

# **DRAFT**

## **Financial Regulations**

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NOTE; in any instance where the male gender has been used in these Regulations e.g. "he, his", the female gender can be substituted with equal weight e.g. "she, her".

# FINANCIAL REGULATIONS

## 1. GENERAL RESPONSIBILITIES AND AUTHORISATIONS

### 1.01 Chief Finance Officer / Head of Corporate Finance

1.01.1 The Head of Corporate Finance is the officer appointed by the Council under Section 151 of the Local Government Act 1972 for the administration of the financial affairs of the Council and in accordance with the Accounts and Audit (Wales) Regulations 2005, he is the officer with overall responsibility, subject to any instructions given to him by the Council, for determining the system of accounting control and the form of the published accounts. The Officer appointed under Section 151 of the Local Government Act 1972 has overall responsibility for providing financial advice on all budgetary and accounting matters affecting the Council's corporate financial affairs. In the remainder of this document this person will be referred to as the "Head of Corporate Finance".

1.01.2 Under the provisions of Section 114 of the Local Government and Finance Act 1988, the Head of Corporate Finance is the officer personally responsible for reporting to both the External Auditor and each member of the Authority (or Joint Committee on which the Authority is represented) any instance where the Authority,

- (a) has made or is about to make a decision which involves or would involve the authority in incurring expenditure which is unlawful.
- (b) taken or is about to take a course of action, which if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or
- (c) is about to enter an item of account the entry of which is unlawful.

A report is also required if it appears that the expenditure of the Authority in a financial year is likely to exceed the resources available to meet the expenditure. Any expenditure (or further expenditure) is prohibited until any such report has been considered by the Authority.

1.01.3 The Head of Corporate Finance, being the statutorily appointed officer for the administration of the financial affairs of the Council, shall have the right to attend or be represented at all meetings of the Council and its Committees and Sub-Committees and at such working parties as the Head of Corporate Finance considers necessary.

1.01.4 The Head of Corporate Finance or his authorised representative shall be allowed access to all financial documents or records (or supporting documents and records) maintained by or on behalf of the Council.

1.01.5 The form and method of keeping any records which may effect the corporate financial systems shall be agreed in consultation with the Head of Corporate Finance.

1.01.6 The Head of Corporate Finance shall be responsible for the administration of all matters related to the income and expenditure arrangements for the Council as set out in the currently approved constitution.

**1.02 The Chief Executive**

1.02.1 The Chief Executive is designated as “Head of Paid Service” under Section 4 of the Local Government and Housing Act 1989 and has the responsibility for reporting, where he considers it appropriate, to the Council within the terms of the Act on matters relating to the co-ordination of the discharge by the Authority of its different functions and staffing resources generally.

**1.03 The Head of Legal Services and Governance and the Monitoring Officer**

1.03.1 The Head of Legal Services and Governance has designated functions under these Regulations as legal adviser to the authority. The Council's designated “Monitoring Officer” acts under Section 5 of the Local Government and Housing Act 1989 which requires any matters involving any contravention of any enactment or rule of law or code of practice or any maladministration or injustice to be reported to the Council.

**1.04 Head of Service**

1.04.1 For the purpose of these Financial Regulations “Head of Service” relates to any officer who has a direct reporting line to the Chief Executive, any Director or to any Headteacher where there is a delegation or budget to that headteacher's school.

1.04.2 Each Head of Service shall be responsible to the Head of Corporate Finance for the day to day operation of financial processes and procedures within their service area and the accuracy and timeliness of any information or data affecting that or other service areas which is to be entered into the Council's accounting system from which the corporate budget and the published accounts are ultimately prepared. Where corporate and departmental financial systems are operated in tandem, priority must always be given to the maintenance of the corporate financial systems as these represent the Head of Service's responsibilities in financial terms as approved by the Council.

1.04.3 Each Head of Service shall consult with the Head of Corporate Finance with respect to any matter within his purview which is liable to affect the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to the Cabinet.

1.04.4 Every Head of Service shall be responsible for ensuring that any commitment to spend money or collect income will result in the Council's objectives being achieved in the most economical efficient and effective way possible in compliance with such constraints as may be imposed by current policies.

1.04.5 Every Head of Service shall provide all information necessary to enable the Head of Corporate Finance to carry out his role effectively, particularly with regard to accounting for Council assets and taxation.

**1.05 The Cabinet** (the Council's 'Executive' under the Local Government Act 2000)

1.05.1 The Cabinet is responsible, amongst other matters as set out in the Constitution, for making recommendations upon the finances, the overall plan, priorities,

policies, and objectives of the Council and to be responsible for the operation of the Council's budget and financial strategy and decide the allocation of the available finances of the Council. The Head of Corporate Finance, as the Council's financial adviser, shall report to the Cabinet with respect to the level of resources proposed to be utilised in each financial year.

- 1.05.2 The Cabinet shall make recommendations to Council on the preparation of the Council's Capital and Revenue Estimates for the financial year.
- 1.05.3 The Audit Committee shall make recommendations to Council in respect of the External Auditors' report in respect of the auditing of the Council's accounts.
- 1.05.4 The Cabinet shall also be responsible under delegated powers for those aspects of financial administration, including income and expenditure monitoring, as set out in the current Constitution.
- 1.06 **Other Committees**
  - 1.06.1 The Head of Corporate Finance shall ensure that all Council Committees and the Cabinet are kept informed with respect to the financial implications of their activities. Each Service, through its Director or Head of Service, shall be responsible for compliance with the Financial Regulations throughout all areas under its control.
- 1.07 **Level of Responsibility**
  - 1.07.1 Throughout these Financial Regulations the designated officers referred to are the minimum level of responsibility required. More senior officers can be substituted in all cases.

## **2. APPLICATION OF FINANCIAL REGULATIONS**

- 2.01 The Head of Corporate Finance is empowered to supplement these Financial Regulations by specific accounting instructions if necessary to further explain, expand or specify any matters contained within these Regulations. Such supplements shall recognise the need for compliance with current professional standards as set out in professional statements issued by the various accountancy bodies, in particular the Chartered Institute of Public Finance and Accountancy, and which relate directly in the opinion of the Head of Corporate Finance to the sound management of the financial affairs of the Council.
- 2.02 These Financial Regulations and those issued to schools shall apply to activities under the purview of the DLO/DSO and schools only to the extent that they are consistent with the statutory provisions which shall always take precedence.
- 2.03 Directors and Heads of Service must ensure that their staff comply with all accounting protocols and instructions issued from time to time by the Head of Corporate Finance.
- 2.04 Staff who fail to comply with Financial Regulations and accounting protocols and instructions may be subject to disciplinary action.
- 2.05 Heads of Service shall be responsible for the accountability of staff, and the security, custody and control of all other resources including plant, vehicles, equipment (including computers and other I.T. assets), buildings, materials, cash

and stores appertaining to their individual departments in accordance with detailed procedures agreed with the Head of Corporate Finance.

- 2.06 The Head of Corporate Finance shall be notified of all Government or other circulars, orders, sanctions, regulations, etc. affecting finance.

### **3. FINANCIAL PLANNING - ANNUAL BUDGET**

#### **3.01 Revenue**

3.01.1 The Head of Corporate Finance will report to Cabinet on the likely Revenue Support Grant Settlement for the following year. Arising from this a provisional budget strategy will be determined by Cabinet.

3.01.2 The Head of Corporate Finance shall collate the revenue estimates which will then form part of a report to Cabinet with proposals for setting the budget and determining funding. The Cabinet will then endorse these estimates with or without amendments to the Council for approval.

3.01.3 As soon as practicable, the detailed revenue budgets should be reported to the appropriate Scrutiny Committees.

#### **3.02 Capital**

3.02.1 "Capital Expenditure" is defined in the Code of Practice on Local Authority Accounting in Great Britain as:

"Expenditure on the acquisition of a tangible asset or expenditure which substantially adds to the value of an existing asset, provided the asset yields benefit to the Authority and the service it provides for a period of more than one year."

3.02.2 The capital programme for the budget year will reflect the first year of the medium term capital programme (refer to paragraph 4). This programme will be reported to Cabinet who will make recommendations to Council. The capital programme will be agreed prior to the start of the financial year.

3.02.3 Each Head of Service will need to ensure that all revenue consequences of the capital programme are identified and included in their revenue budget projections.

3.02.4 Upon approval by the Council of a programme of capital expenditure, the officers concerned shall take the necessary steps to ensure the capital programme is delivered including:

- (a) take steps to enable land required for the purposes of the programme to be acquired in due time, and
- (b) initiate action for detailed design preparation.

#### **3.03 Distribution**

3.03.1 Each member of the Council shall be provided with a copy of the proposed capital programme and revenue estimates, together with a statement by the Head of

Corporate Finance of their effect on the Council's finances and the precepts to be levied. The estimates and statement shall be provided with the summons to attend the meeting of the Council at which such matters will be considered.

#### **4. FINANCIAL PLANNING - MEDIUM TERM**

- 4.01 In order to facilitate the annual financial planning/budgeting process and provide strategic focus, the Head of Corporate Finance will prepare and maintain a rolling medium term (3-5 years) financial plan. This will be reported to and approved by Council as part of the annual budget setting process.
- 4.02 The revenue element of the medium term plan will be prepared by the Head of Corporate Finance in consultation with Cabinet Members, Directors and appropriate senior officers. The plan will recognise the objectives and priorities set out in the Corporate Improvement Plan and views expressed during any consultation period.
- 4.03 The capital element of the medium term plan will be prepared by the Head of Corporate Finance in consultation with the Capital Strategy Group. In order for the Capital Strategy Group to evaluate competing bids, there will be a need for each Director to submit appropriate information to the Group in accordance with an agreed timescale.

#### **5. POWER TO INCUR CAPITAL AND REVENUE EXPENDITURE**

- 5.01 The provision in the estimates is authority to incur expenditure. There are however exceptions i.e. where the type of revenue expenditure is new, or where the acquisition will involve an increased and continuing financial commitment. In these cases Cabinet approval should be obtained where additional resources can be identified.
- 5.02 The inclusion of any item in the approved estimates shall not confer authority to incur any capital expenditure (except on design work and land acquisition) until:-
- (a) All necessary statutory approvals have been obtained
  - (b) Action has been taken to obtain quotations or tenders in accordance with Standing Orders for Contracts.
- 5.03 Where it appears that the amount of any head of estimate of approved expenditure may be exceeded or the amount of any head of income may not be reached, it shall be the duty of the Head of Service concerned in consultation with the Head of Corporate Finance, to inform the Cabinet forthwith, unless the difference can be funded by virement, (refer to paragraph 6.03).

#### **6. BUDGETARY CONTROL**

##### **6.01 Revenue**

- 6.01.1 The Head of Corporate Finance shall provide all Directorates with statements of revenue expenditure and income in order that they may be compared with the approved budget provisions. These would normally be 3 times per annum as a minimum and include forecast expenditure and income. Any budget variations which in the view of the Head of Corporate Finance are significant shall be reported to Corporate Management Team in the first instance.
- 6.01.2 The Head of Corporate Finance shall ensure that a report to the relevant Scrutiny Committees is prepared three times a year comparing forecast revenue expenditure and income against the approved budget for each service area.
- 6.01.3 In addition to the regular reporting requirements set out in 6.01.2 significant budget variations that cannot be funded from the Directorate's service area and/or service area reserves will be reported as soon as practical by way of exception reports prepared by the appropriate Director. The exception reports will be considered by both the Cabinet and the appropriate Scrutiny Committee with proposals to Council where required.
- 6.01.5 Should there be occasions where inescapable additional expenditure has been identified which cannot be met from revenue budgets (and therefore has to be met from General Balances) then Cabinet must recommend such action to Council for approval.

## 6.02 **Capital**

- 6.02.1 The Head of Corporate Finance shall ensure that a report to the relevant Scrutiny is prepared twice a year showing expenditure incurred to date against the approved capital budget and providing appropriate explanations for any major variations in relation to the capital programme.
- 6.02.2 Should there be occasions where inescapable additional expenditure has been identified which cannot be met from capital budgets (and therefore has to be met from General Balances) then Cabinet must recommend such action to Council for approval.

## 6.03 **Virement**

For the purposes of these regulations, a virement is defined as a movement of monies between main activities of the Council. It is not a transfer between different elements of service running costs.

It is recognised that there may need to be clarification of what constitutes a main activity and this will be a matter for the Head of Corporate Finance.

### 6.03.1 **Revenue**

- 6.03.1.1 A Director, may, in consultation with the Head of Corporate Finance utilise underspending under one budget activity head to supplement overspending in another (as detailed in para. 6.03.1.2), during a financial year. This activity would not normally require a virement, but must be reported to the relevant Scrutiny Committee.
- 6.03.1.2 Where a virement is required it shall be approved in writing according to the following table:-

<b>Amount</b>	<b>Approved by</b>
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under £20,000	Head of Service
£20,000 - £50,000	Service Director
£50,000 - £100,000	Head of Corporate Finance and Service Director
over £100,000	Cabinet

All virements must be included in budget monitoring reports for the next available Scrutiny Committee.

Carried forward monies for service areas can be used to offset overspends in the financial year, after agreement with the Head of Corporate Finance. Any use of service reserves for this reason should be reported to Scrutiny Committees as part of the budget monitoring process.

Carried forward reserves can be used for one off expenditure i.e. capital. Approval is required in line with the virements process outlined in 6.03.1.2 above.

### 6.03.2 Capital

6.03.2.1 Apart from programmes of minor or special works, and vehicles there shall be no virement of capital expenditure without the consent of:

- (a) below £50,000, the Head of Corporate Finance and Service Director;
- (b) above £50,000, the Cabinet.

6.03.2.2 A Director may propose a variation to Year 1 of its programme by the inclusion of a scheme which does not form part of the approved capital programme, or by rolling forward a scheme from a later year of the programme, but only if the costs of the new scheme can be contained within its capital estimates, for example, by re-scheduling expenditure on its existing schemes into later years, or by deleting a project.

6.03.2.3 Except in cases of emergency as in 6.04, no expenditure shall be incurred on any item not included in the annual estimates or in excess of the amount included under any particular head unless virement is available or it becomes the subject of a supplementary estimate duly submitted to and approved by the Cabinet or Council.

6.03.2.4 Every Director shall inform the Head of Corporate Finance as soon as underspendings have been identified which are not being reallocated under the virement approval procedure in paragraph 6.03.2.1. These underspends can then be incorporated into future capital expenditure plans for Member approval.

### 6.04 Supplementary Estimates And Emergencies

6.04.1 Expenditure plans identified by a Director which cannot be met from the budget or service reserves shall, in consultation with the Head of Corporate Finance be reported to the Cabinet with a request for support for the use of General Fund balances. All supplementary estimates funded in this manner must be approved by full Council.

6.04.2 Nothing in these Financial Regulations shall prevent the incurring of expenditure which is essential to meet any immediate needs created by a sudden emergency within the meaning of Section 138 of the Local Government Act 1972 which may



be authorised by the Head of Corporate Finance subject to the spending being reported to the Cabinet as soon as is practicable.

6.04.3 In emergencies where there is no identified budget any Director or Head of Service will report any action taken to incur expenditure and how this is to be funded as soon as possible after the event:-

- (a) below £50,000 to the Head of Corporate Finance;
- (b) above £50,000 to the Cabinet.

## 6.05 Leasing

6.05.1 The Head of Corporate Finance will ensure that the Council maintains a leasing register relating to expenditure so funded and Directors shall be under an obligation to furnish the information needed to maintain such a register (including the prompt notification of the disposal of assets subject to a lease agreement).

6.05.2 Each Head of Service shall always obtain the approval of the Head of Corporate Finance before the Council commits itself to any leasing arrangements and before any provisions are made within the Council's estimates to cover the annual cost of leasing. The Head of Corporate Finance must be provided with a copy of any proposed terms of any lease and must give prior approval to any leasing agreement being signed.

6.05.3 All leasing agreements shall be submitted to the Head of Legal Services and Governance for examination and approval before any firm commitment is made by the Council.

6.05.4 The Head of Corporate Finance shall be responsible for obtaining quotations or tenders from Finance Houses providing lease arrangements for the acquisition of Buildings, Plant, Vehicles and Equipment. Directors shall be under an obligation to notify their spending plans in relation to leases to the Head of Corporate Finance giving adequate time for tenders to be obtained based on expected volumes of business.

6.05.5 Sale/Lease-back, rental agreements and other deferred purchase arrangements also come within the controls of this section.

## 7. ACCOUNTANCY

7.01 The Council's income and expenditure transactions for both capital and revenue shall take account of current recommended accounting procedures and Directors and Heads of Service must ensure their staff comply with all accounting protocols issued from time to time by the Head of Corporate Finance.

7.02 The Head of Corporate Finance, in discharge of the responsibility placed on him by the Accounts and Audit Regulations relating to the maintenance and closure of the Council's accounts, shall be responsible for the implementation of such procedures. The Head of Corporate Finance shall be provided with such information as required in an accurate and timely manner in order that the preparation of budgets and the closing of accounts is not delayed.

7.03 The Head of Corporate Finance shall be responsible for the whole of the accounting records of the Council and Directors or an authorised officer shall

confer with the Head of Corporate Finance before introducing any books, forms, computer systems or procedure relating to cash, stores or other accounts of the Council and it shall be the duty of the Head of Corporate Finance to see that uniform systems shall as far as practicable, be adopted throughout the Council.

- 7.04 It shall be the responsibility of the Director who maintains any subsidiary record, account or system which supports or is a constituent of the Council's financial ledger to reconcile such figures to the satisfaction of the Head of Corporate Finance. The Head of Corporate Finance will arrange for the closure of the Council's accounts on the basis of the figures contained in the financial ledger system.
- 7.05 All allocations of expenditure and income shall be in accordance with a scheme approved by the Head of Corporate Finance. In accordance with the statutory requirements and relevant codes of practice for the preparation of the Council's accounts, all financial codes will be issued by the Finance Manager (Corporate Services) and every officer will adhere to the standard definitions of such codes when allocating budgets, expenditure and income. Expenditure will only be incurred (or income received) against financial codes for which there is a properly approved budget.
- 7.06 The Finance Manager (Corporate Services) will be responsible for actioning all journal entries to the Council's accounts. The responsibility for the accuracy of those journals shall remain with the officer who authorises the journal request.
- 7.07 Where the Director has a budgetary responsibility, access will be available to the appropriate area of the Council's financial ledger.
- 7.08 The Head of Corporate Finance shall be responsible for the methods to be employed for the financing of all capital and revenue expenditure and may negotiate appropriate procedures to achieve these aims.
- 7.09 Where any report contains financial implications the Head of Corporate Finance or their representative will always be a consultee on the report. The finance representative should be at group accountant level as a minimum.
- 7.10 Where there is any external/grant funding bid then the Head of Corporate Finance or their representative shall be consulted on all bids prior to their submission.
- 7.11 The Head of Corporate Finance must be informed of any external/grant funding due to the Authority and any other non-recurring income due in excess of £50,000.

## **8. UNOFFICIAL FUNDS**

- 8.01 An "unofficial fund" shall mean any fund in the management of which an employee of the Council is concerned in an official capacity and which may affect any person or property for which the Council has a responsibility, notwithstanding that no contributions towards such funds may have been made by the Council.

- 8.02 The Director concerned shall be responsible for the financial management and audit of unofficial funds with a balance of more than £5,000 or a turnover of more than £10,000 and shall consult the Internal Audit Manager before formulating regulations which will apply to such funds. In this paragraph “unofficial funds” does not include school private funds.
- 8.03 Notwithstanding the duties of any Director in para 8.02 the Internal Audit Manager shall have the right to audit any unofficial fund at any time.
- 8.04 The financial management and responsibility of school private funds is a matter for the Headteacher and governing body of each individual school. Audit requirements in respect of school private funds are referred to in the 'Scheme for Financing schools'.

## **9. ADVANCE ACCOUNTS/IMPREST ACCOUNTS**

- 9.01 Where appropriate, the Head of Corporate Finance on the reasonable request of any Head of Service shall arrange for advance accounts for such employees of the Council as may need them for the purposes of defraying petty cash and other expenses. Such accounts shall be maintained on an imprest basis in accordance with the notes of guidance issued to imprest holders by the Head of Corporate Finance.
- 9.02 Where appropriate the Head of Corporate Finance shall open an account with the Council's bankers for use by the imprest holder who shall not cause the account to be overdrawn. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on an imprest holder's banking account shall forthwith be reported to the Head of Corporate Finance. Where an employee holds a cheque book in respect of any account he/she must ensure that all cancelled cheques are retained with the counterfoils of the original cheque book.
- 9.03 No income received on behalf of the Council may be paid into an advance account but must be banked or paid to the Council as provided elsewhere in these Financial Regulations. Neither should personal or third party cheques be encashed in advance accounts/imprest accounts.
- 9.04 Except as otherwise agreed between the Head of Corporate Finance and the Head of Service concerned, payments out of the accounts shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the Council has a current account, travelling expenses of more than £5, nor any account for goods exceeding £50.
- 9.05 An officer responsible for an advance account shall, if so requested, give to the Head of Corporate Finance a certificate as to the state of the imprest advance.
- 9.06 Whenever an employee who is an imprest holder leaves the employment of the Council, or ceases to be entitled to hold an imprest advance, that person shall repay to the Council the unexpended balance of the advance and shall submit an account and vouchers in respect of the amount expended, or shall transfer monies, records and vouchers relating to the account, to the new imprest holder if agreed by the Head of Corporate Finance.
- 9.07 Every transfer of official money from one employee to another will be officially recorded and include the signature of the receiver who will verify the sum concerned.

## **10. AUDIT**

- 10.01 Internal Audit Services has been established by the Council as an independent appraisal function for the review of the internal control system as a service to the Authority. Internal Audit Services is responsible for objectively examining, evaluating and reporting on the adequacy of internal control to inform the annual governance process and the Council's formal Risk Assessment as a contribution to the proper, economic, efficient and effective use of resources e.g. the safeguarding of assets, value for money, and includes an assessment of the suitability and reliability of financial and related management information.
- 10.02 The Accounts and Audit Regulations require that "A relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems..." This responsibility has been delegated by the Council to the Head of Corporate Finance who exercises overall control of Internal Audit Services.
- 10.03 Arising from the above statutory requirement, the Head of Corporate Finance or authorised representative shall have authority to:
- (a) have access to all Council premises and land
  - (b) have access to all records, documents and correspondence relating to any transaction of the Council
  - (c) require and receive such explanations as are necessary concerning any matter under examination
  - (d) require the production of any cash, stores or other Council property under an individuals control
  - (e) advise on controls to be incorporated in new or revised systems prior to implementation (whilst not abrogating the responsibility of the appropriate Director for the development and installation of such changes).
- 10.04 Whenever any matter arises which involves, or is thought to involve, any irregularity with regard either to the assets of the Council or the functions of the Authority whether or not a loss has actually occurred, the Head of Service concerned shall immediately notify the relevant Director and the Head of Corporate Finance.
- 10.05 The Head of Corporate Finance shall ensure that enquiries are conducted into any irregularities. He must be satisfied that appropriate steps have been taken within the Authority to investigate and correct any such irregularities. Whilst the initial responsibility for such enquiries rests with the Director concerned, the Head of Corporate Finance may require that the Internal Audit Manager manages and reports on any matter for investigation.
- 10.06 The Internal Audit Manager shall co-operate with the external auditor, who is statutorily appointed, to exchange relevant information in order to maximise audit resources. In addition to any statutory rights, the external auditor shall have the same rights of access as are set out for the Head of Corporate Finance in paragraph 10.03 above.

- 10.07 The arrangements set out in these Financial Regulations shall not relieve any Director of responsibility to safeguard Council assets and to properly manage the functions of their service area.
- 10.08 The Head of Corporate Finance shall report annually to the Audit Committee upon the nature and extent of internal audit work both carried out and proposed.

## **11. BANKING ARRANGEMENTS AND CHEQUES**

- 11.01 All arrangements with the Council's bankers shall be the responsibility of the Head of Corporate Finance, who is empowered to delegate specific functions for the day to day operation of the Council's bank accounts.
- 11.02 The Head of Corporate Finance will be responsible for determining the number of bank accounts and funds necessary for the administration of the system of local taxation in being at any time and the operation of such accounts and funds. The Head of Corporate Finance shall also agree the overdraft limits which shall not be exceeded.
- 11.03 The Head of ICT & Customer Services shall be responsible for the ordering and maintenance of stocks of cheques and shall ensure that proper arrangements are made for their safe custody.
- 11.04 Cheques drawn on any of the Council's banking accounts shall bear the facsimile signature of the Head of Corporate Finance or the signature of such other officer/employee as notified to the Council's bankers as an authorised officer by the Head of Corporate Finance. Cheques of a greater value than £50,000 must be signed by the Head of Corporate Finance or their nominated representative. NOTE the provisions of para. 18.08 relating to proper VAT accounting.
- 11.05 The Head of Corporate Finance will arrange for the carrying out of a bank reconciliation and producing a bank reconciliation statement which should, at intervals to be determined by the Head of Corporate Finance, show the current state of the Council's bank account and the status of individual transactions/cheques within it.
- 11.06 No bank account or banking facility shall be opened in the Council's name unless this has been approved in advance by the Head of Corporate Finance. All bank mandates must be signed by the Head of Corporate Finance or Finance Manager (Corporate Services).

## **12. PROPERTY/ESTATES**

- 12.01 The Deputy Chief Executive shall maintain a terrier of all land and property owned by the Council, recording the purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted, with the exception of tenancies of Council Houses, Council built garages and garage plots on Council housing land. A record shall also be kept of all disposals.

- 12.02 The Deputy Chief Executive shall arrange for the maintenance of a terrier of all Council dwellings, Council built garages and garage plots on Council housing land, including details of current tenancies.
- 12.03 A Director proposing to carry out works which will potentially significantly increase or decrease the value of any Council owned or leased asset must consult with the Head of Performance and Property Services and be advised by him/her before any Council expenditure is committed.
- 12.04 Before the Council acquires any property, the appropriate Director shall consult with and be advised by the Head of Performance and Property Services and report to the Cabinet on the cost of acquisition and future maintenance costs.
- 12.05 Whilst each Service Director will be responsible for the day to day running of operational buildings the Head of Performance and Property Services shall have overall responsibility for the strategic management of the Council's estates and specific responsibility for the management of the corporate offices, in accordance with the Protocol for the management of property, and the transfer of non operational land and buildings.
- 12.06 The Deputy Chief Executive shall ensure that all property transactions shall be carried out either in accordance with the Protocol for Disposal of Property, or on the open market and at open market value, as appropriate, unless the Cabinet approves otherwise and that, where appropriate, the approval of the Welsh Government is obtained.
- 12.07 The Head of Legal & Governance shall have the custody of all title deeds under secure arrangements.

### **13. INCOME**

- 13.01 The arrangements for the collection of all money due to the Council need to be approved by the Head of Corporate Finance.
- 13.02 Directors shall ensure that the Head of Corporate Finance is provided with such particulars in connection with work done, goods supplied, or services rendered and of all amounts due as may be required to record correctly all such sums and Directors shall ensure the prompt rendering of accounts for the recovery of relevant income.
- 13.03 All Council officers collecting income shall be issued with or have access to official receipts in a form prescribed by the Head of Corporate Finance. All income shall be recorded only on such receipts or receipting systems and shall be brought into account on the date received.
- 13.04 The Head of Corporate Finance shall take such steps as considered necessary to recover all arrears of income. Any employee responsible for the billing of credit income will keep the Head of Corporate Finance informed of all matters affecting the accounts raised and will periodically review all unpaid accounts and take all appropriate action prior to any uncollectable amounts being written off and reported to members for information.
- 13.05 The Head of Corporate Finance shall be responsible for the maintenance of a scheme for writing off uncollectable income subject, where appropriate, to the

agreement of the Cabinet both as to the scheme in operation at any one time and also to any significant amounts written off.

- 13.06 The Head of Corporate Finance shall be notified forthwith of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council and shall have the right to inspect and copy any documents or other evidence in this connection.
- 13.07 All fees and charges will be reviewed annually by each Director. Inflationary increases will be agreed as part of the budget setting process for Council. Increases above those agreed as part of the budget setting process will require Cabinet approval. Statutory charges will be reported as and when the Council is notified of any increases.
- 13.08 All money received by an employee on behalf of the Council shall without delay be paid to the Council's Bank Account under arrangements approved by the Head of Corporate Finance. No deductions may be made from such money.
- 13.09 All "shorts" or "overs" are the responsibility of each individual collecting officer who will be expected to declare all such instances on a daily basis. Minor "shorts" as determined by the appropriate Head of Service will not be paid in but all "overs" must be paid in daily. Any collecting officer who continually under or over banks may ultimately be disciplined for failing to properly account for collections. Such action may involve recovery of significant shortages.
- 13.10 All floats will be extracted from collections in their full amount prior to the preparation of banking. All employees handling cash must produce any cash float immediately to any authorised Council officer.
- 13.11 Personal cheques shall not be cashed out of the money held on behalf of the Council unless under an arrangement approved by the Head of Corporate Finance.
- 13.12 Every transfer of official money from one employee to another will be evidenced in the records of the Service Area concerned by the signature of the receiving employee.

#### **14. INSURANCES**

- 14.01 The Head of Corporate Finance shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 14.02 Directors shall give prompt notification to the Head of Corporate Finance of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.03 Each Director shall forthwith notify the Head of Corporate Finance in writing of any loss, liability or damage arising out of a criminal act or where required by the terms of any Council insurance policy the Police Authority shall be informed following consultation with the appropriate Directors. An estimate of the cost of reinstatement shall be obtained.
- 14.04 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

- 14.05 The Head of Corporate Finance shall annually, or more frequently as may be considered necessary, review all insurances in consultation as appropriate. The Head of Corporate Finance shall provide advice on risk management to all Heads of Service.
- 14.06 Each Director shall consult the Head of Corporate Finance and the Council's Head of Legal Services and Governance respecting the terms of any indemnity which the Council is requested to give.
- 14.07 No admission of liability should be made under any circumstances whatsoever, except with the express approval of the Council's insurers.

## **15. INVENTORIES**

- 15.01 Inventories of all Council owned equipment shall be maintained by each Directorate which will record an adequate description of furniture, fittings and equipment, all plant and machinery and their respective base locations. The form and extent of any inventory shall be determined by the Director responsible in consultation with the Internal Audit Manager.
- 15.02 Where practicable, all Council equipment will be prominently marked, numbered and labelled and also discreetly marked with the Council's postcode with a prescribed marking system.
- 15.03 Each Director shall be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses and deficiencies and noting the inventory accordingly.
- 15.04 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving employee.
- 15.05 The Council's property shall not be removed from the Council's establishments otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific written directions issued by the Director or his authorised representative.
- 15.06 The Head of Corporate Finance shall be entitled to receive from any Director such information as required in relation to stores for the accounting, costing and financial records. All surplus materials, stores or equipment shall be disposed of at the best possible price by the Head of Service responsible for the respective Council store who shall consult with and be advised by the Head of Procurement.

## **16. INVESTMENTS, BORROWING AND TRUST FUNDS**

- 16.01 All securities, the property of or in the name of the Authority and the title deeds of all property in its ownership, shall be held in the custody of the Council's Head of Legal Services and Governance.
- 16.02 All borrowings shall be effected in the name of the Council.



- 16.03 The Head of Corporate Finance shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- 16.04 All trust funds shall be in the name of the Council and the trust deeds agreed with the Head of Legal Services and Governance.
- 16.05 All employees acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the Trust with the Council's Head of Legal Services and Governance, unless the deed otherwise provides.
- 16.06 The Head of Corporate Finance shall ensure that the Council complies with appropriate codes of practice.
- 16.07 The Head of Corporate Finance shall invest surplus funds under the control of the Council at minimum risk and do so in the name of the Council.
- 16.08 The annual investment strategy must be prepared by the Head of Corporate Finance and reported to the Council for approval.
- 16.09 Suitable institutions for investments are to be considered in accordance with the Council's annual investment strategy.
- 16.10 Part of risk management will be that investment in any one institution will be limited in value as prescribed in the Council's Treasury Management Policy Statement and associated Treasury Management Practices.
- 16.11 The Head of Corporate Finance shall ensure that records are maintained of all investments of money made in the name of the Council.
- 16.12 The Head of Corporate Finance shall be responsible, on an annual basis, for compiling the indicators required by the Prudential Code on Capital Accounting and reporting thereon to the Council for approval and then to Policy & Resources Scrutiny to monitor during the year.

## **17. ORDERS FOR WORKS, GOODS AND SERVICES**

- 17.01. Orders for the supply of goods or services shall only be issued by the Head of Service or a nominated representative. Goods or services so ordered will only be for approved Council purposes. An order shall be created by the Council's e-procurement system. All official orders will be issued in advance of the provision of the goods or services. Where it is necessary in an emergency to place an order orally it must be confirmed not later than the next working day by an electronic order (which will be marked in such a way to indicate the previous verbal placing of the order).
- 17.02. The Head of Service placing an order for the supply or disposal of goods or services or any order where the future supply of goods or services is committed, should adhere to the Standing Orders for contracts.
- 17.03. Orders must only be issued for goods or services where provision has been made in the current approved estimates.
- 17.04. The employee who completes an official order shall ensure that sufficient detail is entered to ensure that there is no mistake or misunderstanding as to the

descriptions, quantity, quality, timescale, agreed price (quotations or tenders where appropriate) and delivery requirements for the goods or services to be provided. All invoices received will be agreed to the official order and the official order will provide an audit trail to payments made against it.

- 17.05. A copy of each order shall, if requested, be made available to the Head of Corporate Finance and the Internal Audit Manager, such order to show estimated cost of goods, budget heading and expenditure code.
- 17.06. Where circumstances prevent the use of official orders, periodic payment records should be set up to ensure that each payment is recorded in sufficient detail to prevent the possibility of duplicate payments.

## **18. PAYMENT OF ACCOUNTS**

18.01 All invoices for goods and services shall be examined in the Department concerned and checks applied prior to the invoice being authorised for payment. Steps will be taken to ensure that:

- (a) the goods have been received or work done in accordance with the terms of the official order;
- (b) Standing Orders for Contracts and Financial Regulations have been complied with;
- (c) the prices are in accordance with tenders or quotations or are otherwise reasonable;
- (d) the account is arithmetically correct, trade discounts, other allowances, credits and tax are correct;
- (e) the account has not been paid before by the Council, either in whole or in part;
- (f) appropriate entries have been made in inventories, stores records, or stock books as required;
- (g) the expenditure was incurred under the head of estimates indicated and was necessary for the purpose;
- (h) the expenditure is being charged to the correct year of account;
- (i) the invoice is a genuine invoice made out against the Council in sufficient detail to satisfy all legal requirements, in particular the VAT requirements of H.M. Revenue and Customs and the Construction Industry Tax Deduction Scheme.
- (j) the invoice and the order are not certified by the same officer;
- (k) payment of the account is in all respects proper.

18.02 The Head of Service or officer nominated by him, shall certify each invoice as being correct following its entry into the Council's payments system. The Head of Corporate Finance shall ensure that payments are only made against properly authorised invoices or payment vouchers.

- 18.03 The Head of Corporate Finance shall approve arrangements for the cancellation of paid invoices and their subsequent accessibility and archiving to conform with all current regulations and statutory requirements.
- 18.04 Any amendment to an account shall be made in ink and initialled by the person making it, stating briefly the reasons where they are not self-evident. VAT amounts should not be altered. Any amendment involving VAT should result in a revised invoice/credit note being received.
- 18.05 Each Director shall, in accordance with the final account timetable prepared annually by the Head of Corporate Finance, notify the Head of Corporate Finance of all outstanding revenue and capital expenditure relating to the previous financial year.
- 18.06 It shall be the responsibility of each Director to personally notify the Head of Corporate Finance of each officer nominated by him to certify invoices and other official documents at any one time. In making such nominations every Director shall comply with the requirements for division of duties as set out elsewhere in these Financial Regulations.
- 18.07 All payments other than petty cash, shall be made by cheque, bank transfer or other instrument drawn on the Council's bank accounts by the Head of Corporate Finance (or such other person as nominated by him) under authority granted by the Council in these Financial Regulations.
- 18.08 All cheques over £50,000 shall be countersigned by another officer authorised by the Head of Corporate Finance. For all payments of £100,000 and above invoice documentation must be provided to the Head of Corporate Finance to ensure VAT is properly accounted for.
- 18.09 For all VAT only payments, invoice documentation is to be provided to the Head of Corporate Finance for payment.

## **19. SEPARATION OF DUTIES**

- 19.01 In all financial and related transactions of the Council, there shall be separation of duties to ensure that more than one person is involved in recording and processing each and every transaction.
- 19.02 The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
- 19.03 Employees charged with examining and checking the accounts of cash transactions shall not themselves be engaged in any of these functions.
- 19.04 The duty to certify any invoice should be separated from the duty to certify an official order for goods and services.

## **20. SALARIES WAGES AND PENSIONS**

- 20.01 The Deputy Chief Executive through the Head of Human Resources & Organisational Development is responsible for advising the Council upon the efficient utilisation of manpower resources (including training and development) and upon the operation and control of procedures for appointment, discipline,

grievance, salaries and wages and general conditions of service as applied nationally, provincially and locally.

- 20.02 Appointments of all employees shall be made in accordance with the policies of the Council and the approved establishments, grades, and rates of pay, as agreed with the Head of Human Resources & Organisational Development.
- 20.03 The payment of all salaries and wages, pensions, compensation, and other emoluments to all employees and former employees of the Council shall be made by the Head of Human Resources & Organisational Development or under arrangements approved and controlled by him.
- 20.04 In accordance with the Council's declared policy the Head of Human Resources & Organisational Development shall be notified as soon as possible of all matters affecting the payment of such emoluments, and in particular:
- (a) appointments, resignations, dismissals, suspensions, secondments and transfers;
  - (b) absences from duty for sickness or other reason, apart from approved leave;
  - (c) changes in remuneration, other than normal increments and pay awards and agreements of general application;
  - (d) The Head of Human Resources & Organisational Development is responsible for passing that information to the Head of Corporate Finance in order to maintain records for income tax, national insurance and the like.
- 20.05 All time records or other pay documents shall be in a form prescribed by the Head of Human Resources & Organisational Development in consultation with the Head of Corporate Finance. The names of officers authorised to sign such records shall be sent to the Head of Corporate Finance with specimen signatures and the Head of Corporate Finance shall be advised of any changes in names and signatures as the occasion arises.
- 20.06 The Head of Human Resources & Organisational Development shall be responsible for the overall operation of the Council's agreed system for attendance control and the submission of appropriate attendance reports to each Head of Service. Arrangements shall exist within each Department to ensure that any deviations from the approved system are properly dealt with and that the Council's approved policies for the attendance of staff at their workplace are observed.

## **21. CONSULTANTS**

- 21.01 Where consultants, including architects, engineers, quantity surveyors, solicitors, barristers (not being officers of the Council) or agency workers are engaged to carry out professional services for the Council, the relevant Director in consultation with the Head of Legal Services & Governance or the Head of Human Resources & Organisational Development shall be responsible for ensuring that a formal agreement or a detailed letter of employment, is sent to the consultants setting out the terms on which they are engaged. The Head of Human Resources & Organisational Development must be informed of any such

engagement. Any appointments made must be in accordance with Standing Orders for Contracts.

21.02 The formal agreement or letter of employment shall specify amongst other matters:-

- (i) the precise scope of the commission (the relevant Director will also determine and document the employment status of individuals involved, having regard to Guidance issued from time to time by the Head of Corporate Finance);
- (ii) the extent of responsibilities;
- (iii) the supervision and liaison required;
- (iv) any cost limits and controls;
- (v) the appointment of and collaboration with any other consultants and officers of the Council;
- (vi) insurance cover;
- (vii) the basis of remuneration/reference to precise scale fees where appropriate;
- (viii) the basis for reimbursing expenses;
- (ix) the method and frequency of payment.

21.03 It shall be a condition of engagement for the professional services of any consultant that :-

- (i) there is compliance with the Council's Constitution, Standing Orders for Contracts and Financial Regulations as apply to an employee of the Council;
- (ii) all records and documents in relation to the services or work carried out for the Council are returned to the Council either during or on completion of the services/work;
- (iii) confidential or sensitive information obtained during the course of employment as a consultant is not divulged for a period to be agreed with the appropriate Head of Service.

21.04 A report will be prepared annually for the Policy and Resources Scrutiny Committee detailing all spend relating to this Section.

## **22. SERVICE LEVEL AGREEMENTS**

22.01 Where Service Level Agreements are in operation, it shall be the responsibility of each Head of Service:

- (a) to maintain such detail as necessary to support any recharge made;
- (b) to operate the Department on the basis of total recovery of costs in each financial year;

- (c) to agree, in accordance with any system currently in operation, the recharges being received by the Department;
- (d) to comply with the requirements of the Head of Corporate Finance regarding the programming and other requirements of operating any system for recharge allocations.

## **23. SECURITY**

- 23.01 All buildings, stocks, stores, furniture, equipment and other assets under the control of a Director shall be properly secure at all times. The Chief Property Officer, Insurance and Risk Manager and Internal Audit Manager will be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 23.02 Maximum limits for cash holdings shall be agreed with the Head of Corporate Finance and shall not be exceeded without his express permission. Any changes shall be notified to the Head of Corporate Finance who will arrange for any amendments required to the Council's insurance cover.
- 23.03 Keys to safes and similar receptacles are to be carried on the person of those responsible or kept in a safe and secure location at all times; the loss of any such keys must be reported to the Insurance and Risk Manager forthwith. The relevant Head of Service will maintain a key register to include all spare keys.
- 23.04 Keys to property are to be carried on the person of those responsible or kept in a safe and secure location at all times. Service directorates will be responsible for risk assessment and key holder training and, in liaison with the Chief Property Officer, shall maintain the physical security of the property in the event that such keys are lost. Nominated officers will maintain the corporate database of key holders for which the Chief Property Officer will act as system administrator.
- 23.05 The Common Seal of the Council shall be kept in a safe place in the custody of the Head of Legal Services & Governance.
- 23.06 The Head of ICT & Customer Services shall be the manager responsible in terms of the Data Protection Act for maintaining proper security and privacy as respect information held in the computer installation. The Head of ICT & Customer Services shall be responsible for compliance with any other legal requirements currently in force. Each Director is required to notify the Head of ICT & Customer Services of any changes to procedures, data and purpose which may have an effect on the role and responsibility of the Head of ICT & Customer Services prior to those changes being committed. It is the responsibility of each Director to ensure that only data registered with the Information Commissioner is held.
- 23.07 Directors shall ensure that access to all I.T. systems and the ability to carry out transactions within those systems is granted only to those staff whose work directly involves such systems. The personal written authority of each Head of Service will be required to ensure that the extent of access by any individual to any system is limited to that necessary to effectively discharge the individual's duties and responsibilities. As soon as there is any change in personnel or duties which will require changes either to passwords or to the extent of access by any individual, each Head of Service shall immediately ensure that appropriate action is taken. Heads of Services shall also be responsible for assessing any possible or potential abuse within their service area and the appropriate Director must notify the Head of ICT & Customer Services accordingly.

- 23.08 All Council employees given or knowing security passwords or access codes are individually responsible for ensuring that no other person is able to obtain access to such codes or passwords or is able to make unauthorised use of such information. This regulation shall recognise the unique position of the security officer as nominated by the Head of ICT & Customer Services.
- 23.09 Heads of Service shall be responsible for ensuring that records are kept for an appropriate length of time and in such format and order to enable compliance with any statutory requirements currently in force (taxation, Access to Information, etc.). Retention periods must also be sufficient so as not to prejudice the effective working of the Council or its auditors.
- 23.10 Each Director shall be responsible for ensuring that the requirements of the Local Government (Access to Information) Act 1985 are met with regard to the confidentiality of certain information. Directors must also ensure that all staff are aware of the potential sensitivity of certain categories of financial information both of a personal and contractual nature and that such information is not either deliberately or inadvertently transmitted to any person other than those within the organisation with a need to know.

#### **24. STOCKS AND STORES**

- 24.01 Each Director shall ensure that there is clear responsibility for the care and custody of departmental stocks and stores, as well as for reconciling all movements and balances of such stocks and stores with the Council's final accounts.
- 24.02 Stocks shall not be in excess of those required in accordance with sound stores procedures.
- 24.03 Each Director shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year. Any surpluses or deficiencies revealed by such test examinations shall be reported to the Internal Audit Manager who after consultation with the Head of Corporate Finance will decide what action to take.
- 24.04 The Head of Corporate Finance shall be entitled to receive from any Director such information as required in relation to stores for the accounting, costing and financial records. All surplus materials, stores or equipment shall be disposed of at the best possible price by the Head of Service responsible for the respective Council store who shall consult with and be advised by the Head of Procurement.

#### **25. VEHICLES AND PLANT**

- 25.01 Each Director shall ensure that registers/records are maintained for all vehicles and plant controlled by the Directorate.
- 25.02 Such registers/records shall include details of:-
- (i) use;
  - (ii) mileage;
  - (iii) fuel issued;

- (iv) other relevant information necessary to maintain proper control and comply with current legislation.

25.03 No vehicles or plant shall be used other than in accordance with the ordinary course of the Council's business.

## **26. PROTECTION OF PRIVATE PROPERTY**

26.01 Every Director will ensure that appropriate security measures shall be taken where possession is taken of valuables such as jewellery, watches and other small articles of a similar nature and documents of title belonging to a third party and will ensure that an itemised inventory will be maintained and kept in a safe place.

## **27. TRAVELLING, SUBSISTENCE AND FINANCIAL LOSS ALLOWANCE**

27.01 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted to the Head of Human Resources & Organisational Development in a form or via a system approved by the same, duly certified and made up to a specified day of each month. The names of officers authorised to approve such records shall be sent to the Head of Human Resources & Organisational Development by each Head of Service with specimen signatures (where applicable) and the Head of Human Resources & Organisational Development shall be advised of any changes in names and signatures (where applicable) as the occasion arises.

27.02 Heads of Service shall be responsible for ensuring that all authorised vehicle users (including drivers of Council vehicles) have adequate insurance for business purposes and the appropriate current valid driving licence.

27.03 All claims for payment of incidental expenses such as removal, lodging and disturbance allowances and post entry training expenses will be submitted to the Head of Human Resources and Organisational Development in such a manner as prescribed. Expenses will only be claimed for expenditure actually incurred or attendances actually made. Assistance will only be provided once for each stage of training. The Council reserves the right to require books and training material for which expenditure has been reimbursed to be returned to the Head of Human Resources and Organisational Development for general Council use.

27.04 Payments to Members, including co-opted Members of the Council or its Committees who are entitled to claim travelling or other allowances will be made by the Head of Human Resources & Organisational Development upon receipt of the prescribed form duly completed. The procedures for the payment of claims will be in accordance with the currently approved Council scheme and all claims for a financial year are to be submitted within one month of the 31st March.

27.05 The certification of expenses claims by or on behalf of the Head of Service shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenditure properly and necessarily incurred and that the fixed allowances payable by the Council are properly due.

27.06 Officers' claims submitted more than six months after the expenses were incurred will be paid only with the express approval of the appropriate Service Director.



## **28. CONTRACTS OTHER THAN PURCHASE OF MATERIALS**

- 28.01 Where contracts provide for interim payments to be made on the basis of valuation certificates, a scheme contract register shall be maintained showing the state of account on each contract between the Council and the contractor together with the related professional fees and any other payments. The register will be kept centrally by the Head of Procurement.
- 28.02 Payments to contractors on account of contracts shall be made only on a certificate issued by the appropriate Head of Service (or Technical Consultant endorsed by the appropriate Head of Service). The Head of Service must ensure that each certificate is properly supported by sufficient detail to enable the payment to be reconciled to the contract documents. The Head of Service must also ensure that proper arrangements have been made for dealing with Value Added Tax and any deduction necessary under the Construction Industry Scheme.
- 28.03 In the case of certification by a Technical Consultant, the appropriate Head of Service shall undertake a monitoring role of the project to ensure that each certificate is supported by a copy of the valuation and to ascertain that it contains no unusual features, such as large variations, of which the Council has no knowledge.
- 28.04 Subject to the provisions of the contract in each case, every variation shall be authorised in writing by the relevant Head of Service or Technical Consultant.
- 28.05 Any such extra or variation which relates to contracts of £100,000 or above and which will increase the total cost of the scheme by more than 10% shall be reported to the relevant Service Director by the Head of Service as soon as practicable.
- 28.06 Subject to the conditions of the contract, the final payment certificate shall not be issued until the appropriate Head of Service has produced to the Internal Audit Manager a detailed statement of account, and all relevant documents, if required for audit purposes. The Internal Audit Manager shall to the extent he considers necessary, examine all final accounts for contracts. The Internal Audit Manager shall also be entitled to examine contracts at any interim stage and make site visits to that end after having informed the responsible supervising officer. He shall be entitled to make all such enquiries and receive such information and explanations as he may require in order to satisfy himself as to the accuracy of the accounts. The Internal Audit Manager shall not unreasonably delay examination of final accounts.
- 28.07 Provision shall be made, if possible, in contracts for works and in such agreements as are mentioned in the foregoing regulations that the contractor shall retain for production as required by the Council, all accounts, vouchers and documents relating to the contract, until after the accounts have been audited.
- 28.08 If the final account has not been agreed within twelve months of practical completion of works, then the responsible officer shall report to Corporate Management Team on the outstanding items. Any report under this regulation shall include a comparison of the final or likely final cost with the original contract sum together with reasons for any differences.

- 28.09 It shall be the duty of the Council's Head of Legal Services & Governance in all cases to:
- (a) keep in secure custody all the contract documents, including plans, specifications, bills of quantities, bonds, etc.;
  - (b) require that all insurance which the contractor is required to effect, is duly entered into prior to the commencement of the contract and maintained until handing over the contract works.
- 28.10 Tenders for construction contracts will be invited from contractors approved in accordance with current policy. Where any other form of tendering is used, for example, open tendering, then the successful contractor must comply with that policy prior to the awarding of the contract. It will be the responsibility of the supervising officer to ensure that suitable security is provided for the due performance of the contract. This shall be done in consultation with the Council's Head of Legal Services & Governance and will have to meet or exceed the minimum requirements as set out in the current select tender policy.
- 28.11 The Head of Service responsible for or supervising any Council contract shall be responsible for considering any claims which are not within the existing contract terms. The Head of Service may refer any matters as necessary to the Council's Head of Legal Services & Governance, especially where a precedent may be set, for consideration of the Authority's legal liability before any settlement is reached.
- 28.12 Where completion of a contract is delayed it shall be the duty of the Head of Service supervising the contract to either issue the appropriate certificate of extension of time or to take action in respect of liquidated damages.

## **29. FINANCIAL STATIONERY**

- 29.01 All official receipt forms, books, tickets, order books and other documents representing money or moneysworth, shall be ordered, controlled and issued by and be in the custody of the Internal Audit Manager as far as he deems necessary who shall supply the requirements of any Department. A register shall be kept by him of all receipts and issues of such documents, and each issue shall be acknowledged by the signature of the official to whom the issue is made. The quantity issued is to be governed by ascertained needs. All completed receipt books shall be retained safely by the service area.

## **30. NON-COMPLIANCE WITH FINANCIAL REGULATIONS**

- 30.01 Any non-compliance with these Financial Regulations will be regarded as a potentially serious matter and should be reported to the appropriate Director and the Head of Corporate Finance. If such matters involve fraud or theft, the Head of Corporate Finance must be informed who will decide whether or not the circumstances warrant referral to the Police. In an urgent situation, any officer has the duty to report a matter to the Police where time is of the essence. All matters so reported must be confirmed in writing, normally under the hand of the Head of Corporate Finance unless carried out under the "urgent" provision when the Head of Service should write with a copy for the information of the Head of Corporate Finance (who is therefore aware of any investigation).
- 30.02 The Head of Corporate Finance shall report all matters involving fraud and theft of Council assets and any other matters he considers appropriate to the Chief

Executive and the Council's External Auditor. All significant matters should be referred as soon as possible in confidence to the Audit Committee.

- 30.03 The Head of Human Resources and Organisational Development shall maintain an approved scheme for the operation of disciplinary matters within the Authority which shall recognise that procedures may be necessary to require adherence to or to deal with departures from proper financial procedures as set out in these Financial Regulations. This scheme shall include a Code of Conduct setting out procedures to be followed by employees who are offered gifts or hospitality and shall also regulate the conduct of those employees who are in receipt of remuneration outside their Council employment.
- 30.04 If delegated powers are used to waive the provisions of the Financial Regulations then the officer exercising the delegated power will report that to the Head of Corporate Finance.