charter which is approved annually by the **General Purposes & Audit Committee**

8.9 Contracts let for the provision of services and works on behalf of the Council will ensure that the Council's internal and external auditors have right of access to any of the contractor's records associated with their contract with the Council.

Preventing Fraud and Corruption

8.10 The Council is committed to:

- taking fraud and other avoidable losses (arising from error or mismanagement) seriously and tackle it on all fronts;
- ensuring that all its funds are legitimately used and only those entitled to services and benefits receive them, and
- fighting against fraud and avoidable loss as this is an important aspect of its public accountability. The Council's approach to tackling fraud is set out in its Anti-Fraud & Corruption Policy.

8.11 All Officers and Members must ensure they comply with the Council's Anti-Fraud & Corruption Policy, the Anti-money Laundering Policy and the Anti-Bribery Policy.

8.12 All officers have a duty to inform the **Head of Anti-Fraud** or the **Chief Financial Officer** of any incident or circumstance which gives rise to the suspicion that fraud, misappropriation or financial irregularity may be or may have taken place, in connection with the activities of the Council. This may be made directly or via the Council's whistleblowing arrangements.

8.13 All Officers and Members are responsible for referring as soon as possible any suspicions of money laundering to the **Head of Anti-Fraud who is the Council's designated Money Laundering Reporting Officer** or one of the deputies under the policy.

9. Assets

- 9.1 The Growth Board will make recommendations to the **Chief Financial Officer** regarding the acquisition or disposal of any land or property up to £500k in value.
- 9.2 Recommendations on acquisitions or disposals valued between £500k and up to £5m may be approved by the **Cabinet Member for Finance and Resources** in consultation with the **Leader** of the Council, subject to the intention to do so having been reported to a previous meeting of **Cabinet** and in accordance with the **Leader's** Scheme of Delegation. Recommendations on acquisitions or disposals valued over £5m will be reported for approval to **Cabinet**.
- 9.3 All proposals for the acquisition of investment properties will be channeled through the **Head of Asset Management & Estates** and will be progressed in line with the Asset Investment Strategy relating to the Asset Acquisition Fund established as part of the Medium Term Financial Strategy 2018/22
- 9.4 Asset disposals, between £5k and £500k and mainly non land and buildings, must be authorised in accordance with the Council's Scheme of Financial Delegation and the Assets Procedure. The **Head of Commissioning & Procurement Corporate** must be consulted prior to any non-property assets being disposed of to ensure that the best possible price is obtained and that the method of disposal is appropriate. For items over £100k disposal should be by competitive tender or public auction
- 9.5 Asset disposals up to £5k must be authorised in accordance with the Council's Scheme of Financial Delegation and be reasonable as regards methodology, value obtained and recorded.
- 9.6 The total value of leasehold acquisitions or disposals includes the value of all rental payments and service charges over the life of the lease. The total value of lettings includes the value of all rental payments and service charges over the life of the lease.
- 9.7 Officers must notify the relevant **Head of Finance** before entering into any lease, to ensure that the correct accounting treatment can be applied.
- 9.8 The **Head of Asset Management and Estates** may authorise and approve legal documents (to include disposal of assets, licences & leases) on behalf of the Council in respect of property transactions up to a total value of £25,000. Any transaction above this figure must be approved by the Chief Financial Officer.
- 9.9 For further guidance on assets please consult the Council's Assets Procedure.

10. Management of Contracts

- 10.1 The **Commissioning & Procurement Division** will maintain a contracts register in the form of electronic copies of all contracts issued and entered into by the Council. Details will be published in accordance with the Council's transparency agenda.
- 10.2 Officers entering into contracts must ensure that upon completion of any contract document, contract information is entered onto the Deeds and Documents Register and the Council's copy of the original contract is sent to the **Business Support Team** for safe storage.
- 10.3 Variations to contracts to be written in an approved form. The relevant **Executive Director** or a senior officer nominated by them or the contract administrator appointed by the Council shall authorise variations and a copy of the variation order be retained as a document appertaining to the contract.
- 10.4 In accordance with the Council's Tenders and Contract Regulations, contracts between £100k and £500k in value will require appropriate sign off of the procurement strategy and award of contract by the **Director of Commissioning & Procurement** on the recommendation of the **Contracts and Commissioning Board (CCB)**. Contracts in value above this and up to £5m will require appropriate sign off of the procurement strategy and award of contract by the nominated Cabinet Member on recommendation of **CCB** and above £5m by Cabinet. Contracts over £100k in value must also be completed on behalf of the Council by an authorised signatory in the Council's **Law Division**.
- 10.5 Where contracts are administered on behalf of the Council by persons other than the Council's own officers, the **Executive Director** concerned should ensure that those persons comply with the Council's Constitution, Financial Regulations and Tenders and Contracts Regulations as if they were Officers of the Council. The relevant **Executive Director** and the **Chief Financial Officer** should be entitled to inspect all records and documents relating to such contracts.
- 10.6 When entering into contracts, staff must not deviate from the Council's standard purchasing terms unless this is formally agreed by the **Chief Financial Officer**.

11. Treasury Management

- 11.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA), Treasury Management in the Public Services: Code of Practice (2017).
- 11.2 The **full 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 **full Council** by the Cabinet. The **Chief Financial Officer** has delegated responsibility for implementing and monitoring the Statement.
- 11.3 All money which the Council physically holds is controlled by the Officer designated for the purposes of Section 151 of the Local Government Act 1972, for the Council's purposes this is the **Chief Financial Officer**.
- 11.4 The **Chief Financial Officer** is responsible for reporting to the **Leader** and Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year. Adoption of the strategy is by **full Council**.
- 11.5 All **Leader** and Cabinet decisions on borrowing, investment or financing are delegated to the **Chief Financial Officer** who is required to act in accordance with the CIPFA Code of Practice for Treasury Management in the Public Sector 2017 Edition.
- 11.6 The **Chief Financial Officer** will review mid financial year the activities of the treasury management operation.
- 11.7 The **Chief Financial Officer** is responsible for reporting to the **General Purposes and Audit Committee** on the activities of the treasury management operation and on the exercise of the delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30th September of the succeeding financial year.

12. Systems and Procedures

- 12.1 Sound systems and procedures are essential to an effective framework of accountability and control.
- 12.2 The **Chief Financial Officer** is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by **Executive Directors** to the existing financial systems or the establishment of new systems must be approved by the **Chief Financial Officer**.

However, **Executive Directors** are responsible for the proper operation of financial processes in their own departments.

- 12.3 Any changes to agreed procedures by **Executive Directors** to meet their own specific service needs should be agreed with the **Head of Finance** for that department.
- 12.4 **Executive Directors** must ensure that, where appropriate, computer and other systems are registered in accordance with GDPR as set out in the Data Protection Act 2018. **Executive Directors** must ensure that members of staff are aware of their responsibilities under Data Protection and Freedom of Information legislation and the Computer Misuse Act.
- 12.5 The Council publishes data each month on all payments over £500 as part of its Transparency Policy. For reasons of privacy, personal details are omitted; these include payments to individuals including foster carers, children and adult carers, staff salaries and pensions.

13. Income and Expenditure

- 13.1 The Scheme of Financial Delegation identifies staff authorised to act in respect of payments, income collection and placing orders, together with the limits of their authority.
- 13.2 It is the responsibility of **Executive Directors** to ensure that the scheme of financial delegation is operating effectively within their area and the responsibility of all staff on the Scheme to ensure that they operate within the limits defined by the Scheme.
- 13.3 **Executive Directors** are responsible for complying with the Procurement Strategy, Tender and Contract Regulations and the Council's Project and Programme Management Framework, and should make use of common supplies and services provided by other Departments of the Council. All staff with payment responsibilities should ensure that they read and abide by the Council's Payment Procedures.

Leasing Arrangements & PFI/PPP Funding Arrangements

- 13.4 Before entering into any finance or operating lease, or lease rental agreement, or PFI/PPP arrangements, **Executive Directors** must seek agreement from the **Chief Financial Officer** to ensure that the arrangement is financially advantageous to the Council. **Executive Directors** should take appropriate legal advice from the **Council's Solicitor** and their **Head of Finance** to ensure that they meet the revised guidance for finance and operating leases under the International Financial Reporting Standards Interpretations, IFRIC4 as this may alter the treatment of the income.

Payments to Employees and Members

- 13.5 The **Chief Financial Officer** is responsible for all payments of salaries and wages to all employees, including allowances, expenses and overtime, and for payment of allowances to Members.

Debt Write-Offs

- 13.6 The **Chief Financial Officer** can authorise debt write-offs up to **£500k**. Above that limit authorisation must be obtained from Cabinet. Limited further delegations for the writing off of debt will be approved by the **Chief Financial Officer** upon the recommendation of the **Head of Internal Audit** and recorded within the Scheme of Financial Delegation.

14. Taxation

- 14.1 The **Chief Financial Officer** is responsible for advising **Executive Directors**, the **Leader** and **Cabinet** and **full Council** in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 14.2 **Directors, Heads of Finance and Budget Holders** are responsible for ensuring that the appropriate controls and procedures are operated within the department or relevant services area, in relation to taxation issues, including, but not limited to PAYE, VAT and IR35. **Budget Holders** must ensure that they retain the necessary documentation to allow the Council to reclaim VAT where applicable.
- 14.3 The **Chief Financial Officer** is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

15. External Collaboration

- 15.1 The Council 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

- 15.2 The **Leader** is responsible for approving delegations for executive functions, including frameworks for partnerships. The **Leader** and Cabinet are the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 15.3 The **Leader** may delegate executive functions, including those relating to partnerships, to Officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the **Leader** remains accountable for them to the **full Council**.
- 15.4 The **Chief Financial Officer** is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 15.5 The **Chief Financial Officer** must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. In consultation with the **Monitoring Officer**, they must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.
- 15.6 They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 15.7 **Executive Directors** are responsible for ensuring that appropriate approvals are obtained before any negotiations are commenced in relation to work with external bodies.

External Funding

- 15.8 The **Chief Financial Officer** is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

Work for Third Parties

- 15.9 The Cabinet Member for the service holding the relevant budget, in consultation with the **Cabinet Member for Finance and Resources**, (or the **Leader** where it is the **Cabinet Member for Finance and Resources**) is responsible for approving the contractual arrangements for any work for third parties or external bodies in relation to contracts funded from capital or revenue budgets.

16. Retention of Records

- 16.1 Records held locally in establishments shall be retained in accordance with approved local information management schemes, which in turn must meet the Council's standards and conform to the Data Protection Act 2018.
- 16.2 **Executive Directors** and **Budget holders** are responsible for ensuring that financial records are carefully and systematically filed and retained for inspection by the **Chief Financial Officer** or agencies (e.g. HM Revenue & Customs) in line with the approved local management information schemes that meets relevant statutory requirements.
- 16.3 The advised minimum period for the retention of the majority of financial records is six years plus the current financial year. Where there is uncertainty, advice from the **Information Management Manager** and the **relevant Head of Finance** must be sought.
- 16.4 The **Chief Financial Officer** and the **Monitoring Officer** shall have access to documents as deemed necessary.
- 16.5 Further guidance on information management is available on the Council's Intranet to assist departments meet the requirements of the Data Protection Act, the Freedom of Information Act and other statutory requirements.

17. Devolution of Financial Management

- 17.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

The Full Council, Cabinet and Committees

- 17.2 The roles and responsibilities of these bodies are set out in the Articles Part 3 of the Constitution.

The Statutory Officers

- 17.3 **The Head of Paid Service** is responsible for the corporate and overall strategic management of the authority as a whole. They must report to and provide information for the **Cabinet**, the **full Council**, and other committees. The **Head of the Paid Service** 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 **full Council**'s decisions.
- 17.4 The **Monitoring Officer** is responsible for promoting and maintaining high standards of financial conduct and for reporting any actual or potential breaches of the law or maladministration to the **full Council**. The **Monitoring Officer** is also responsible for maintaining an up to date constitution.
- 17.5 The **Monitoring Officer** together with the **Chief Financial Officer** is responsible for advising **full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the budget or the policy framework.
- 17.6 The **Chief Financial Officer** is the Council's **Section 151 Officer** under the Local Government Act 1972 and has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden.
- 17.7 The **Chief Financial Officer** will nominate a properly qualified officer to act as the Council's **Deputy Section 151 Officer** in their absence.
- 17.8 The **Chief Financial Officer** will ensure that all appropriate financial controls and systems are in place where not specified above.
- 17.9 The **Chief Financial Officer** is responsible, in relation to these regulations for:
- 17.9.1 the proper administration of the Council's financial affairs;
 - 17.9.2 setting and monitoring compliance with financial management standards;

- 17.9.3 amendments to the Financial Regulations;
 - 17.9.4 advising on the corporate financial position and on the key financial control necessary to secure sound financial management;
 - 17.9.5 providing financial information;
 - 17.9.6 approval of financial schemes of delegation;
 - 17.9.7 preparing the revenue budget and capital programme;
 - 17.9.8 Treasury management;
 - 17.9.9 Internal Audit;
 - 17.9.10 Anti-Fraud;
 - 17.9.11 Risk Management; and
 - 17.9.12 Insurance.
- 17.10 Section 114 of the Local Government Finance Act 1988 requires the **Chief Financial Officer** to report to the **full Council**, the Cabinet and the External Auditor of the Council if one of its Officers:
- 17.10.1 has made, or is about to make, a decision which involves incurring unlawful expenditure;
 - 17.10.2 has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficit to the Council;
 - 17.10.3 is about to make an unlawful entry in the Council's accounts.
- 17.11 Section 114 of the 1988 Act also requires:
- 17.11.1 the **Chief Financial Officer** to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally;
 - 17.11.2 the Council to provide the **Chief Financial Officer** with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under Section 114.

Executive Directors

- 17.12 **Executive Directors** are responsible for ensuring that **Cabinet** and **Committee Members** are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Chief Financial Officer**.
- 17.13 It is the responsibility of **Executive Directors** to consult with the **Chief Financial Officer** and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Heads of Finance

- 17.14 **Heads of Finance** have responsibility for the financial affairs of the departments including the departmental financial management staff, processes and systems. They must equally report financial issues to the

appropriate **Executive Director** and the **Chief Financial Officer**.

17.15 The **Heads of Finance** should report to the **Chief Financial Officer** and where appropriate to the **Executive Director**:

- 17.15.1 any unlawful expenditure immediately it is realised that it is about to take place or has taken place;
- 17.15.2 any area where a loss or deficiency is about to occur;
- 17.15.3 any occasions where the overall departmental budget is projected to be overspent or where any individual budget is projected to be overspent by more than £5,000.
- 17.15.4 any concerns as regards the slow or non-banking of cash immediately;
- 17.15.5 any significant loss of stock or concerns immediately, and
- 17.15.6 any other matter of financial significance.

Budget Holder

17.16 The Budget Holder is responsible for the financial affairs of the service area. The responsibilities of the role include:

- 17.16.1 leading the production of revenue and capital programme budgets for the service area ensuring all plans have appropriate and necessary budget provision;
- 17.16.2 ensuring plans and realistic prudent profiled budgets exist for the delivery of the medium term financial strategy and to report year to date variances and forecast outturn adverse or favourable variances immediately they exist;
- 17.16.3 ensuring that appropriate financial controls exist and are maintained properly within the service area and report on any deficiencies to the **Head of Finance**;
- 17.16.4 providing appropriate financial information to the **Head of Finance** and their respective teams in a timely, accurate and appropriate form and level of detail;
- 17.16.5 actively seeking additional income or savings opportunities, including grant and new financing opportunities, and reporting to the **Head of Finance** ;
- 17.16.6 ensuring that appropriate financial controls exist and are applied within the service area and report on any deficiencies to the Head of Finance;
- 17.16.7 ensuring that the appropriate financial controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently;
- 17.16.8 ensuring value for money is obtained for the whole Council when undertaking any procurement activity
- 17.16.9 reconciling all cash received by the service area on a regular basis (at least monthly);
- 17.16.10 ensuring all monies due to the council are recorded accurately and recovered promptly;
- 17.16.11 ensuring that all accounts payable invoices are settled

- within 30 days unless special terms have been agreed by **Chief Financial Officer**; and
- 17.16.12 Budget monitoring via Hyperian or MyResources in a timely manner (as per the timetable issued by the **Chief Financial Officer**).
- 17.17 The **Budget Holder** should report to their **Head of Finance**:
- 17.17.1 any unlawful or inappropriate expenditure immediately it is realised that is about to take place or has taken place;
 - 17.17.2 any area where a loss or deficiency is about to occur;
 - 17.17.3 any occasions where the overall service budget is projected to be overspent or where any individual budget is projected to be overspent by more than £5,000;
 - 17.17.4 any concerns as regards the slow or non-banking of cash immediately;
 - 17.17.5 any significant loss of stock or concerns immediately.
- 17.18 To confidentially inform the **Chief Financial Officer, Head of Internal Audit, Head of Anti-Fraud** or the **Monitoring Officer** of any fraudulent activity and other losses through error and mismanagement by any party connected with or employed by the Council.
- 17.19 To ensure that all financial implications of all reports are agreed and approved with the relevant **Head of Finance** prior to their submission to the **Cabinet, a Committee, Executive Leadership Team** or other bodies within and external to the Council.
- 17.20 To ensure that all appropriate financial controls and systems are in place where not specified above.