

## **FINANCIAL REGULATIONS**

### **1. General**

- 1.1 These Regulations apply to all Directorates and officers of the Council except where arrangements are made under the scheme for the Local Management of Schools.
- 1.2 The County Treasurer will be responsible under the general direction of the Cabinet for determining the basis for all accounting procedures and financial records of the Council and for exercising a currency provision and check over all financial matters, including handling cash and stores or other Council property.
- 1.3 Reference in these regulations to the County Treasurer will also include any officer nominated by the County Treasurer to act on his or her behalf for the relevant regulation.
- 1.4 Directors will consult the County Treasurer with respect to 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.
- 1.5 Every appropriate report to Cabinet Members will contain a statement setting out the financial implications of the recommendation proposed.
- 1.6 Directors will be responsible for supplying the County Treasurer with all information necessary for the proper administration of the Council's financial affairs. Directors will allow the County Treasurer, and his or her authorised representatives, access to all documents and records they keep.
- 1.7 The following divisions of duties will be observed in the allocation of financial responsibilities to staff:
  - (a) The duties of providing information regarding money due to or from the Council (including calculating, checking and recording) will be separated as completely as possible from the duties of collecting or dispersing of such money;
  - (b) Officers charged with the duty of examining and checking the accounts of each transaction will not themselves be engaged in any of those transactions.
- 1.8 These Regulations will be read in conjunction with the overall Financial Standing Orders and any resolutions that the Council may pass from time to time.

### **2. Annual Estimates and Budget**

- 2.1 The Directors and the County Treasurer shall jointly prepare estimates of income and expenditure on the Revenue Account and estimates of receipts and payments on the Capital Account.
- 2.2 The County Treasurer will specify the format of estimates, the details required as part of the process and the date that they will be completed.

### **3. Financial Planning**

- 3.1 Any report for a project or policy of a capital nature will include details of:
  - (a) The estimated cost of the proposal;
  - (b) Any phasing of the capital expenditure;

- (c) The proposed method of financing, whether by loan, revenue or otherwise;
  - (d) The effect on the revenue estimates in the first and subsequent years;
  - (e) The additional staff and grades required both initially and ultimately;
  - (f) An assessment and measurement, where possible, of the need for a scheme and the benefits it will produce; and
  - (g) Alternative approaches to meeting the need should be indicated and evaluated.
- 3.2 These assessments are the responsibility of the Director and the County Treasurer, with appropriate input from the Management Team, as necessary.

#### **4. Budgetary Control**

- 4.1 Directors will be responsible for budgetary control of the estimates relevant to their Directorate and, after consultation with the County Treasurer, will keep the relevant Cabinet Member informed of any significant variations.
- 4.2 Directors have authority to vire expenditure between individual budget heads:
- (a) Within a programme area within their Directorate;
  - (b) Between services within their Directorate, after consulting with the County Treasurer;
  - (c) Within a programme area across directorates, with the agreement of all Directors concerned and the County Treasurer.
- 4.3 The County Treasurer will furnish each Director with periodic statements of income and expenditure under each head of approved estimate: along with other relevant information.
- 4.4 It is the duty of Directors to ensure that responsibility for budgetary control is allocated to appropriate officers in their Directorates.

#### **5. Accounts for Payment**

- 5.1 Directors will be responsible for ensuring the examination, verification and certification of all invoices and accounts relating to their Directorate.
- 5.2 In exercise of this responsibility Directors will authorise responsible officers in their Directorate to certify accounts in the their own names on the Director's behalf.
- 5.3 Directors will provide a specimen signature to the County Treasurer of each authorised officer along with details of the limitations of the officer's authority. The relevant Director should review such authorisations and limitations from time to time.
- 5.4 Any changes to such limitations, in particular the removal of authority, will be notified to the County Treasurer or Audit Services immediately.
- 5.5 All accounts after being certified will be passed to the County Treasurer's Payment Section for payment or paid in accordance with arrangements made or approved by the County Treasurer.
- 5.6 Electronic or computerised systems for the certification and authorisation of payments may be utilised if approved by the County Treasurer. In such cases each Director will authorise a list of officers who may use the system and their respective limits of authority.

- 5.7 All bills should be paid promptly in accordance with good business practice, normally within 30 days, and having due regard to the requirements of the Payment of Commercial Debts (Interest) Act 1998. In order to ensure that this regulation is adhered to, Directors will arrange that all invoices received in their Directorates be dated-stamped upon day of receipt.
- 5.8 Before certifying an account, the certifying officers will satisfy themselves that the following requirements have been complied with. Certification will include responsibility for ensuring that:
- (a) Goods have been received, examined and approved as to quality and quantity or that work or services have been performed satisfactorily;
  - (b) Where appropriate, an official order has been issued and that the account conforms with it;
  - (c) The expenditure has been correctly allocated, and is within the sum available under the appropriate head in the revenue or capital budget;
  - (d) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct and in conformity with any tender, quotation or contract;
  - (e) Appropriate entries have been made in inventories, stores, records or stock books as required; and
  - (f) The account has not been previously passed for payment in whole or in part and that it is a proper liability of the Council.

## **6. Banking Arrangements**

- 6.1 All arrangements with the Council's Bank concerning the Council's bank accounts and for the ordering and issue of cheques will be made by, or under arrangements approved by, the County Treasurer. The County Treasurer will be authorised to open and operate such banking accounts, as he or she may consider necessary. This authority will include the power to give the necessary directions to the Bank as to signatures for withdrawals. The County Treasurer will report periodically to the Cabinet or the Statutory Accounts Committee as to the opening or closing of such accounts.
- 6.2 All cheques, including National Giro payment forms will be ordered only on the authority of the County Treasurer who will satisfy himself or herself that proper arrangements are in place for their safe custody.

## **7. Contracts for Building, Construction or Engineering Work**

- 7.1 All contracts on behalf of the Council will be subject to the Council's Standing Orders for the Regulation of Contracts. Directors will ensure that all contracts entered into are promptly recorded onto a suitable register as prescribed by the County Secretary and Solicitor.
- 7.2 Where contracts provide for payment to be made by instalments the appropriate Director will arrange for the keeping of a Contracts Register to show the state of account on each contract between the Council and the contractor, together with any other payments and the related professional fees.

- 7.3 Staged payments or instalments made to contractors on account of contracts will be made on certificates signed by the appropriate Director or an officer authorised by the Director. All certificates will show:
- o The total amount of the contract;
  - o The value of the work executed to date;
  - o Retention money;
  - o Amount paid to date; and
  - o Amount now certified as due.
- 7.4 Additions, omissions and other variations to a contract or project will be recorded on an appropriate form and signed as accepted by the relevant Director or an officer authorised by that Director.
- 7.5 Directors shall ensure that the final certificate of payment of any contract will not be issued until the appropriate officer, private architect, engineer or consultant has verified all vouchers and documents relating to prime cost and provisional sums and all other relevant documents if required. The final certificate will not be issued if:
- (a) The Director has any reason to doubt any financial matter, in which case the Director should consult with the County Treasurer;
  - (b) Any question of principle arises, in which case the Director should bring the matter to the attention of the Council or appropriate Cabinet Member.
- 7.6 The County Treasurer will from time to time instruct Internal Audit to examine final accounts of specific or randomly chosen contracts so that he or she may be satisfied that suitable controls are in place and working.
- 7.7 Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the County Secretary and Solicitor for consideration of the Council's legal liability and, where necessary, to the County Treasurer for financial consideration before a settlement is reached.
- 7.8 Whenever possible, contractors will be required to retain all accounts, vouchers and documents relating to the contract so that they may be produced if required by the County Secretary and Solicitor or the County Treasurer until such time as the accounts of the Council have been audited.
- 7.9 It will be the duty of the County Secretary and Solicitor to monitor arrangements that are in place to ensure that:
- (a) All contract documents, including plans, specifications, bills of quantity; bonds, etc. are kept in safe custody;
  - (b) All insurances, which the contractor is required to effect, are duly entered into and renewed until the handing over of the contract works.
- 8. Imprest Accounts**
- 8.1 Imprest Accounts are advances of cash (petty cash) or special bank accounts from which officers can make small payments. The "Imprest System" requires that expenditure be reimbursed on a regular basis to ensure the imprest is always in credit.
- 8.2 The County Treasurer will provide imprest accounts, as appropriate, for officers of the Council. All such accounts will be maintained on the imprest system.
- 8.3 Imprest accounts will not be overdrawn except with the express consent of the County Treasurer.

- 8.4 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the Authority, as provided elsewhere in these Regulations, unless the County Treasurer agrees otherwise.
- 8.5 Payment will be limited to minor items of expenditure with a maximum transaction value set by the County Treasurer from time to time (set at £50 in December 2002). A receipted voucher will support all transactions.
- 8.6 An officer responsible for an imprest account will, if so requested, give to the County Treasurer a certificate as to the state of the imprest advance.
- 8.7 On ceasing to be an imprest holder, the officer will account to the County Treasurer for the amount advanced.

## **9 Income**

- 9.1 The collection and recording of all accounts and money due to the Council will be carried out in accordance with arrangements made or agreed by the County Treasurer. All income shall be collected through debtor accounts unless an alternative procedure is agreed with the County Treasurer.
- 9.2 The County Treasurer will have the right to inspect any documents or other evidence in connection with such accounts and collections.
- 9.3 All receipt books; tickets and other such documents will be supplied by or agreed in writing by the County Treasurer. The County Treasurer will monitor all such forms and be satisfied that they are appropriate.
- 9.4 No officer will give a receipt for money received on any form other than an official receipt form. An official receipt will be issued whenever possible and in all cases where cash is received.
- 9.5 All money received by an officer of the Council will be properly safeguarded and promptly paid over to the County Treasurer or an officer nominated by him or her or paid into Bank for the credit of the Council's fund. Each officer who receives money on behalf of the Council will keep an accurate and chronological account of the receipts and deposits with the County Treasurer or the Council's Bank.
- 9.6 Personal cheques will not be cashed out of the money held on behalf of the Council.
- 9.7 No debtor owing more than £5,000 will be excused the payment of money properly due to the Council except upon a specific or general recommendation of the Cabinet Member responsible for the service affected and adopted by the Council. The County Treasurer may authorise the writing-off of amounts not exceeding £5,000 on the recommendation of the relevant Director. The County Treasurer will periodically present a schedule of write-offs to the Cabinet.

## **10. Insurances**

- 10.1 The County Treasurer will affect all insurance cover and negotiate all claims in consultation with the relevant Director and County Secretary and Solicitor where appropriate.
- 10.2 Directors will give prompt notification to the County Treasurer of all new risks, properties, vehicles and other assets that that are required to be insured or any alterations affecting existing insurances.

- 10.3 Directors will promptly notify the County Treasurer in writing of any actual or potential loss, liability or damage or any event likely to lead to an insurance claim by or against the Council.

#### **11. Internal Audit**

- 11.1 The County Treasurer or his authorised representative will have authority at all reasonable times to enter on any Council premises or land, and will have access to all records, documents and correspondence relating to any financial and other transactions of the Council and will be entitled to require such information and explanations as he or she considers necessary. He or she may require any employee to produce and surrender cash, stores or any other Council property under the employee's control.
- 11.2 The County Treasurer will be notified immediately by the relevant Director of any circumstances that may suggest the possibility of irregularity affecting cash, stores or other property or any suspected irregularity in the exercise of the Council's functions. The County Treasurer will make such investigation as he thinks proper, and liaise with external parties to the extent that he or she considers appropriate.
- 11.3 On receipt of an audit report, the auditee will reply within one month in the format stated by the Audit Section, unless otherwise agreed with the County Treasurer or his or her representative.
- 11.4 The County Treasurer will submit an annual report to the Cabinet detailing internal audit activity for the previous year and report significant findings or areas of concern.
- 11.5 The County Treasurer will produce an Annual Statement of Internal Control for inclusion with the Annual Statement of Accounts.

#### **12. Inventories**

- 12.1 Directors will be responsible for the maintenance of inventories of furniture, fittings and equipment, plant and machinery and other moveable property under their jurisdiction as may be required by and in a form approved by the County Treasurer.
- 12.2 Directors will be responsible for maintaining an annual check of all items on an inventory and for taking action in relation to surpluses and deficits. Any irregularities will be reported to the County Treasurer.

#### **13. Loans, Leasing and Investments**

- 13.1 The County Treasurer will 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.
- 13.2 The investment or utilisation of capital money in hand and other accumulations, including trust money, and the sale or realisation of all investments will be carried out by the County Treasurer in accordance with such policy as the **Council** will determine.
- 13.3 All investments and all borrowing will be made in the name of the Council or the appropriate trust when the Council is acting as trustee, and the security will be lodged with the County Treasurer, County Secretary and Solicitor or the Council's Banker as deemed most appropriate by the County Treasurer.

- 13.4 Directors will not enter into financial leasing arrangements except with the consent of the County Treasurer.

**14. Orders for Work, Goods and Services**

- 14.1 Orders will not be issued for goods, work or services unless the cost is covered by an approved budget.
- 14.2 All orders given on behalf of the Council will be in a written or electronic form approved by the County Treasurer and County Secretary and Solicitor. All orders are to be authorised by officers nominated by the appropriate Director who will be responsible for official orders issued from his or her Directorate. Orders given verbally will be confirmed by written or electronic order as appropriate as soon as possible.
- 14.3 Official written or electronic orders will be issued for all work, goods or services to be supplied to the Council except where a written contract is required or is operative for supplies of public utility services, periodical payments such as rent or rates, for petty cash purchases or for such other expenditure as the County Treasurer may approve.
- 14.4 Each order will conform to the directions of the Council with respect to central purchasing and the standardisation of supplies and materials and with respect to Contract Standing Orders.
- 14.5 Written orders will be marked with invoice details when relevant accounts are passed for payment. When an electronic procurement system is in use an appropriate entry will be made in when payment is authorised.

**15. Salaries, Wages and Pensions**

- 15.1 The payment of all salaries, wages, pensions, compensations and other emoluments to all employees or former employees of the Council will be made by the County Treasurer or an agent approved by him or her.
- 15.2 Directors will ensure that Human Resources are promptly informed of any changes that affect the payment of such emoluments, in particular:
- o Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - o Absences from duty for sickness or other reasons apart from approved leave;
  - o Changes in remuneration, other than normal increments and pay awards and agreements in general application;
  - o Information necessary to maintain records of service for superannuation, income tax, national insurance, etc.
- All such information will be passed in a form prescribed by the Head of Human Resources, who in turn will ensure that Payroll Services are informed of the changes as promptly as possible and in a form agreed by the County Treasurer.
- 15.3 Appointments of all employees will be made in accordance with the personnel policies of the Council and the approved establishments, grades and rates of pay.
- 15.4 All time records or other pay documents will be in a form approved by the County Secretary and Solicitor and County Treasurer. All such documents will be certified by or on behalf of the relevant Director. The names of officers authorised to sign such

records will be sent to the County Treasurer by each Director together with specimen signatures and will be amended on the occasion of any change.

- 15.5 Each Director will be responsible for the maintenance of a record, in a form recommended by the Head of Human Resources, showing the annual leave entitlement due to and the actual leave taken by each employee in his or her Directorate.

**16. Stocks and Stores**

- 16.1 Directors will be responsible for the care and custody of the stocks and stores of their Directorate, and will ensure that the stocks are not held in excess of reasonable requirements.
- 16.2 Directors will arrange for periodical test checks of stocks by persons other than storekeepers and will ensure that all stocks are checked at least once in every year.
- 16.3 The County Treasurer will be entitled to receive from each Director such information as is required in relation to stores for accounting, costing and financial records. Directors may dispose of surplus materials, stores or equipment in a suitable manner after consultation with the County Treasurer.
- 16.4 Any deficiencies will be notified to the County Treasurer whose agreement will be sought prior to their being written off.

**17. Travelling and Subsistence Allowances**

- 17.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be made duly certified in a form approved by the County Treasurer.
- 17.2 The certification by or on behalf of the Director will be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses are necessarily incurred and the allowances properly payable by the Council.

**18. Unofficial Funds**

- 18.1 For the purpose of the following Regulations an unofficial fund will be taken to mean any fund, other than an official fund of the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council.
- 18.2 Any employee of the Council will inform their Director of their association with any unofficial fund and will indicate the position they hold with regard to that fund.
- 18.3 Upon notification, the Director will record the name of the employee, the name of the fund, and the purpose for which it has been established. He or she will satisfy him or herself, as far as possible, that proper accounts of the funds activities are kept, that receipts are banked in the name of the fund and that an independent audit is carried out at annual intervals.
- 18.4 The employee concerned will be required to supply a copy of the accounts and balance sheet for each accounting period to the relevant Director.
- 18.5 The County Treasurer or his authorised representative will be empowered to examine the accounts and records of the fund if held by a Council employee and to ask for such explanations and information as may be necessary.