

Financial Procedure Rules

INTRODUCTION

APPLICATION AND PURPOSE

1. The financial procedure rules set out how the council's financial affairs are to be managed. All councillors and officers, and any person acting on behalf of the council, shall comply with these rules and any procedures setting out their detailed application.
2. Procedures setting out the detailed application of the rules may be issued by the chief finance officer.
3. The financial procedure rules form part of the council's constitution and are to be read in the context of the council's objectives as set out in its corporate plan and corporate development plan.
4. In circumstances deemed exceptional, the chief finance officer may waive one or more of these financial procedure rules at the request of a councillor or manager. The waiver must be confirmed in writing before implementation.
5. Heads of service shall ensure that: the financial procedure rules are brought to the attention of all their staff; their staff are adequately trained in their use. All officers have a fiduciary duty to the local taxpayer and for the effective and efficient stewardship of any public funds under their control.

DEFINITIONS

6. In these Rules:

"Cabinet" means the body appointed to exercise executive functions in accordance with the Cabinet arrangements and procedural rules in the constitution.

"Chief Executive" means the person appointed by the council as the Council's head of paid service.

"Chief Finance Officer" means the officer responsible for financial affairs of the Council under s.151 of the Local Government Act 1972 and s.114 of the Local Government Finance Act 1988. It includes the officer nominated by him/her to act in his/her absence and any officer of his/her staff acting on his/her behalf.

"Council" means the South Oxfordshire District Council/Vale of White Horse District Council, or any body or person acting on its behalf under the constitution or delegated authority.

"Full Council" means a meeting of the full Council.

"Head of service" means a person appointed by the council to a post of head of service, or any member of his/her staff who is acting under delegated authority from their head of service. It includes the chief executive when he/she acts in the manner

of a head of service, for example as a cost centre manager, or instead of a head of service.

“*Strategic management team*” means the body comprising the chief executive.

“*monitoring officer*” means the person appointed by the council for the purposes of s5 of the Local Government & Housing Act 1989, or the person nominated to act in his/her absence.

“*Relevant Cabinet member*” means the member of the Cabinet who has responsibility for that particular function.

“*Scrutiny Committee*” mean the committee set up under the scrutiny committees procedure rules in the constitution.

RESPONSIBILITIES FOR FINANCIAL MATTERS

7. The full Council is responsible for approving the following:
 - (a) The medium term financial strategy – South only.
 - (b) The medium term financial plan.
 - (c) The revenue budget and council tax requirement.
 - (d) The capital programme.
 - (e) The borrowing limits and prudential indicators
 - (f) The tax base.
 - (g) The council tax.
 - (h) The treasury management strategy incorporating the annual investment strategy.
 - (i) The treasury management mid-year report.
 - (j) The treasury management outturn report.
 - (k) The financial procedure rules.
8. The Cabinet shall make recommendations to full Council on those matters referred to in the preceding paragraph apart from the council tax and the financial procedure rules.
9. The Cabinet has overall responsibility for the implementation of the council’s financial strategies and spending plans, and is authorised to make financial decisions subject to these being consistent with the budget and policy framework procedure in the constitution.
10. The chief finance officer is responsible for the overall management of the financial affairs of the council.
11. The chief finance officer shall determine all financial systems, procedures and supporting records of the council (whether held on paper or electronically), after consultation with the relevant head of service. Any new or amended financial systems, procedures or practices shall be agreed with the chief finance officer before they are implemented.
12. Heads of service are responsible for ensuring the proper maintenance of financial procedures and records, and the security of assets, property, records and data, within their service area.

13. The chief executive and heads of service shall consult with the head of finance and head of legal and democratic on the financial and legal implications respectively, of any report that they are proposing to submit to the full Council, a committee (or sub-committee) or the Cabinet.

Delegation of responsibilities for financial matters

14. In the absence of the chief finance officer, or if he/she is unable to act, then his/her nominated deputy shall be empowered to act on his/her behalf in relation to these rules.
15. In the absence of a head of service any officer within his/her team that has been nominated by him/her shall be empowered to act on his/her behalf in relation to these rules.
16. The chief executive is empowered to act instead of a head of service, and may require a head of service to consult him/her before taking any decision under these rules.
17. In cases of urgency two members of the council's strategic management team (including the chief finance officer or the monitoring officer) acting jointly shall be empowered to act instead of another officer in relation to these rules.

Accounting arrangements and procedures

18. The chief finance officer will determine the form and standard of all financial records, statements and accounts consistent with statutory requirements and professional standards.
19. The chief finance officer will provide or approve systems, procedures, instructions and guidance to each head of service to enable them to carry out their financial duties in an acceptable way. Each head of service must follow such systems, procedures, instructions and guidance and may not rely on any other systems and procedures unless the chief finance officer has agreed to alternatives.
20. Heads of service are responsible for ensuring the proper maintenance of financial procedures and records, and the security of assets, property, records and data, within their service area.
21. The chief finance officer will produce an annual statement of accounts and Whole of Government Accounts, and any other financial information required by statute. Each head of service must provide the chief finance officer with any information that he/she needs to enable the council's accounts to be closed in accordance with the timetable for the production and audit of the accounts.

Audit

22. All the activities of the council are subject to both internal and external audit.

Internal audit

23. In accordance with the Accounts and Audit Regulations, the chief finance officer shall maintain an adequate and effective system of internal audit to carry out a continuous and independent appraisal of all the Council's activities, financial and otherwise. This function shall operate in accordance with professional standards.
24. The internal audit team shall undertake a cyclical review of all financial systems throughout the council under the direction of the chief finance officer, who shall determine the appropriate level of audit coverage.
25. It shall be the specific responsibility of internal audit to review, appraise and report upon:
 - (a) the soundness, adequacy and application of financial and other management-related controls;
 - (b) the extent of adherence to, the relevance and the financial effect of management's policies and directives and compliance with other relevant procedures, legislation and regulations;
 - (c) the extent to which the council's assets and interests are accounted for and safe-guarded from losses, which include fraud and other offences, waste, extravagance and inefficient administration, poor value for money and other causes;
 - (d) the economical, efficient and effective use of resources; and
 - (e) the suitability, integrity and reliability of financial and other related management data developed within the council.
26. Internal audit will advise heads of service and the strategic management team on such matters as risk assessment and systems of check and control in order that heads of service maintain appropriate internal controls within their financial and administrative systems to ensure that the council's resources are properly applied in the manner and on the activities intended.
27. Heads of service shall consider internal audit reports and provide a response within an agreed timescale. Heads of service shall implement agreed recommendations unless they can demonstrate satisfactory alternative arrangements.
28. The internal audit manager (following approval from the chief finance officer, a member of the strategic management team or chief executive) has the authority to:
 - (a) enter at all reasonable times any council premises or land;
 - (b) subject to any legislative constraints, have access to all records, documents and correspondence, and data in computer systems relating to any financial or other transactions of the council as appear to him/her to be necessary to fulfil his/her responsibilities. This includes the possessing or taking copies of any record, document or correspondence;
 - (c) require and receive such information or explanations from any relevant person as are necessary concerning any matter under examination or in the discharge of his/her responsibilities;
 - (d) require any relevant person to produce cash, stores or any other council property under their control; and

- (e) examine any accounts or records not covered by the above but relating to funds managed by any relevant person arising out of his/her employment with the council.
- 29. In rule 28(c) “any relevant person” means a councillor or officer of the council, or any organisation or person acting on behalf of the council.
- 30. The internal audit manager shall be entitled to report directly to any level of management, the Cabinet or any committee, in his/her own name.
- 31. Internal audit will liaise with the external auditors to maximise the efficiency of both services provided to the council.

External audit

- 32. The council’s accounts, financial records, operations and systems shall be audited annually in accordance with best audit practice and the audit regime as determined by the council’s external auditor in accordance with regulations and statutory requirements.
- 33. The external auditor’s management letter and reports shall be issued and considered in accordance with the agreed protocol.

Fraud and irregularities

- 34. Heads of service shall establish and maintain adequate systems of internal control and check for the prevention and detection of fraud and other illegal acts.
- 35. Any relevant person (as defined in rule 29) shall notify the chief finance officer or the internal audit manager immediately of any financial or accounting irregularity, or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including those affecting cash, stores, property, remuneration or allowances.
- 36. Procedures designed to frustrate and prevent any attempted fraudulent or corrupt act are contained in the council’s anti-fraud and corruption strategy issued in accordance with rule 2 of these rules. The process for staff to notify any suspicions to management and how management should respond are contained in the council’s whistle-blowing and, anti-fraud and corruption response plans.

Officers authorised to approve financial documents

- 37. The heads of service shall determine who is authorised to approve/sign financial documents on their behalf.
- 38. Each head of service shall provide the chief finance officer with the names, and specimen signatures where appropriate, of officers authorised to approve, certify or sign financial documents either in paper form or electronically. The chief finance officer shall maintain a register of all such officers. Any changes of authorised officers must be promptly notified to the chief finance officer.

39. Authorised signatories shall sign in their own name and not sign in the name of their head of service. The use of facsimile signature stamps is not permitted on paper based returns.

Banking arrangements, electronic, cheque and credit card payments

40. All arrangements with the council's bankers shall be made by the chief finance officer, who shall be authorised to open and operate such bank accounts, or arrange such other services as the council requires, and to give directions to the bank as shall be necessary for the making of payments on behalf of the council and for the deposit of monies received by the council.
41. No bank account, account with an institution similar to a bank, credit card facility or other arrangement for credit shall be opened in the name of the council or establishments of the council except by or with the prior approval of the chief finance officer.
42. All cheques shall be ordered only on the authority of the chief finance officer, who shall make proper arrangements for their safe custody.
43. Cheques on the council's bank accounts (including National Giro accounts) shall either bear the facsimile signature of the chief finance officer or be signed personally by the chief finance officer or officers authorised by him/her to do so. Additionally all cheques over the sum of £10,000 shall be personally countersigned by the chief finance officer or such officer as may be specifically authorised by him/her to do so. Any electronic payments over the sum of £10,000 shall be authorised by any authorised signatory to the originating account. The method of authorisation will be in accordance with chief finance officer's instructions.
44. All payments by cheque shall be made on a drawings or disbursements account to which transfer shall be made as and when required. Payments by electronic fund transfer shall be in accordance with procedures approved by the chief finance officer.
45. Request for payments by any other method must be approved by the head of finance. Officers must not set up direct debit or standing order payments without the prior consent of the head of finance.
46. It shall be an instruction to the council's bankers that no overdraft shall be allowed on the drawings and disbursements accounts. Overdrafts may be negotiated on the council's general account in accordance with arrangements approved by the head of finance.
47. All authorisations to transfer sums between accounts shall be signed (or authorised electronically) by the head of finance or such officer as may be specifically authorised by him/her to do so.
48. Any monies received must be paid without delay to the council's bank, or as the head of finance directs. Unless there is specific written authority from the head of finance no deductions shall be made from monies received. Under no circumstances may personal cheques of councillors or employees of the council be cashed out of monies held on behalf of the council. (See also the financial procedure rules re Income).

49. Council credit cards must only be used in accordance with guidance issued by the head of finance.

Borrowing, leasing and other financial arrangements

50. The borrowing powers of the council shall be exercised only in accordance with:
- (a) the policies of the council;
 - (b) the borrowing limits and prudential code set by the full Council;
 - (c) procedures determined by the chief finance officer
51. The chief finance officer shall be notified promptly of all proposed arrangements for the acquisition of property, vehicles or equipment which are to be financed by way of any credit, finance or operating lease.
52. All borrowing, leasing, finance and credit arrangements, will be effected by the head of finance.
53. The council's investments will be managed in accordance with the approved treasury management strategy.

Claims for grant or subsidy and financial returns

54. Each head of service shall make proper arrangements for claiming grants and submitting associated claims, by the due date, so as to maximise the council's income. (See also the financial procedure rules re Income)
55. It shall be the duty of each head of service to prepare, and the responsibility of the chief finance officer or nominated deputy to certify and otherwise deal with, all claims for grants or subsidy and other financial returns required by Government departments and other bodies or organisations.

Contracts

56. The management and administration of contracts shall be in accordance with the council's procurement procedure rules.

Estates and asset management

57. The head of development and regeneration shall maintain an up-to-date terrier system of all land and physical property owned or controlled by the council or in which the council has an interest. The register will detail:
- the legal powers used for acquisition (if known);
 - the purpose for which the property is held;
 - description;
 - location and plan reference;
 - area/size of land/property;
 - the council's interest in the land/property, e.g. freehold/leasehold;
 - purchase details;
 - rents and other charges payable;
 - any restrictive covenants;

- particulars of tenancies or other interests granted; and
- maintenance of the land and property.

58. The head of development and regeneration is responsible for the valuation of all of the land and property in accordance with the Chartered Institute of Public Finance Accounting code of Practice on Local Authority Accounting in the UK.
59. The head of finance is responsible for keeping a fixed asset register which shall identify the value of all of the physical assets recorded in the council's accounts (including land and property). The fixed asset register will be kept in a form that will be agreed with the chief finance officer and in accordance with the relevant accounting code of practice. The head of finance is responsible for calculating capital charges and depreciation charges for all properties for which purpose the head of development and regeneration shall supply to him/her such details as required by him/her of the financial implications of any purchase, disposal, revaluation, reclassification or holding of land or property on the council's behalf.
60. The head of legal and democratic shall have custody of all title deeds and keep them under secure arrangements.
61. Disposals of surplus land and property with an estimated book value of up to £10,000 can be authorised by a head of service. Consultation with the relevant Cabinet member is required for disposals of land and property with a book value between £5,000 and £10,000. Above that value disposals must be authorised by the relevant Cabinet member or the Cabinet. Before deciding whether to dispose of land or property the head of service, relevant Cabinet member or Cabinet shall consider a report setting out all relevant information, including the planning position, potential use, current or proposed development restrictions and estimated value. Any sale of property resulting in a significant reduction in income of £100,000 or more, impacting on the current budget and the medium term financial plan, must be referred to full Council for consideration. For all disposals an initial valuation must be provided by a qualified valuer: if the likely value exceeds £100,000 this must be supplemented by a second, external valuation. Unless otherwise agreed by the chief finance officer and monitoring officer, all disposals with an estimated value over £5,000 shall be put on the open market and competitive bids sought from as many interested parties as is commensurate with the estimated value and intended use. All disposals shall be on the best financial terms unless otherwise agreed by the chief finance officer in consultation with the relevant Cabinet member. Except where a general consent exists, specific consent shall be obtained from the Secretary of State where required, prior to the disposal of an interest in land or property for less than the best consideration reasonably obtainable.
62. Heads of service shall notify the chief finance officer of all cases where steps are necessary to prevent or investigate loss of or damage to physical property not belonging to the Council but in its control.

Financial planning

63. The head of finance shall co-ordinate, monitor and report on the council's financial plans in accordance with the council's financial policies and as determined by the chief finance officer.

64. Heads of service shall prepare, monitor and report on financial plans for the services for which they are responsible in consultation with the head of finance

Budgets

65. The head of finance shall prepare consolidated estimates of income and expenditure on revenue and capital accounts and any special funds maintained by the council, and shall submit these to the Cabinet.
66. The Cabinet will consider on an annual basis:
- (a) the estimates of proposed revenue income and expenditure for the ensuing year together with a review of the current year's revenue income and expenditure;
 - (b) the medium term financial plan;
 - (c) the proposed programme of capital expenditure, including how such expenditure will be financed and estimates of any revenue income or expenditure that will arise;
 - (d) the estimates of income and expenditure to be met from any special funds in the ensuing year.
67. The Cabinet shall, after any necessary consultation and after receiving reports from the relevant heads of service, chief finance officer and chief executive, consider these financial plans and make recommendations on them to the full Council.
68. Approval of the revenue estimates by full Council authorises officers to incur expenditure as detailed in the estimates subject to compliance with all requirements of the council's constitution.
69. South only: only full Council can approve the addition of a scheme to the provisional capital programme. In doing so council approve the funding of the scheme.
70. South only: expenditure on a capital scheme cannot commence until Cabinet has approved the scheme be transferred from the provisional to the approved capital programme. Heads of service are authorised to incur expenditure on schemes within the approved part of the programme.
71. Vale only: approval of the capital estimates by full council authorises officers to incur expenditure as detailed in the capital programme subject to compliance with all requirements of the council's constitution.
72. Once set by council, budgets can be changed in one of three ways: by virement, by supplementary estimate, and by an approved carry forward request.

Section 106 and community infrastructure levy (CIL) income and related expenditure

73. The head of planning shall be responsible for negotiating and gaining the relevant approval for section 106 agreements. Receipt of a section 106 or CIL income does not confer the power to spend. Appropriate budgets must be created in accordance with the financial procedure rules to give heads of service authority to incur expenditure on schemes funded from section 106 or CIL income. Part 2 of this

constitution sets out delegations to the heads of service relating to the community infrastructure levy.

74. For section 106 or CIL agreements that provide clear and unambiguous details on how the receipts raised must be used, where that agreement has been approved by the Planning Committee and over which further discretion cannot be applied then the head of finance can approve the creation of the relevant revenue or capital budget.
75. For all other section 106 and CIL agreements where contributions are received by the council a budget for the spending of the receipt must be created as follows:
 - (a) For agreements of up to £20,000 budgets can be approved by the head of finance.
 - (b) For agreements greater than £20,000 up to £100,000 budgets can be approved by the relevant Cabinet member in consultation with the Cabinet member for finance.
 - (c) For agreements of greater than £100,000 budgets must be approved by Council.

Budgetary control

76. Heads of service are responsible for controlling and monitoring income and expenditure within the service areas and capital projects for which they are responsible.
77. The head of finance shall make available to each head of service periodic statements comparing actual and budgeted income for the service areas each head of service is responsible for.
78. Heads of service shall promptly notify the head of finance of any actual variance or forecast variance from an overall (“bottom-line”) budget for a cost centre or capital project for which they are responsible.
79. On a quarterly basis heads of service will report their projected estimate of outturn income and expenditure against their revenue and capital budgets for those service areas for which they are responsible. In addition heads of service will provide explanations for any projected variation to budget as requested by the head of finance.
80. Any variance, or forecast variance, from a revenue cost centre or capital project budget of more than £50,000 shall be reported in the budget monitoring report. Budget monitoring reports as at 30 September and 31 December will be published in In Focus.

BUDGET MOVEMENTS WITHIN A YEAR

81. Where a budget is moved between cost centres or capital projects but it is used for the purpose it was originally created this is known as a budget transfer. All budget transfers must be approved by the head of finance, strategic finance manager or an accountancy manager.

82. Where a budget is moved between cost centres or capital projects so that it can be used for a purpose other than which it was originally created this is known as a budget virement which must comply with the following rules.
83. All new expenditure as a consequence of virements must be in accordance with the council's corporate objectives, strategies and policies.
84. All virements must be made and notified to accountancy in advance of expenditure being incurred.
85. Heads of service may vire (move) budgets within a year and within the revenue cost centres for which they are accountable provided this does not create a new financial liability for a future financial year. If this results in a significant change in the standard or level of the service or the introduction of a new service this requires approval of the chief executive.
86. The chief finance officer in consultation with the relevant heads of service, may vire budgets of up to £20,000 or 5% of the total relevant budget (whichever is the greater) within a year and between any revenue budgets or between budgets for capital projects. The Cabinet may vire budgets of up to £100,000 within a year and between any revenue budgets or budgets for capital projects.
87. Budget virements in excess of these limits, or virements in a year which also commit the council to additional expenditure in future years, shall only be made by full Council.

BUDGET MOVEMENTS BETWEEN YEARS

88. The estimated cost of any revenue or capital project for which one-off budgetary provision has been approved may be carried forward to the following financial year, subject to:
 - (a) the amount carried forward not exceeding the underspend on the relevant revenue cost centre or capital project; and
 - (b) the approval of the head of finance who shall maintain a record of such approvals.

SUPPLEMENTARY ESTIMATES

89. A supplementary estimate is where a budget is created in-year funded from outside existing general fund budgets e.g. from reserves, new or additional government grant.
90. The chief finance officer in consultation with the relevant heads of service and Cabinet members may agree requests for revenue supplementary estimates of up to £20,000. Requests for revenue supplementary estimates in excess of £20,000 shall be made to the Cabinet which shall seek the approval of full Council if the amount exceeds £100,000, or if the total of revenue supplementary estimates in the year would exceed £250,000 should the request be agreed. For the purpose of these limits supplementary estimates for expenditure that is to be met from an existing grant that has been increased are to be ignored provided the additional income is used for the same purpose as the original grant. No request for a supplementary estimate is necessary where it arises from a government grant for a specific purpose.

91. The chief finance officer, in consultation with the leader of the council and the chief executive, may increase the revenue or capital budget after considering a request from the relevant head of service where the council has:
- (a) Received government grant outside of the usual budget setting cycle for which no budget exists.
 - (b) Received additional income for fees and charges that has led to additional costs that require a budget to give authority to spend.
 - (c) Received additional income from insurance claims.

In all instances a budget no greater than the increase in income can be created.

92. South only: Schemes within the provisional part of the capital programme can be transferred into the approved programme by a decision of a Cabinet member. Schemes may only be added to the provisional part of the programme by full Council. The head of finance may add schemes directly into the approved capital programme where they are fully funded by government grants.

Vale only: The head of finance may add schemes directly into the capital programme where they are fully funded by government grant.

93. The advice of the chief finance officer shall be sought before any consideration of a request for a supplementary estimate.
94. In cases of urgency the Cabinet, or officers discharging Cabinet functions, shall be authorised to approve additional revenue or capital expenditure in excess of the limits set out in rule 90 if it is not practical to convene a quorate meeting of the full Council; and the chair of the Scrutiny Committee agrees that the decision is a matter of urgency.
95. In cases of disaster or emergency, and with the agreement of the leader and the chair of the Scrutiny Committee (where this is possible) heads of service, with the approval of the chief finance officer, shall be authorised to approve additional revenue or capital expenditure in excess of the limits set out in rule 90. The chief finance officer shall report such approvals to the next meetings of the Cabinet and Scrutiny Committee. In the absence of the chief finance officer this authority shall only be available to the chief executive in consultation with the chief finance officer's nominated deputy.

Gifts and hospitality

96. The Council has introduced a scheme whereby officers record gifts with a value above £50 and hospitality offered during the course of their duties. Detailed guidance notes are contained in the council's code of practice on gifts and hospitality.

Income

COLLECTION ARRANGEMENTS

97. Arrangements for the collection of all sums due to the council and for the prompt and proper accounting for all cash, including its collection, custody, control and deposit shall be determined by the head of finance.

98. Each head of service shall promptly raise debtor accounts within the council's accounts receivable system for all work done, goods supplied and services rendered within their service.
99. The head of finance shall be notified promptly 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 any documents or other evidence in this connection as he/she may decide.
100. Each head of service is required to make proper arrangements for claiming grants and submitting associated claims, by the due date, so as to maximise the council's income. The head of finance shall determine the accounting records to be maintained by each head of service to record income and expenditure of the council in relation to the claims made.
101. Heads of service shall in consultation with the relevant Cabinet member, and within the budget setting parameters and any overall parameters agreed by the council, review all fees and charges for goods and services provided at least annually.
102. The head of finance is responsible for the arrangements for the collection of miscellaneous income due to the council. Each head of service should normally use the council's accounts receivable (debtors) system or cash collection arrangements, or establish their own arrangements (which shall be subject to the approval of the head of finance). Accounts raised must require payments to be made to the council.
103. Each head of service must ensure that there are appropriate procedures for raising accounts, monitoring receipts and following up unpaid bills. Income and VAT must be accounted for correctly in both the council's accounts receivable (debtors) system and any other systems.
104. Instructions for the cancellation or reduction of invoices for income must be authorised by the appropriate head of service or such member of staff specifically designated by him/her for that purpose.
105. Heads of service shall advise the head of legal and democratic of debts that have remained unpaid with a view to the commencement of legal proceedings in accordance with the council's corporate debt and recovery strategy.
106. No amount due to the council shall be discharged otherwise than by payment in full, or by writing-off the whole amount due, or an unpaid portion thereof.

Write offs

107. Sums due to the council shall not be written off other than in accordance with the scheme of delegation.
108. Where sums are written off under delegated powers these shall be recorded in a register in a form determined by the head of finance.

Insurance and risk management

109. Each head of service must take all reasonable steps to prevent accident, injury, loss or damage, and to minimise any losses which may occur. Each head of service must ensure that effective risk management is in place within their service areas, having regard to advice from any specialist officers (e.g. fire prevention and health and safety). Risk management includes the identification, evaluation, control, financing and ongoing monitoring of risks.
110. Each head of service shall notify promptly the head of finance of all new risks, properties, vehicles or assets which require to be insured and any alterations affecting existing insurance.
111. The head of finance in consultation with the head of service shall determine the appropriate insurance cover. The head of finance shall be responsible for ensuring that all insurable risks are adequately covered and, in conjunction with heads of service, for regularly reviewing the levels of cover.
112. The head of finance shall hold in safe custody all insurance policies of the council and arrange for payment of premiums by the due date.
113. Each head of service shall inform the head of finance immediately of any insurance claim received, or any incident which will or has the potential to become an insurance claim. Procedures for the notification of claims, or potential claims, will be determined by the head of finance.
114. In the case of a major fire, flood or explosion affecting the council's property, or any incident resulting in the death or injury to an employee or other person, the head of service shall contact the head of finance immediately and follow this up with a report.
115. The head of finance, in conjunction with the head of service where necessary, shall be responsible for supervising the negotiating and settling of all claims made by or against the council.
116. The head of finance shall ensure that appropriate employees of the council are included in a suitable fidelity guarantee insurance policy.
117. Heads of service shall consult the head of finance and head of legal and democratic regarding the terms of any indemnity the council is requested to give and shall not give any form of indemnity without the approval of these officers.
118. Insurance records relating to liability policies and related correspondence must be retained indefinitely. Documents relating to other policies and self-insurance and risk management arrangements must be retained for six years. All other matters relating to insurance or indemnities shall be carried out in accordance with arrangements determined by the head of finance.

Internal control and check

119. In implementing and maintaining financial systems and procedures head of finance shall ensure that these include adequate levels of internal control and check, taking

into account an assessment of the risks involved. The following principles shall be observed in the allocation of financial duties:

- (a) 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;
- (b) where possible adequate segregation of duties shall be maintained. Officers charged with the duty of examining and checking the accounts of transactions shall not themselves be engaged in any of these transactions; and
- (c) the principle of internal check must be included, where possible, in all accounting duties undertaken by staff. Unless it would be impracticable, each head of service must avoid any arrangement that would enable one officer to authorise, process and record a complete financial transaction. In cases where this would be impracticable, the chief finance officer must be asked to approve alternative arrangements and the head of service must ensure that the work is properly monitored.

Inventories and control of assets

120. For the purposes of these financial procedure rules an asset is any item which has an intrinsic value and includes land, buildings, fittings, furniture and equipment, computer equipment and systems, vehicles plant and machinery, stores and materials.
121. Heads of service shall maintain an inventory or register of all assets under their control in a form and to the extent determined by the chief finance officer.
122. Items shall be added to the inventory as soon as they are received. Items leased to the council should be recorded with note of ownership. If an item is lost or stolen this must be recorded against the entry in the inventory and the item should be written-off after authorisation by the chief finance officer.
123. The assurance manager shall at all reasonable times have access to the assets of the council and to examine and audit registers and inventories.
124. Each head of service shall undertake an annual check on all items on the inventory and take action in relation to surpluses or deficiencies in accordance with the requirements of these financial procedure rules (see financial procedural rule re Stocks and Stores), or where items become unserviceable or obsolete and shall update the inventory accordingly.
125. Council property, assets, or materials shall only be used in connection with council business unless otherwise authorised by the head of service. Council property shall only be removed from council premises for use in the course of ordinary council business, or with the permission of the head of service, and a record should be kept of authorised removals.
126. Where it is necessary to take custody of property which is not the property of the council, the relevant head of service shall ensure that a complete inventory is prepared and that all reasonable steps are taken to protect that property from loss or damage. The head of finance should be informed of any new insurable risk.

127. Items of property or cash left on council premises and regarded as lost property must be dealt with in accordance with procedures determined by the assurance manager.

Orders for works, goods and services

128. Heads of service shall place orders only in accordance with:

- (a) the procurement procedure rules;
- (b) the council's procurement and other relevant policies (including arrangements for central purchasing or the standardisation of supplies);
- (c) legal and health and safety requirements;
- (d) the principles of value for money (i.e. ordering what is legitimately required at the correct quality, quantity and time, and at the best possible price); and
- (e) procedures determined by the chief finance officer.

129. Heads of service should ensure that the council will not knowingly obtain supplies from or deal with organisations which fail to meet the reasonable expectations of their creditors, regarding payment of debts.

130. Prior to placing an order or entering into any other sort of commitment to expenditure, a head of service must be satisfied that there is enough provision in the relevant approved revenue or capital budget and that the order will not result in an overspending.

131. Official orders ('purchase order') shall be issued for all works, goods and services supplied to the council except where the circumstances are such that it is not possible to raise an official order and where this exception has been approved by the head of finance.

132. All payments shall be made via the council's accounts payable (creditors) system unless agreed otherwise by the head of finance.

133. An officer must not seek or receive any gift or personal inducement, including lavish or excessive hospitality, in connection with the placing of any order. Officers may not place orders with any individual or organisation with whom they have a family, personal or financial relationship. If an officer's work involves contact with any individual or organisation with whom they have a family, personal or financial relationship, that officer must notify their head of service in writing.

Payments

134. All payments (including invoices, salaries, wages, other emoluments, allowances, benefits and petty cash) shall be made under arrangements determined by the head of finance.

135. No payment to a member of staff shall be authorised by himself/herself. Payments to heads of service shall be authorised by the chief executive; payments to the chief executive shall be authorised by another member of the strategic management team.

136. All payments to members of staff and councillors will be made via the payroll system unless an alternative arrangement has been agreed by the head of finance.

PAYMENT OF INVOICES

137. Each head of service is responsible for checking the accuracy and validity of invoices submitted for payment, and for processing these promptly in accordance with procedures determined by the head of finance. Heads of service shall provide the head of finance with such particulars in connection with work done, goods supplied or services rendered and all other amounts due, as may be required and in such a manner as the head of finance may specify.
138. The head of finance may examine any account, and obtain any explanation considered necessary.
139. Wherever practicable the duties of ordering, receiving goods or services and certifying the invoice shall not be performed by the same officer.
140. Heads of service shall notify the head of finance of all outstanding expenditure relating to the previous financial year, in accordance with the year-end accounting timetable produced by the head of finance.

SALARIES, WAGES AND ALLOWANCES

141. Heads of service are responsible for checking the accuracy and validity of claims and other records relating to contracts of employment (including travel and subsistence).
142. The head of corporate services is responsible for ensuring that all payments made under contracts of employment are in accordance with such contracts, the council's human resources policies, and in accordance with procedures determined in consultation with the head of finance.
143. The head of corporate services shall advise the head of finance of all matters affecting the remuneration of employees.

COUNCILLORS' ALLOWANCES

144. Councillors who are entitled to claim travelling or other allowances shall submit their claim on the prescribed form, duly completed and signed. Claims should be submitted in accordance with the councillors' allowance scheme. The accuracy of the information contained in a claim shall be the responsibility of the councillor concerned.
145. The head of legal and democratic shall be empowered to examine all claims submitted and make whatever checks or enquiries he/she feels are reasonable to verify the accuracy of the claim before payment.

PETTY CASH IMPREST AND CASH FLOATS

146. The head of finance shall provide officers with petty cash accounts and cash floats, as he/she considers necessary. Petty cash will be maintained on the imprest system. Any officer to whom a petty cash imprest or a cash float has been issued shall maintain records and operate the account in accordance with procedures determined by the head of finance.
147. The internal audit manager shall at all reasonable times have access to petty cash accounts and cash floats for control and check purposes.

148. Heads of service shall notify the head of finance when authorisation is withdrawn from an officer or an authorised officer leaves the council, or when responsibility for the imprest is transferred to a different officer.

Retention of documents and financial records

149. Heads of service are responsible for the retention of documents and other financial records. These shall be retained for periods prescribed by statutory or other external regulations or, in the case of financial records and supporting documents where there are no such requirements, the head of finance shall determine the retention periods, including the type of storage media. Details of this are contained within the council's 'corporate procedure – retention and disposal of documents'.

150. Financial records shall not be disposed of other than in accordance with prescribed statutory requirements or as approved by the head of finance.

Security

151. Heads of service are responsible for the security and safe custody of all assets, cash and other property under their control. For this purpose an asset is any item which has an intrinsic value and includes land, buildings, fittings, furniture and equipment, computer equipment and systems, vehicles plant and machinery, stores and materials, money, investments and securities, data and confidential information.

152. Each head of service shall consult the internal audit manager in any case where security is thought to need improvement, or where it is considered that special security arrangements may be needed.

153. Maximum limits for cash holdings shall be agreed with the head of finance and shall not be exceeded without his/her express permission. Cash held in any safe must not exceed the amount of the insurance limit for that safe.

154. Keys to safes, cash boxes, strong rooms, machines and security systems shall be in the safe keeping of those responsible at all times. The loss of any such keys shall be reported to the head of service concerned immediately who should take appropriate steps to protect the interests of the council.

155. Each head of service shall be responsible for the control and security of all funds managed by employees arising out of their employment.

156. The holders of safe keys shall not accept unofficial funds or valuables for depositing in the safe unless authorised by the head of finance. In such circumstances it must be made clear to the depositors that the council is not to be held liable for any loss.

157. Assets shall, where possible but in particular attractive, desirable and portable items, be clearly marked as being the property of the council. Leased property should be marked in accordance with any agreement reached between the relevant head of service and lease companies.

158. Computer equipment, programs and data must be adequately protected against theft, misuse and unauthorised access and each head of service is responsible for

ensuring the compliance with all council policies and guidelines on security and crime prevention.

159. If any financial irregularity occurs or is suspected concerning cash, stores or other property of the council, or in the exercise of the functions of the council, the head of service concerned shall immediately notify the head of finance and the internal audit manager who will take such steps as they consider necessary by way of investigation and report.
160. In instances of criminal activity, or suspected criminal activity, affecting the council's finances, heads of service shall immediately notify the head of finance and the internal audit manager of the circumstances.

Stocks and stores

161. Heads of service shall be responsible for the custody and physical control of the stocks and stores held in his/her service area(s) and shall ensure that stocks and stores are not carried in excess of reasonable requirements.
162. Heads of service are responsible for maintaining systems of stock accounting, examination and control, which accurately and completely record the value of stock and stores for which they are responsible, and which have been approved by the head of finance.
163. Heads of service shall arrange for a stock take of all stocks and stores at least once every year, as near as possible to 31 March each year, or on a regular continuous basis during the year. Such checks should be carried out independently of the officers responsible for their custody.
164. The chief finance officer and the internal audit manager may at all reasonable times have access to all stocks and stores of the council and may make such checks as are deemed necessary including their presence during stock-taking.

Taxation

165. The chief finance officer shall be authorised to make any decision or determination with regard to taxation that he/she considers necessary for the overall tax efficiency of the council. All instructions or guidance issued by the chief finance officer relating to the tax affairs of the council shall be complied with by any employee and where appropriate shall be drawn to the attention of any contractor to the council.
166. The head of finance is responsible for the administration of the tax affairs of the council.

Treasury management

167. The council shall observe the CIPFA Code of Practice for Treasury Management in Local Authorities.
168. A Treasury Management Policy Statement setting out the matters detailed in paragraph 15 of the CIPFA Code of Practice for Treasury Management in Local Authorities, namely:

- (a) definition of approved activities;
- (b) strategy formulation, approved financing methods, sources of borrowing, approved organisations for investment and investment instruments;
- (c) policy on interest rate exposure, external management of investment and delegation;
- (d) review and reporting requirements

shall be adopted by the council and thereafter its implementation and monitoring shall be delegated to the head of finance (subject to any directions from the chief finance officer).

169. Before the start of the financial year the head of finance shall report to the Joint Audit and Governance Committee on the strategy for treasury management it is proposed to adopt for the coming financial year. The strategy will be formally adopted by council.
170. All executive decisions on borrowing, investment or financing shall be delegated to the head of finance who shall be required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities and the Policy Statement and strategy referred to above.
171. The head of finance shall report to the audit and [corporate] governance committee and Council not less than three times in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year. The second will be a mid-year report. The third being the strategy referred to in the previous paragraph.
172. All money in the hands of the council shall be under the control of the chief finance officer.
173. All borrowing and investments of the council's funds shall be made in the name of the council or nominees approved by the chief finance officer.
174. The head of finance shall be the council's registrar of stocks, bonds and mortgages. All negotiable instruments, financial bonds and securities (other than title deeds of land or buildings), the property of, or in the name of the council, or its nominees, shall be held by the head of finance, or otherwise as the head of finance may specifically direct, under secure arrangements.
175. The head of finance shall determine the form of records of all borrowing or investments made by the council.
176. All trust funds shall, wherever possible, be in the name of the council and shall be operated in accordance with arrangements made by the chief finance officer. Officers acting as trustees by virtue of their official position shall deposit all securities relating to the trust with the chief finance officer unless the deed provides otherwise.

Unofficial funds

177. An unofficial fund is any fund associated with council business, supervised or managed by council staff, but which is not part of council funds or trust funds of the council. All unofficial funds monies shall be kept separate from council monies.
178. Officers planning to act as honorary treasurers of unofficial funds shall consult the appropriate head of service and chief finance officer before accepting the position.
179. Unofficial funds shall be managed and administered in accordance with any statutory requirements and at least to the same standards as those applicable to the council generally.
180. The head of service concerned shall be responsible for ensuring sound arrangements for the financial management and audit of unofficial funds and shall consult with the chief finance officer before formulating regulations that apply to such funds, and shall seek guidance from him/her on taxation. The type and extent of audit will be decided in consultation with the chief finance officer and will take into account the nature of the fund and the degree of risk.
181. Financial records shall be kept for all unofficial funds as determined by the head of finance who shall be given complete access to all records and information relating to unofficial funds.
182. The head of finance shall have the right to require any officer holding unofficial funds to give a true account, in writing, of the following:
 - (a) all money and property committed to the officer's custody;
 - (b) all receipts and payments, together with vouchers and other supporting documents; and
 - (c) a complete list of the amounts due from, or to, all persons.