

Section 7 - Financial procedure rules

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APPENDIX A Responsibilities under the financial procedure rules

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4.7.1 Background

4.7.1.1. The person with overall responsibility for Herefordshire Council's financial affairs under section 151 of the Local Government Act 1972 is the chief finance officer (CFO). Herefordshire uses the Chartered Institute of Public Finance (CIPFA) guidance in defining the role of their CFO:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively

4.7.1.2 To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced

4.7.1.3 The 1988 Local Government Act makes a requirement to have a designated qualified deputy s151 officer to act on their behalf in their absence, or if requested by the CFO to do so.

4.7.1.4 The financial procedure rules apply these requirements and controls the way the council manages its finances and safeguards its assets. They form part of the council's constitution and are to be read in conjunction with other sections of the constitution in particular:

Part 3 – The functions scheme

Part 4 – Section 3 - The budget and policy framework rules

Part 4 – Section 6 – the contract procedure rules

4.7.1.5 The financial procedure rules apply to every member and officer of the council and anyone acting on its behalf except where separate arrangements are made under the scheme for the local management of schools.

Purpose

4.7.1.6 The purpose of the financial procedures rules are:

- Promote best value and improve service delivery;

- Set out procedures for employees and members to meet the council's expected standards;
- Demonstrate that controls are in place.

Controls

4.7.1.7 The financial procedure rules consist of this policy, the financial regulations and the financial guidance. All employees and members are required at all times when engaged on council activities to comply with these documents as applicable.

PART B - FINANCIAL REGULATIONS

4.7.2 Financial regulations

- 4.7.2.1 All members and officers must comply with these financial procedure rules all times as applicable.
- 4.7.2.2 All members and officers must act in the interest of the council at all times when engaged on council activities.
- 4.7.2.3 All activities must comply with legislation, approved service plans and other council policies or procedure documents.
- 4.7.2.4 All activities must seek to achieve value for money.
- 4.7.2.5 Managers must ensure that there are adequate financial controls in place for every system under their management.
- 4.7.2.6 Adequate records must be kept for all transactions.
- 4.7.2.7 Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these assets is legal, properly authorised, provides value for money and achieves best value.
- 4.7.2.8 The chief executive, directors, auditors and other officers designated by them should have unrestricted access to all assets and records held on behalf of the council.
- 4.7.2.9 Members, officers and others acting on behalf of the council are required to have proper regard to the advice and guidance issued by the CFO on the financial procedure rules.
- 4.7.2.10 Any report informing a decision requires approval by the CFO or a nominee designated by the CFO, setting out the financial implications of the recommendation(s) proposed, and of alternative options considered.
- 4.7.2.11 The council's expectation of propriety and accountability is that members and staff at all levels shall lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.
- 4.7.2.12 Members and staff at all levels shall act in accordance with the council's anti-fraud and anti-corruption policies.
- 4.7.2.13 Appendix A sets out the responsibilities of members and officers relating to the financial procedure rules.
- 4.7.2.14 The council's scheme of delegation is the formal record of delegation of financial decision making.

PART C - FINANCIAL GUIDANCE

4.7.3 Urgent decisions

- 4.7.3.1 The chief executive is empowered to take all necessary decisions in cases of emergency.
- 4.7.3.2 Nothing in these financial procedure rules shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which the civil contingencies act 2004 applies; any such expenditure shall be reported as soon as possible to the appropriate cabinet member and identified in the next scheduled outturn report to cabinet.

4.7.4 Income charging policy

- 4.7.4.1 The council has a wide discretion to levy charges for services. Where charges can be set at the discretion of the council directors should comply with the income and charging principles, including;
- a) the council should aim to charge for all services where it is appropriate to do so, unless there are conflicting policies or legal reasons not to do so;
 - b) the council should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons;
 - c) decisions to subsidise services, or to not make a charge for a service should be clearly linked to council objectives, and the potential income that is not earned must be a consideration in the decision;
 - d) where the council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood and publicised, and the costs of any subsidy should be carried by the relevant service;
 - e) comparisons and benchmarking with relevant sectors in terms of charges made, cost of service delivery, levels of subsidy and market variations should be used to inform fees and charging proposals;
 - f) charges must be linked to both service and strategic objectives and must be clearly understood;
 - g) the direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood;
 - h) any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all council services;
 - i) the council should, through its commissioning arrangements, ensure that the charging policies of organisations engaged

in delivering council services align with council policies;

- j) where appropriate annual inflationary uplifts will be applied through the budget setting process.

4.7.5 Income collection

4.7.5.1 The CFO shall agree arrangements for the collection of all income and approve procedures and systems. In order to achieve this, the following controls must be followed:

- a) All income due to the council is identified, charged correctly and billed promptly;
- b) All money received by an employee on behalf of the council is paid without delay to the CFO or to a nominated officer or into the council's specified bank account and is properly recorded;
- c) All receipts given for money should be on an official receipt form;
- d) All income is collected from the correct person, at the right time using the correct procedures and appropriate stationery and effective recovery action to pursue outstanding sums is taken within defined timescales;
- e) A formal approval process for write-offs of uncollectable debts using the criteria detailed below;
- f) Personal cheques shall not be cashed out of money held on behalf of the council;
- g) All income received shall be receipted within one month;
- h) Officers shall bank all cash received within one month; its use for either personal or official purposes is strictly forbidden;
- i) All paying in records shall be retained securely in line with the council's policies on the retention of documents;

4.7.5.2 The CFO has determined the following authorisations for writing off uncollectable debt:

Debt write off	Officers
Up to £150	Senior Revenues, Development Debtors Team Leader (Hoople Ltd)
Between £151 and £500	Revenues and Development Operational Manager and Benefits Operational Manager (Hoople Ltd)
Between £501 and £2,000	Revenues and Benefits Service Manager (Hoople Ltd)
Between £2,001 and £20,000	Head of Corporate Finance and Deputy Section 151 Officer
Above £20,001	CFO

4.7.5.3 For debts above £2,000, other than council tax, business rates and overpaid housing benefit, in exercising the delegated authority the relevant director must be consulted. For all debts below £2,000 the CFO is consulted.

4.7.5.4 For write offs of amounts exceeding £20,001 the CFO must be consulted.

4.7.5.5 The CFO is required to report annually to cabinet details of all debts exceeding £10,000 written off in the year. The report will provide the total number and value of debts written off split by reason for write off.

4.7.6 Orders for goods, works and services

4.7.6.1 Orders shall not be issued for goods, work or services unless the cost is covered by an approved budget. No payment will be made without an authorised order, unless otherwise agreed by the CFO or head of corporate finance. Multiple orders should not be issued for goods, works or services to manipulate the value of orders below the financial thresholds included in these rules.

4.7.6.2 All orders given on behalf of the council shall be approved in electronic form in accordance with signatory limits. All orders are to be authorised by officers nominated by the appropriate director who shall be responsible for official orders issued from his or her directorate. Orders given verbally shall be confirmed as appropriate as soon as possible.

4.7.6.3 The key controls for ordering and paying for work, goods and services are:

- a) All works, goods and services are ordered only by appropriate persons and recorded.
- b) All works, goods and services shall be ordered in accordance with the contract procedure rules unless they are purchased from internal sources.
- c) Works, goods and services received are checked to ensure they are in accordance with the order.
- d) Payments are authorised by officers who can certify that goods have been received to price, quantity and quality.
- e) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- f) All appropriate payment documents are retained and stored for the defined period in accordance with the 'Herefordshire Council Records Management Policy'
- g) All expenditure, is accurately recorded against the right budget and any exceptions corrected.
- h) That processes are in place to maintain the security and integrity of data for transacting business electronically.

4.7.7 Payments

- 4.7.7.1 Individual directors shall ensure that payments are authorised by appropriate officers who can certify that goods and services have been received and that price, quantity and quality are in accordance with the initial order.
- 4.7.7.2 Directors shall provide the CFO with a list of authorised officers showing their signing levels as specified in paragraph 4.7.7.3 below, with specimen signatures. This list should be reviewed at intervals to ensure is up to date and accurate and any changes being reported promptly.
- 4.7.7.3 The following limits will apply:

Authorisation Limit	Officers
£25,000	Officers as agreed by the director
£100,000	Managers who report to heads of service
£250,000	Heads of service (as defined by head of service pay grades)
£500,000	Assistant directors (as defined by assistant director pay grade)
Excess of £500,000	Directors

- 4.7.7.4 Where an electronic file contains multiple payments, an officer may authorise the whole file with one signature if his or her authorised limit is at least the value of the highest individual amount within that file.
- 4.7.7.5 References to certification and authorisation are deemed to include those made online within a system where the identity of the user is verified using the system's identification protocols.
- 4.7.7.6 Once certified, all accounts paid through the centralised payment system must be passed to the payments section that shall ensure that the required payment is made to the correct person by the agreed method of payment and that all expenditure including VAT is accurately recorded against the correct budget.
- 4.7.7.7 Requests for payment shall be rejected unless certified by an officer who has the appropriate level of authority.
- 4.7.7.8 The use of feeder systems to generate payments will only be allowed if the CFO is satisfied that the data integrity of the corporate financial system would not be compromised and that the feeder system works in accordance with these financial procedures and the council's information governance procedures .
- 4.7.7.9 Invoices do not need specific authorisation for payment in an electronic system where the invoice matches the authorised order and goods receipt, and all three are correctly entered into the system.
- 4.7.7.10 In accordance with the Public Contract Regulations 2015 and the Late Payment of Commercial Debts Regulations 2013, and to maximise performance under the contract; the council should process all undisputed invoices within 30 days of receipt. The same shall apply to contractors in respect of any subcontractor arrangements applied under the applicable council contract(s). All council contracts shall contain provisions to this

effect. All accounts received must be date stamped with the day of receipt. In the event of a claim for damages/interest for late payment, the amount will be charged to the budget of the service responsible.

- 4.7.7.11 The CFO shall ensure that all appropriate payment documentation is retained for the required period of time in accordance with the Herefordshire Council records management policy.

4.7.8 Salaries, wages, pensions, travel and subsistence

- 4.7.8.1 Directors shall provide the CFO with a list of officers authorised to sign claims and other payroll documents showing their signing limits with specimen signatures. This list should be updated and reported promptly to reflect staff changes. Expense claims for less than £250 will be self authorised.
- 4.7.8.2 All claims for payment of allowances, subsistence, travelling and expenses must be submitted within one month of the period they relate to on the approved form, duly certified in a form approved by the CFO with all required supporting evidence including VAT receipts for fuel and other expenses where appropriate. Any exceptions shall require individual certification by both the director and the head of service.
- 4.7.8.3 The certification of claims by or on behalf of a director or head of service shall be taken to mean that the certifying officer is satisfied that the journeys and the expenses incurred were necessary and authorised as being in line with the council's policies on travel and subsistence claims.
- 4.7.8.4 The head of human resources and organisation development shall ensure that all appropriate payroll documents are retained for the required period of time in accordance with the 'Herefordshire Council Records Management Policy'.

4.7.9 Imprest accounts

- 4.7.9.1 The head of corporate finance will authorise provision of a cash or bank imprest account to meet minor expenditure on behalf of the council.
- 4.7.9.2 The head of corporate finance will maintain a record of all advances made and reconcile to the council's main financial system.
- 4.7.9.3 The policy for the management of corporate credit cards and bank/cash imprest accounts is shown at appendix B. In summary officers operating an imprest account will comply with the following procedures:
- a) obtain and retain vouchers to support each payment from the imprest account including official VAT receipts where appropriate.
 - b) make adequate arrangements in their office for the safe custody of the account including vouchers and any other supporting documentation.
 - c) produce upon demand by the head of corporate finance cash and all vouchers to the total value of the imprest account.
 - d) record transactions promptly.

- e) reconcile and balance the account at least monthly with reconciliation sheets to be signed and retained by the imprest holder.
- f) provide the head of corporate finance with a certificate of the value of the account held at 31 March each year.
- g) ensure that the imprest is never used to cash personal cheques or to make personal loans.
- h) ensure that the only payments into the account are the reimbursement payments and any notes/coinage relating to purchases made by a cash advance from the imprest account.
- i) ensure income due to the council is collected and banked as provided in paragraph 4.7.5 of the council's Financial Procedure Rules and not through an imprest account.
- j) on leaving the council's employment, ceasing to be entitled to hold an imprest advance or no longer requiring an imprest advance, officers must request that the head of corporate finance close the account. All funds and account documentation should be returned to the head of corporate finance.
- k) a bank imprest account cannot become overdrawn.
- l) submit a claim for reimbursement at least monthly or return a nil claim.
- m) accounts require a minimum of three authorised signatories. Officer operating the account should notify the head of corporate finance of any changes required to signatories leaving their posts.

4.7.10 Banking arrangements and corporate credit cards

- 4.7.10.1 All arrangements with the council's bank concerning the council's bank accounts and for the ordering and issue of cheques shall be made by, or under arrangements approved by the CFO. The CFO is authorised to open and operate such banking accounts, as he or she may consider necessary. This authority shall include the power to give the necessary directions to the bank as to signatures for withdrawals.
- 4.7.10.2 Apart from payments from corporate cards, petty cash, imprest accounts, the normal method of payment due from the council shall be by BACS or cheque. Direct debit and periodical payment arrangements shall require the prior agreement and authorisation of the CFO.
- 4.7.10.3 All cheques and cheque stationery shall be ordered only on the authority of the CFO who shall be satisfied that proper arrangements are in place for their safe custody. Where the signature is printed on the cheque by a council system, the signature shall be that of the CFO.

4.7.10.4 The CFO shall be responsible for authorising the issue of corporate credit cards and determining spending limits. Cardholders are required to comply with the policy issued by the CFO regulating the use of corporate credit cards as shown in appendix B. Purchases must be made in accordance with the contract procedure rules. This policy will include the requirement for cardholders to obtain a receipt and monthly analysis form detailing each item purchased using a credit card within 14 days of the monthly card statement being received.

4.7.11 Preventing financial irregularities

4.7.11.1 All officers are required under their contractual obligation to report financial irregularities at the earliest opportunity to their manager or CFO and to comply with the employee code.

4.7.11.2 The CFO, in conjunction with the head of internal audit, will determine the scope of any internal enquiries or investigations, subject to consultation with the relevant member of the management board.

4.7.11.3 The CFO, in consultation with the relevant director or chief executive, will decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

4.7.11.4 The CFO will inform the chief executive and monitoring officer if a suspected irregularity occurs involving staff who are his or her responsibility.

4.7.11.5 All staff and members must report financial irregularities to the CFO who will notify the head of internal audit.

4.7.11.6 The CFO will advise the relevant director if the outcome of any investigation indicates improper behaviour by a member of staff; or the monitoring officer if the outcome of an audit investigation indicates improper behaviour by an elected member. The director or monitoring officer will then instigate the relevant disciplinary/standards procedure.

4.7.11.7 All officers are required to declare all interests and associations as required under the employee code of conduct.

4.7.12 Money laundering

4.7.12.1 The CFO has appointed the head of corporate finance as the money laundering reporting officer (MLRO). This officer shall ensure that all staff likely to receive payments from the public, businesses or professions are aware of the council's responsibilities under the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 and any other relevant acts and regulations, such as the Terrorism Act 2000 and Anti-terrorism, Crime and Security Act 2001.

4.7.12.2 The MLRO shall receive reports from staff about suspicious payments of any value for any purpose and payments in cash in excess of £10,000 including in aggregate.

4.7.12.3 The MLRO shall report any instance of suspected money laundering to the Serious Organised Crime Agency.

4.7.13 Asset management

Overarching principles

4.7.13.1 A set of overarching principles govern the operation of this section of the council's financial procedure rules.

4.7.13.2 These are:

Property

- a) all property owned or leased by Herefordshire Council is held corporately (including Herefordshire Council-owned schools).
- b) the CFO is responsible for ensuring that the occupation of all Herefordshire Council property by directorates or other tenants is in the interests of the council as a whole.
- c) the CFO has the authority to intervene in property matters to protect Herefordshire council's overall interests.
- d) all property transactions should be referred to the CFO who shall seek the comments of all interested parties, including relevant cabinet members, directorates and local members, before the decision is taken to proceed. All decisions must be taken in accordance with the delegations set out in this section of the council's financial procedure rules, the functions scheme, and the decision making procedures set out in the council's constitution.

Acquisitions and improvements to assets

4.7.13.3 Before an asset is acquired or improved the need for investment must be clearly identified and appraised.

Disposals

4.7.13.4 Land, property and any other assets which are surplus to operational need are either to be reallocated to meet alternative needs or disposed of in line with statutory requirements and/or Herefordshire Council strategies and policies.

4.7.13.5 Directorates shall notify the Strategic Property Manager of:

- a) any property (or part) that is:
 - Vacant.
 - Held against a future operational need.
 - Not used for the principal purpose for which it is held.
 - Likely to be surplus to requirements (with estimated timescale).
- b) any statutory/process issues relevant to its disposal (e.g. prescribed consultation processes, reference to the Secretary of State, etc.).

c) any other issues which need to be considered prior to disposal.

4.7.13.6 The CFO may identify any property (or part) that is considered, or could be made, surplus to operational requirements.

Treatment of capital receipts

4.7.13.7 In general capital receipts from disposals are deemed to be a corporate capital resource available for allocation in line with corporate priorities.

Financial Procedure Rules

4.7.13.8 All officers are expected to comply for the FPR.

4.7.14 Audit

4.7.14.1 The CFO has responsibility for maintaining an adequate and effective internal audit service. This service is provided by the south west audit partnership (SWAP).

4.7.14.2 The CFO shall maintain strategic and annual audit plans that take account of the relative risks of the activities involved.

4.7.14.3 SWAP is responsible for providing the audit & governance committee with regular assurance reports that highlight any areas of concern regarding the effectiveness or level of compliance with agreed systems of internal control.

4.7.14.4 SWAP shall submit an annual report to the audit and governance committee detailing internal audit activity for the previous year and reporting significant findings and areas of concern.

4.7.14.5 The CFO is responsible for producing an annual governance statement for inclusion with the annual statement of accounts based on assurances provided by internal and external audit work and a review of the council's governance arrangements.

4.7.14.6 External auditors are appointed through a commercial contract limited to auditing annual accounts, value for money and grant certificates.

4.7.14.7 Officers shall ensure that internal and external auditors are provided with:

- a) access at reasonable times to premises or land used by the council.
- b) access at reasonable times to any employee or employees.
- c) access to all assets, records, documents, correspondence and control systems relating to any matter or business of the council.
- d) any information and explanation considered necessary concerning any matter under examination.

4.7.14.8 Officers are required to consider and respond to audit reports and audit recommendations within two weeks.

- 4.7.14.9 Officers must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 4.7.14.10 Where an appropriate response to audit recommendations has not been made within the agreed period, the CFO shall refer the matter to the chief executive and/or the audit and governance committee.
- 4.7.14.11 Officers are responsible for notifying the CFO or SWAP immediately in writing/electronic medium of any suspected or alleged fraud, theft, irregularity, improper use or misappropriation of council property or resources. Pending investigation, all necessary steps should be taken to prevent further loss and secure records and documents against removal, destruction or alterations.
- 4.7.14.12 The CFO is to investigate promptly all apparent, suspected or reported irregularity or fraud he/she becomes aware of. He/she shall report his/her findings to the chief executive to discuss and agree appropriate legal proceedings and disciplinary action, consulting with the relevant member(s) of the management board as appropriate.
- 4.7.14.13 Officers are responsible for ensuring that new systems for maintaining financial records, or records of assets, or changes to such systems are discussed and agreed with the CFO prior to implementation.
- 4.7.14.14 Officers are responsible for ensuring that all paperwork and systems are up to date, kept securely and are made available for inspection by audit.
- 4.7.14.15 Officers shall ensure that all fundamental systems and other financial systems are reconciled on a monthly basis and that records are up to date and available for audit inspection when required.

4.7.15 Revenue budget management

- 4.7.15.1 The head of corporate finance shall prepare and review at least annually a medium term financial plan and strategy to provide an estimate of resources available to the council and identify budget pressures.
- 4.7.15.2 Proposed budgets over periods of one year or longer shall be prepared by directors, in consultation with the CFO, for consideration by members in accordance with the budget and policy framework rules.
- 4.7.15.3 Budget management ensures that resources allocated by members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the council to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget.
- 4.7.15.4 The structure and format of the revenue budget should be sufficient to permit effective financial management.
- 4.7.15.5 The overall budget setting process for both revenue and capital is controlled by the head of corporate finance.
- 4.7.15.6 Budget holders should provide information on any legislative changes, statutory duties, demographic changes, which impact upon service trends and activity levels to inform the financial planning and budget setting process.

4.7.17 Budgetary control

- 4.7.17.1 Each director shall be responsible for monitoring the revenue and any capital budget relevant to his/her directorate to ensure that such budgets are properly spent and not exceeded.
- 4.7.17.2 Any new proposal or variation which would materially affect the finances of the council shall require approval through the appropriate governance process. Any budget virements must comply with the council's scheme of budget virement (section 4.7.18)
- 4.7.17.3 The council operates within an overall annual cash limit. As a result all individual budgets are cash limited. Each budget holder is required to operate within the cash limit.
- 4.7.17.4 Directors shall monitor spend and income against budgets monthly and ensure, so far as practicable, that expenditure in excess of their net approved budgets is not incurred without prior approval. If actual income is expected to be below budget, this must also be actively managed.
- 4.7.17.5 If it appears to a director that his/her overall cash limited budget may be exceeded, he/she shall report the details as soon as practicable and identify mitigating action. The overall position is then reported to the cabinet.
- 4.7.17.6 Action plans must be put in place by each directorate at an early stage in the financial year in order to manage potential overspendings (e.g. due to additional spending or below target income). Directors must ensure officers adhere to the savings targets and take mitigating action if delivery is deemed to be at risk.
- 4.7.17.7 It is the duty of directors to ensure that responsibility for budgetary control is allocated to appropriate officers in their directorates. Directors shall nominate a budget manager for each cost centre. As a general principle budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
- 4.7.17.8 Budget managers are accountable for their budgets and the level of service to be delivered and must understand their financial responsibilities. Budget managers should be responsible only for income and expenditure that they can influence.
- 4.7.17.9 Budget managers are required to;
- a) follow an approved certification process for all expenditure.
 - b) ensure that income and expenditure are properly recorded and accounted for.
 - c) ensure that expenditure is committed only against an approved budget head.
 - d) monitor performance levels/levels of service in conjunction with the budget and necessary action is taken to align service outputs and budget.
 - e) monitor and control the gross expenditure budget position.

f) investigate and report significant variances from approved budgets.

4.7.17.10 The CFO shall establish an appropriate framework of budgetary control, monitored and reported through the financial system.

4.7.17.11 The CFO shall provide directors, budget holders and cabinet members with monthly financial management information reports in line with the forward plan.

4.7.17.12 The CFO shall ensure that each director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.

4.7.17.13 The head of management accounts and corporate finance shall provide financial management training courses that all budget managers must attend.

4.7.18 Virement

4.7.18.1 The council operates a scheme of budget virement. This enables budget holders to manage budgets with a degree of flexibility within the overall policy framework determined by the council.

4.7.18.2 Directors have authority to vire expenditure between individual budget heads in accordance with the virement policy.

4.7.18.3 Key controls for the scheme of virement are:

a) any variation from this policy requires the approval of the Audit and Governance committee.

b) that the overall budget is agreed by cabinet and approved by council. Directors and budget holders are therefore authorised to incur expenditure in accordance with those estimates contained within the annual budget. The rules below cover virement; that is switching resources between budget heads. For the purposes of these rules a budget head is considered to be the standard service sub-division as defined by CIPFA. The scheme applies equally to a reduction in income as to an increase in expenditure.

Budget virements	Officers & Members
Below £25,000	Chief Finance Officer or Head of Corporate Finance
Below £500,000 (if single cabinet member and single directorate)	Head of Management Accounts, consulting Head of Service or Director
Above £500,000 (if single cabinet member or single directorate)	Report to Cabinet in budget monitoring
Above £250,000 (between portfolio cabinet member and different directorate)	Cabinet

4.7.19 Loans, leasing and investments

- 4.7.19.1 The CFO shall borrow as necessary to finance the approved capital programme and deal with all matters in connection with the raising or repayment of loans and is authorised to borrow for meeting expenses pending the receipt of revenues.
- 4.7.19.2 All investments and all borrowing shall be made in the name of the council
- 4.7.19.3 Directors shall not enter into financial leasing arrangements except with the consent of the CFO.
- 4.7.19.4 Loans to third parties will only be made in exceptional circumstances, and having followed the council's decision making process.
- 4.7.19.5 The CFO shall arrange the borrowing and investment activities of the council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the council's treasury management policy statement.
- 4.7.19.6 In addition, cabinet will receive an annual treasury management report after the end of the financial year and will recommend to full council for approval.
- 4.7.19.7 Cabinet will also receive quarterly treasury management reports as part of the budget monitoring updates.

4.7.22 Trust funds

- 4.7.22.1 The CFO shall:
 - a) arrange for all trust funds to be held wherever possible in the name of the council. All officers acting as trustees by virtue of their official position, shall deposit securities, etc. relating to the trust with the CFO unless the deed otherwise provides.
 - b) arrange where funds are held on behalf of third parties for their secure administration approved by the CFO and to maintain written records of all transactions.
 - c) ensure that trust funds are operated within any relevant legislation and the specific requirement for each trust.

4.7.23 Inventories and stocks and stores

- 4.7.23.1 The CFO shall:
 - a) advise on the form, layout and content of inventory records to be maintained by the council.
 - b) advise on the arrangements for the care and custody of stocks and stores in directorates.

4.7.23.2 Directors shall:

- a) maintain inventories in a form approved by the CFO to adequately record and describe all furniture, fittings and equipment, plant and machinery under their control.
- b) carry out an annual check of all items on the inventory in order to verify location, review condition, ensure insurance cover is adequately provided and to take action in relation to surpluses or deficiencies.
- c) ensure attractive and portable items, such as computers, cameras and mobile technology devices are identified with security markings as belonging to the council and appropriately controlled and secured.
- d) make sure that property is only used in the course of the council's business unless the director concerned has given permission otherwise.
- e) directors have discretion to write off redundant equipment up to the value of £20,000. Anything over £20,000 is referred to CFO. Directors shall seek independent quotations where it is not immediately obvious what the market value of the redundant item is.
- f) make arrangements for the care, custody and recording of stocks and stores in directorates.
- g) ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- h) ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- i) write-off discrepancies of up to £20,000 and seek advice from internal audit on discrepancies above this limit and refer to CFO for investigation.
- j) record the reasons for the chosen method of disposing of redundant stocks and equipment if not by competitive quotation or auction.

4.7.24 Working for third parties and shared services

4.7.24.1 Current legislation enables the council to provide a range of services to certain other bodies. Such work may enable the council to maintain economies of scale and existing expertise. Arrangements must be in place to ensure that any risk associated with this work is minimised.

4.7.24.2 All proposals for the council to undertake work for a third party shall be properly costed in accordance with guidance provided by the CFO. Financial advice should be obtained from the head of corporate finance on the cost of providing the service.

4.7.24.3 All decisions for the council to undertake work for a third party shall be made in accordance with the council's formal decision making processes and as set out in the council's functions scheme and before any negotiations to work for third parties are concluded.

Appendix A

Responsibilities under the Financial Procedure Rules

This appendix provides details of responsibilities under the Financial Procedure Rules. It lists in a single place responsibilities that would otherwise be repeated in various sections of the Financial Procedure Rules. It confirms the overall responsibilities of the council's CFO, the Audit and governance committee and members of the management board within the Financial Procedure Rules.

A1 Audit and governance committee responsibilities

A1.1 Audit and governance committee shall oversee compliance with the council's financial procedure rules for those functions within their terms of reference.

A2 Chief financial officer (CFO) responsibilities

A2.1 The CFO has been appointed under Section 151 of the Local Government Act 1972 as the officer with responsibility for the proper administration of the Council's financial affairs.

A2.2 Reference in these Financial Procedure Rules to the CFO shall be taken to include any officer nominated by the CFO to act on his/her behalf.

A2.3 The CFO shall be entitled to attend a meeting of anybody on which members are represented where matters affecting the financial affairs of the council are being discussed.

A2.4 The CFO, under the general direction of cabinet, is responsible for determining the basis for all accounting procedures and financial records for the council and for exercising a check over all financial matters.

A2.5 The CFO is responsible for maintaining a continuous review of the Financial Procedure Rules and advising the audit and governance committee and council of any additions or changes necessary.

A2.6 The CFO is responsible for reporting, where appropriate, breaches of the Financial Procedure Rules or any other element of the constitution that relates to the proper administration of the council's financial affairs to the council and/or audit and governance committee.

A2.7 The CFO is responsible for issuing advice and guidance to underpin the Financial Procedure Rules.

A2.8 The CFO is responsible for maintaining adequate and effective audit arrangements for the council and for ensuring that audit services complies with the Public Sector Internal Audit Standards.

A2.9 The CFO is responsible for ensuring, in conjunction with the relevant member of the management board, that the council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.

A2.10 The CFO is responsible for ensuring that any case of fraud or loss or financial irregularity or bribery or corruption discovered or suspected to exist which involves the council's interest shall be dealt with in accordance with the council's Anti-Fraud and Anti-Corruption policy.

- A2.11 The CFO is responsible for appointing senior officers to be the council's money laundering reporting officer and deputy to the council's money laundering reporting officer.
- A2.12 The CFO has overall responsibility for making payments on behalf of the council; this will be carried out by Hoople Ltd.
- A2.13 The CFO has overall responsibility for the council's income and collection functions although this will be carried out by Hoople Ltd who will ensure the effective collection and recording of all monies due to the council.
- A2.14 The CFO is responsible for making payments to employees, former employees and members on behalf of the council; this will be carried out by Hoople Ltd.

A3 Chief executive and director responsibilities

- A3.1 Members of the management board are responsible for ensuring that all employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
- A3.2 Members of the management board are responsible for consulting with the CFO on any matter within their area of responsibility that is liable to materially affect the finances of the council before any provisional or other commitment is incurred or before reporting the matter to a cabinet member.
- A3.3 Members of the management board are responsible for supplying the CFO with all information necessary for the proper administration of the council's affairs.
- A3.4 Members of the management board shall allow the CFO and his/her authorised representatives access to all documents and records on demand.
- A3.5 Members of the management board shall maintain a sound system of internal control.
- A3.6 Members of the management board are responsible for ensuring those functions within their terms of reference operate within the council's Financial Procedure Rules.
- A3.7 Members of the management board are responsible for informing cabinet members promptly if the council's Financial Procedure Rules are not being complied with.

Appendix B

Policy for the management of corporate credit cards and bank/cash imprest accounts

Purpose of this policy

To ensure corporate credit cards and bank/cash imprest accounts are handled securely and that transactions are recorded correctly in accordance with the Financial Procedures Rules.

This policy applies to all employees with access to a corporate credit card or a bank/cash imprest account.

Failure to comply with this policy may result in loss of funds, incorrect financial records and potential fraud or error.

Appropriate action (including disciplinary action) will be taken if the policy is breached.

Corporate credit cardholders will have the authority to make use of the card facility as he or she sees fit in the event of an emergency situation, but will have responsibility for ensuring that all practicable steps are taken to ensure compliance with the authority's financial procedure rules.

Summary of principles

- Corporate credit cards and bank/cash imprest accounts will enable purchases or reimbursements to individuals to be made when other methods of payment are not appropriate.
- The head of corporate finance will determine whether the use of a corporate credit card and bank/cash imprest account is appropriate for a particular section and agree the account limit in line with the council authorisation limits. The account limit for the account will be capped at 10% of the sections budget (or 2% of the schools budget).
- The person responsible for operating an imprest account (the account administrator) will ensure any cash float and supporting documents are held securely. Corporate credit cardholders will ensure that their card and associated passwords and pin numbers are secure.
- Account administrators and cardholders will reconcile the accounts at least monthly.
- Corporate credit card transactions and bank/cash imprest accounts will be subject to audit review as necessary.

Account approval by head of corporate finance

The head of corporate finance will determine whether the use of a corporate credit card or bank/cash imprest account is appropriate for a particular section when requested. The account limit for each account is to be agreed in line with the council authorisation limits. The account limit for the account will be capped at 10% of the section's budget or in the case of schools capped at 2% of the schools budget, i.e. the school's non pay budget.

Each account has a credit limit that must not be exceeded. Increases in individual card or account limits will need to be authorised by the head of corporate finance.

Security

Any cash float and supporting documents should be kept in a secure fire proof safe that can only be accessed by the account administrator.

Cardholders must ensure that card security, including passwords and the use of card PIN numbers, is maintained at all times. Only the cardholders themselves should use the card to make payments and should not devolve use of their cards to any other officer.

Cardholders must sign their card immediately upon receipt. They must immediately inform the credit card provider and the head of corporate finance if the card is lost or stolen. They must immediately inform the credit card provider and the head of corporate finance of any fraudulent transactions.

Request received for purchase of goods or services or reimbursement to an individual

The council aims to minimise the amount of cash being handled and therefore has a range of payment methods available. The use of credit cards or cash payments for purchases of goods, services or reimbursements is to be used only when other payment methods are not appropriate

Whenever possible the Agresso finance system should be used to make payments rather than by credit card or petty cash. By placing an official order, this ensures that the council's financial affairs are promptly recorded on the finance system.

Any payment or reimbursements to members of staff that may be subject to statutory deductions i.e. income tax, national insurance should be processed through the payroll team.

An imprest account should never be used to cash personal cheques or to make personal loans. The account should never become overdrawn.

A corporate credit card is only to be used for business purposes and no wholly personal invoices shall be charged to the card. If the cardholder is in any doubt as to what constitutes the acceptable use of the card he or she must seek advice from their line manager or the head of corporate finance.

No cash withdrawals are permitted from a corporate credit card.

Invoices covering both business and personal items should be avoided and a separate invoice obtained for each. However, where an invoice unavoidably includes both business and personal items the Cardholder will identify them and reimburse the Council for the personal expenditure.

Receipts obtained

The account administrator will ensure that invoices and receipts to support each payment are obtained, recorded and retained, including VAT receipts as appropriate.

Transactions recorded

All transactions should be recorded promptly onto the petty cash book provided.

A credit card analysis form or imprest account reimbursement form should be completed on a monthly basis and within fourteen days of receipt of the statement. The account administrator should complete the form, which must be authorised by the relevant budget holder and then passed to the payments team for processing.

Duties of the account administrator/cardholder

The account administrator/cardholder will:

- a) obtain and retain all transaction vouchers to support each payment.
- b) obtain VAT receipts for all items that include VAT (the council will be unable to reclaim VAT without a valid VAT receipt).
- c) make adequate arrangements in their office for the safe custody of the account, including funds, credit card, vouchers and any other supporting documentation.
- d) produce on demand, by the head of corporate finance, cash and all vouchers to the total value of the cash imprest account.
- e) record transactions promptly.
- f) reconcile and balance the account at least on a monthly basis.
- g) provide the head of corporate finance with a certificate of the value of the account held at 31 March each year.
- h) ensure that the imprest account is never used to cash personal cheques or to make personal loans and ensure that the account doesn't become overdrawn
- i) ensure that the only payments into the account are the reimbursement payments and any notes/coinage relating to purchases made by a cash advance from the imprest account.
- j) ensure income due to the council is collected and banked as detailed in the council's financial procedure rules and not through an imprest account.

- k) complete a monthly analysis of transactions to include details of the items purchased (and the reason why they are a business expense if unclear) and the relevant Agresso cost codes.
- l) agree the monthly analysis to the cardholder's individual monthly statement.
- m) resolve any discrepancies or errors with the relevant suppliers.

Please note that the cardholder must be responsible for the card and must resolve any problems with suppliers concerning incorrect amounts being charged, unsatisfactory goods or services etc.

- n) certify the form as being correct and that all business items claimed are appropriate, have been necessarily incurred, and are within any limits set by the council.
- o) obtain authorisation from the relevant budget holder.
- p) submit the completed form (or return a nil claim), complete with vouchers and a cheque to cover any personal and other reimbursable items to payments section and within fourteen days of the relevant credit card statement being issued. The transactions will be entered onto the finance system and a payment will be raised for the amount due to the float.
- q) ensure that a minimum of three authorised signatories is maintained on the imprest account and notify the head of corporate finance of any changes required to signatories ahead of signatories leaving their posts.

Termination of accounts

The account administrator or cardholder will return the cash float or card immediately upon the termination of their employment, or upon any organisational change that affects the cardholder's role and their eligibility to have a card or imprest account.

On leaving the council's employment, ceasing to be entitled or no longer requiring an imprest account or corporate credit card, the account administrator or cardholder must request that the head of corporate finance close the account. All funds, credit cards and account documentation should be returned to the head of corporate finance.

Local government transparency code

Credit card transactions are required to be published on the council's website under the requirements of the Local Government Transparency Code 2014, therefore cardholders must ensure that the transaction is adequately explained and documented within fourteen days of receipt of the statement.

Appendix C

Glossary of terms

In the Financial Procedure Rules the words and phrases in the left hand column have the meaning given in the right hand column;

Asset	Something the council owns that has value, such as premises, vehicles, equipment or cash.
Audit	A specialist team that examines evaluates and reports on the adequacy of internal control systems.
Budget	A statement of the Authority's plans for revenue and capital expenditure and income over a specified period of time.
Capital	Spending, usually on major assets like a building, where the benefit of the asset lasts for more than one year.
Capital Programme	A budget generally covering a 3-5 year period relating to items of capital expenditure.
Capital receipts	Proceeds from the sale of fixed assets, such as land or buildings.
Cash Limit	The most that can be spent in an area in one year.
CIPFA	The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for local government.
Gross Expenditure	The total cost of providing the council's services before taking into account income from government grants and fees and charges for services.
Imprests	Bank and petty cash floats.
Internal Control	The systems of control that help ensure the council's objectives are achieved in an economical, efficient and effective way and consistent with safeguarding the council's assets.
Inventory	A list of equipment and furniture.
Money Laundering	The practice of engaging in financial transactions in order to conceal the identity, source, and/or destination of money.
Officer	A person employed or appointed as a member of staff.
Revenue budget	Budget relating to the day-to-day expenses associated with the provision of services.
Treasury Management	Management of the council's cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk.

Treasury Management Strategy	A document stating how the council plans to borrow and optimise its return on its cash and investments in the coming financial year whilst ensuring the over-riding criterion of security of public money.
Virement	Transfers of budgets between one area and another.

Clarification of post titles

Chief Executive	The council's head of paid service
Council's Chief Finance Officer (CFO)	The council's section 151 officer
Head of Corporate Finance	The council's deputy section 151 officer