

# **Constitution - extract**

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## **Financial Procedure Rules**

### **1.0 General Arrangements**

#### **1.1 Chief Finance Officer**

The Chief Finance Officer is responsible for the Council's financial affairs. He or she is the Proper Officer appointed under Section 151 of the Local Government Act 1972 and also the officer responsible for reports under Section 114 of the Local Government Act 1988. He or she will approve all procedures dealing with income and expenditure of the Council.

#### **1.2 Committees and Executive Members**

Each Committee and Cabinet Member with the advice of the Chief Finance Officer, will in all their dealings ensure that the Finance Code of Practice is complied with. Chairmen of Committees and Cabinet Members shall regularly monitor the budgets of services falling within their areas of responsibility.

#### **1.3 Service Managers**

Each Service Manager will ensure that his or her staff understand and comply with the Finance Code of Practice.

Each Service Manager will be responsible for setting up, recording and improving the financial and management systems, within their Service, with the advice and approval of the Chief Finance Officer.

Each Service Manager will consult the Chief Finance Officer if any matter under his or her control is liable materially to affect the finances of the Council. These matters will be discussed by the Corporate Management Team before any commitment is incurred or before any report is submitted to Committee.

#### **1.4 Financial Records**

All accounts and accounting records of the Council will be compiled by the Chief Finance Officer or under his or her direction and be kept for a minimum of six years.

Where such accounts and accounting records operate outside of the Finance Service, they will be maintained so as to provide the Chief Finance Officer with the financial information he or she requires.

#### **1.5 Separation Of Accounting Duties**

The following principles will be observed:-

- (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, are to

- be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers charged with the duty of examining and checking the accounts of cash transactions are not to be engaged in any of these transactions.
  - (c) The duties of raising an order and the receipt of the goods or services should be separated from the process of certification of the invoice.

## **1.6 Banking Arrangements**

All arrangements with the Council's Bankers will be made by the Chief Finance Officer who is authorised to operate all bank accounts and National Giro accounts.

## **2.0 Investments, Borrowings and Trust Funds**

### **2.1 Title and Securities**

All investments, borrowings and trust funds will be made in the name of the Council, or in the name of nominees approved by the Council. All Securities in the name of the Council or its nominees and the title deeds of all property will be held by the Solicitor.

### **2.2 Borrowing and Investments**

Borrowing and Investments will be undertaken only by the Chief Finance Officer.

Borrowing and investment of available funds and the management of investments will be in accordance with the CIPFA Code of Practice for Treasury Management.

Following advice from the Chief Finance Officer, the Council will maintain a Treasury Management Policy and Strategy Statement and the Chief Finance Officer will produce a Systems Document for day to day Treasury Management activities.

All finance and operational leases and other financial arrangements will be approved by the Chief Finance Officer and be in accordance with the Capital Finance Regulations set by the Government from time to time.

### **2.3 Registrar**

The Chief Finance Officer is the registrar of stocks, bonds and mortgages and will maintain records of all borrowing and investment of monies.

### **2.4 Trust Funds**

All officers acting as trustees by virtue of their official position will deposit all securities, relating to the trust with the Legal Services Manager unless the deed otherwise provides.

## **3.0 Income**

### **3.1 Cash Collection**

The collection of all money due to the Council is under the supervision of the Chief Finance Officer. All money received by an officer will without delay be paid to the Chief Finance Officer, or as he or she may direct, into a bank account or National Giro account or to another authorised body or person. No deduction can be made from such money unless authorised by the Chief Finance Officer. Every officer or person acting on behalf of the Council who banks cheques will enter on the paying-in slip a reference to the related debt.

Every officer or person who receives money on behalf of the Council will comply with any requirement of the Chief Finance Officer with regard to the safe custody of the money.

No Officer can give a receipt for monies held on behalf of the Council in any form other than the approved form of receipt. This instruction will not apply to the Solicitor or other legal officer in respect of monies received by him or her for which a receipt is contained in a legal document.

### **3.2 Income Collection (Sundry Debtors And Other Arrangements)**

Each Service Manager will be responsible for ensuring that accounts are promptly raised in connection with work done, goods supplied or services rendered and that accounts are only raised by means approved by the Chief Finance Officer.

The Chief Finance Officer will be notified promptly of all money due to the Council from Sundry Debtors and of contracts, leases and other agreements or arrangements entered into which involve the receipt of money by the Council. The Chief Finance Officer has the right to inspect any relevant documents as he or she may decide.

Any cancellations of debts previously raised will be notified to the Chief Finance Officer in writing.

### **3.3 Receipts And Tickets**

All receipts and tickets will be ordered and supplied by the Chief Finance Officer, or agreed under arrangements approved by him or her. Every officer receiving these items will ensure proper arrangements for their control and safe custody.

### **3.4 Personal Cheques**

Personal cheques will not be cashed out of money held on behalf of the Council.

### **3.5 Cash Transfers**

Every transfer of cash from one member of staff to another will be evidenced in the records of the Service concerned by the signature of the receiving officer.

### **3.6 Write Offs**

Sums due to the Council will not be written off except in accordance with the Council's Scheme of Delegation.

## **4.0 Expenditure**

### **4.1 Petty Cash And Other Advances**

4.1.1 The Chief Finance Officer will provide such amounts as he or she or she considers appropriate for officers to pay petty cash and other expenses.

4.1.2 Where necessary, the Chief Finance Officer will open a bank account for use by the account holder who will ensure that the account is not overdrawn. The Council's Bankers will report direct to the Chief Finance Officer any overdrawn balance on the account holder's bank account.

4.1.3 Officers will maintain a record of all payments and submit the account at regular intervals for examination and reimbursement.

4.1.4 No cash received on behalf of the Council should be paid into a petty cash or an advance account.

4.1.5 In the case of petty cash payments will only be for minor items of expenditure and will be supported by a receipted and certified voucher. No payments will be made in respect of salary, wage, travel or subsistence.

4.1.6 An officer responsible for an advance account will, when requested, provide a certificate as to the state of his or her account to the Chief Finance Officer. Payments will be limited to items of expenditure at a value set by the Chief Finance Officer.

4.1.7 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an advance, the officer will account to the Chief Finance Officer for the amount advanced.

4.1.8 Service Managers will ensure that all cash balances are kept in a secure place.

### **4.2 Cheques**

The Head of Paid Service is authorised to sign any mandate to the bank authenticating the signature of officers designated as cheque signatories.

All cheques, except cheques drawn on authorised advance accounts, are ordered only by the Chief Finance Officer, who will make arrangements for their safe custody. Cheques on the Council's main bank accounts, including

National Giro accounts should bear either the facsimile signature of the Chief Finance Officer or computer produced alternative. Cheques can be signed by the Chief Finance Officer or other officer authorised to do so under the Scheme of Delegation and cheques exceeding £50,000 will require two signatures.

### **4.3 Method Of Payment**

Apart from petty cash, payments from the Council will be by cheque, other instrument drawn on the Council's bank account or National Giro account by the Chief Finance Officer, or by the use of the Banking Automated Clearing System (BACS).

No direct debit arrangements will be set up on a Council's bank account without the authorisation of the Chief Finance Officer.

### **4.4 Invoices**

4.4.1 A Service Manager issuing an order will be responsible for verifying and certifying the invoice(s) and similarly for any other payment voucher or account from within the Service. The certification must be in manuscript by, or on behalf of the Service Manager. A list of officers authorised to sign these records will be sent to the Head of Paid Service by each Service Manager, together with specimen signatures. Any amendments to the list will be notified to the Head of Paid Service who will take the necessary action.

4.4.2 Before certifying an account for payment, the officer will be satisfied that:-

- a) the goods to which the invoice relates have been received, examined and approved as to the quality and quantity;
- b) services have been rendered or work carried out satisfactorily;
- c) other payments are correctly due;
- d) the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- e) the expenditure is within the relevant revenue budget, capital budget, or business strategy/financial plan;
- f) the account has not been previously passed for payment, nor is it a trading statement;
- g) the expenditure has been correctly coded and appropriate entries made in inventories, stores, records or stock books;
- h) the account has been compared with and marked off against the copy order.

4.4.3 Certified accounts will be passed without delay to the Chief Finance Officer who will examine them to the extent that he or she considers

necessary. He or she will make enquiries and receive such information and explanations as he or she requires.

4.4.4 No amendments will be made to value added tax invoices. All value added tax invoices will be returned to the creditor for any amendment necessary in accordance with value added tax regulations. Amendments to other invoices will be agreed with the creditor and be signed by the employee making the amendment and the reasons (if not self evident) will be stated on the invoice.

## **4.5 Salaries And Wages**

4.5.1 The processing and payment of all salaries, wages and other amounts to employees or former employees is the responsibility of the Chief Finance Officer.

4.5.2 The Chief Finance Officer will be notified as soon as possible and in the form prescribed by him or her, of all matters affecting such payments, and in particular:-

- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
- b) absences from duty for sickness;
- c) changes in remuneration, other than normal increments and pay awards
- d) information necessary to maintain records of service for superannuation, income tax, national insurance and any other required purpose.

4.5.3 All time records or other pay documents will be in the form prescribed or approved by the Chief Finance Officer and will be certified in manuscript by or on behalf of the Head of Service. A list of officers authorised to sign these records will be sent to the Chief Finance Officer by each Service Manager, together with specimen signatures. Any amendments to the list will be notified to the Chief Finance Officer who will take the necessary action.

## **4.6 Travelling And Subsistence**

4.6.1 Using a form approved by the Chief Finance Officer, all certified claims for payment of travel, subsistence allowances and expenses will be submitted to him or her made up to a specified day of each month, within seven days thereof. A list of officers authorised to sign these records will be sent to the Chief Finance Officer by each Service Manager, together with specimen signatures. Any amendments required to the list will be notified to the Chief Finance Officer, who will take the necessary action.

4.6.2 The certifications by or on behalf of the Service Manager will mean that the certifying officer is satisfied that the journeys were authorised, the expense properly and necessarily incurred and that the allowances are properly payable by the Council.

## **4.7 Members Allowances And Expenses**

- 4.7.1 The Basic, and other Allowances will be paid monthly by the Chief Finance Officer in accordance with the approved scheme of Members Allowances agreed by the Council.
- 4.7.2 Payments to Members, including co-opted Members of the Council or its Committees who are entitled to claim, travelling and subsistence allowances or other expenses will be made by the Chief Finance Officer upon receipt of the completed prescribed form. All claims for a financial year are to be submitted within one month of 31st March each year.

## **5.0 Obtaining Goods or Services**

### **5.1 Orders**

5.1.1 Official orders will be in the form approved by the Chief Finance Officer and will be signed only by officers authorised by the appropriate Service Manager who is responsible for orders issued in his or her name and for ensuring that they are kept in a secure place.

5.1.2 Each Service Manager will maintain a list of all persons authorised to sign orders on his or her behalf and a copy of the list will be sent to the Head of Paid Service with specimen signatures. Any amendments to the list will be notified to the Head of Paid Service.

5.1.3 Official orders will be issued for all work, goods or services except for supplies of utility services, periodical payments such as rent or rates, petty cash purchases or such other exceptions as the Chief Finance Officer may approve.

### **5.2 Verbal Orders**

Verbal orders will only be given in cases of urgency and will be confirmed immediately thereafter by the issue of a written order.

### **5.3 Central Purchasing and Standardisation**

Every officer issuing an order will have regard to any policies of the Council on central purchasing and supply and on the standardisation of supplies and materials.

### **5.4 Value of Orders**

5.4.1 Where the estimated value of the order is likely to cost £50,000 or more then the Code of Practice on Contracts will apply.

5.4.2 Where the estimated value of the order is likely to cost £10,000 or more but below £50,000 - At least three quotations are to be invited before an official order is given.

5.4.3 Where the estimated value of the order is estimated to cost below £10,000 quotations may be invited at the Service Manager discretion.

## **6.0 The Budget Process and Budgetary Control**

### **6.1 The Budget Preparation Process**

- 6.1.1 The Chief Finance Officer will prepare a five year revenue and capital plan predicting the likely level of the revenue budgets and Council Tax, and Housing rent levels taking account of central government support and local policy. This report will be periodically updated and annually considered by the Cabinet in advance of the detailed budget preparation process.
- 6.1.2 Guidance will then be given to Corporate Management Team as to the policy of the Council in considering detailed revenue budgets and capital programmes.
- 6.1.3 The format of the capital and revenue budgets will be determined by the Chief Finance Officer consistent with the general directions of the Cabinet and after consultation with the Corporate Management Team.
- 6.1.4 Any proposal for inclusion of a project in the capital programme will be accompanied by a full financial appraisal showing estimated costs and source of funding and associated revenue income and expenditure.
- 6.1.5 Estimates of income and expenditure on revenue and capital accounts, together with a full review of all fees and charges, will be prepared by Service Manager in consultation with the Chief Finance Officer. The Chief Finance Officer will collate the estimates for consideration by Corporate Management Team. After approval they will be referred to the Cabinet by the Chief Finance Officer, on behalf of the Management Team, will then report on the overall position.
- 6.1.6 The Cabinet will consider the impact of the revenue and capital budgets upon the financial resources of the Council and will submit them to the Council for approval with a recommendation of the Revenue budget, Council Tax, Housing Rent level and Capital Programme for the next financial year.

### **6.2 Authorisation Of Expenditure**

- 6.2.1 Any report to a Committee or exercise of a delegated power subject to consultation which would involve expenditure will be accompanied by a report showing the financial implications and available funding.
- 6.2.2 Council approval of the revenue budget confers authority to incur such expenditure, unless the item is subject to prior approval. No expenditure should be incurred until the restriction is lifted.
- 6.2.3 The inclusion of an item in the capital programme does not provide authority to incur expenditure until a detailed report relating to the scheme including capital and associated revenue costs has been approved by the relevant Service Manager.

### **6.3 Budgetary Control**

6.3.1 The Chief Finance Officer will keep the Cabinet informed of the state of the Council's finances.

6.3.2 Except for services exposed to competition by CCT legislation and other services of a contracting unit (see paragraph 6.3.8) Service Managers must maintain each management unit and final service budget within the net approved figure in respect of all direct expenditure and direct income of that unit. The exclusions from the approved budget will be management charges and capital financing charges.

Service Manager will be authorised to vire between budgets up to a cumulative limit of £10,000 on any Management Unit and Final Service and subject to appropriate notification to the Chief Finance Officer.

Any further virement beyond this limit would be subject to approval by the Cabinet.

6.3.3. Each Service Manager will be responsible for monitoring the budget(s) and/or financial plan under his or her control.

The Service Manager will keep Members informed as to the budgetary position in accordance with the arrangements for notification approved by the Council from time to time, compared with the actual expenditure and income for those services for which he or she is responsible.

6.3.4 If during the year a net budget is likely to be overspent, or considerably underspent then a report will be made to the Cabinet, with the Service Manager's recommendations as to the appropriate course of action.

6.3.5 A Committee, or Service Manager, in conjunction with the Chief Finance Officer, may incur expenditure which is essential to meet any immediate need created by a sudden emergency, or which is referable to Section 138 of the Local Government Act 1972 and their action will be reported to the next appropriate meeting of the Council.

6.3.6 No unspent balances at the year end will be carried forward except with the approval of the Cabinet.

6.3.7 Variations to the approved Capital Programme will be referred to the Cabinet to agree the change and any funding implications.

6.3.8 All services exposed to competition by CCT legislation and other services of a contracting unit will produce a business strategy and financial plan.

6.3.9 Any annual surplus arising from the operations beyond those envisaged in the business strategy and financial plan will be the subject of a report to the Cabinet.

6.3.10 Within each financial year, it is important that reports on the financial activities of Contracting Services are taken to the Cabinet and approval sought to changes to the business strategy and financial plan during the year.

## **6.4 Management Units**

6.4.1. Service Managers are responsible for the monitoring of the budgets under their control and will ensure that proper charging arrangements are in place to account for services provided to other unit and final service managers.

6.4.2. Users and providers of internal support services will agree a statement of the services to be provided.

6.4.3. No carry forward of over or under charging will be allowed at the year end.

## **6.5 Final Accounts**

6.5.1 A summary of the final accounts and a draft financial statement will be reported to the Council no later than the 30th September each year.

6.5.2 The Chief Finance Officer and appropriate Service Manager(s) will report to the Cabinet on the final accounts for the year as soon as practicable after the year end.

## **7.0 Assets**

### **7.1 Land and Property**

The Property Services Manager will maintain a list of all land and property owned by or leased to the Council (except dwellings provided under Housing Acts), recording the holding Committee (if any), purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted. A list of all dwellings, garages and other property will be maintained by the Property Services Manager.

The Legal Services Manager will have custody of all title deeds under secure arrangements and be responsible for advising the Chief Finance Officer on the completion of any property transactions.

The Chief Finance Officer will be responsible for maintaining an asset register holding current cost values for each asset or group of assets, in accordance with the requirements of the Code of Practice on Local Authority Accounting in Great Britain.

### **7.2 Insurances**

7.2.1 The Chief Finance Officer will arrange all insurance cover and negotiate all claims in consultation with other officers.

7.2.2 Service Managers will notify the Chief Finance Officer as soon as possible of all new risks, properties, plant or vehicles which need to be insured and of any alterations affecting existing insurances.

- 7.2.3 The Chief Finance Officer in conjunction with Service Managers will be responsible for risk assessments for insurance purposes. Service Managers will be responsible for subsequent implementation.
- 7.2.4 Service Managers will notify the Chief Finance Officer immediately and in writing of any loss, liability or damage or any event likely to lead to a claim.
- 7.2.5 All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance.
- 7.2.6 The Chief Finance Officer will annually, review all insurances in consultation with other Service Manager, as appropriate.
- 7.2.7 Service Manager will consult the Chief Finance Officer and Monitoring Officer regarding the terms of any indemnity which the Council is requested to give.

### **7.3 Inventories**

- 7.3.1 Inventories will be maintained by all Service Managers and include a description of all furniture, fittings and equipment, plant and machinery. All inventories will be in a form following guidance by the Chief Finance Officer, and be available for examination by Internal Audit from time to time.
- 7.3.2 Each Service Manager will be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. Non property assets having an estimated value of less than £5000 and which are certified by a Service Manager responsible for the particular service as surplus and redundant to the service, may be disposed of by the Chief Finance Officer by a method determined by him or her. Non property assets having an estimated value of above £5000 will be disposed of by tender through public advertisement or by public auction or such other means as the Financial Services Manager approves.
- 7.3.3 The Council's property will not be removed except in accordance with the ordinary course of the Council's business. Property will not be used for non-Council purposes except in accordance with specific directions issued by the Service Manager. All property owned, or acquired by the Council will, as far as practicable, be effectively marked as Council property.

### **7.4 Security**

- 7.4.1 Each Service Manager is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash etc., under his or her control. Service Managers will consult the Chief Finance Officer where security is thought to be defective, or where it is considered that special security arrangements may be needed.
- 7.4.2 Maximum levels of cash holdings will be agreed with the Chief Finance Officer and will not be exceeded without his or her permission.

7.4.3 Keys to safes and similar receptacles are to be carried on the person of those responsible at all times; the loss of such keys will be reported to the Chief Finance Officer immediately.

## **7.5 Security Of Data**

The Legal Services Manager is responsible for the registration of all information required under the provisions of The Data Protection Act 1998 but each officer is responsible for maintaining the security, privacy and confidentiality of information held in any format in their possession.

## **7.6 Stocks And Stores**

7.6.1 Each Service Manager is responsible for the care and custody of the stocks and stores in his or her Service, and will keep such records as may be necessary to maintain efficient control of the receipt and issue of such stores. All records and accounts will be in the form approved by the Chief Finance Officer, who in consultation with the Service Manager, may agree that certain items may be excluded from records.

7.6.2 Stocks will not be in excess of normal requirements except in special circumstances.

7.6.3 Each Service Manager will arrange for a continuous stock check throughout the year and will ensure that all stocks are checked at least once a year. All surpluses and deficiencies will be reported to the Chief Finance Officer, together with any relevant information or explanation. Stocks and stores having an estimated value of less than £5000 and which are certified by the Service Manager responsible for the particular service as surplus and redundant to the service, may be disposed of by the Chief Finance Officer by a method determined by him or her. Non property assets having an estimated value of above £5000 will be disposed of by tender through public advertisement or by public auction or such other means as the Financial Services Manager approves.

7.6.3 The Chief Finance Officer is entitled to receive from each Service Manager such information as he or she requires in relation to stores for the accounting and financial records and a signed certificate of the stock in hand at the 31st March each year.

## **7.7 Disposal of Assets**

All surplus assets will be disposed of by competitive tender, unless an officer in accordance with the Scheme of Delegation decides otherwise in a particular case.

## **8.0 Audit**

### **8.1 Internal Audit**

A continuous internal audit, under the independent control and direction of the Head of Paid Service, will be arranged to examine, review and appraise:-

- (i) The extent to which the Council's assets are accounted for and safeguarded from losses of all kinds;
- (ii) The effect and extent of the compliance with the established financial policies, procedures and the Finance Code of Practice;
- (iii) The relevance and effectiveness of financial and other controls.

## **8.2 Right Of Access**

The Head of Paid Service, his or her authorised representative, or the Chief Finance Officer acting in his or her capacity as Section 151 Officer to the Council, will have authority to:-

- 8.2.1 enter at all reasonable times on any Council premises or land, which are owned or leased,
- 8.2.2 have access to all records, documents and correspondence relating to any financial and other transactions of the Council'
- 8.2.3 require and receive such explanations as are necessary concerning any financial matter under examination;
- 8.2.4 require any employee of the Council to produce cash, stores or any other Council property under their control.

## **8.3 Theft and Irregularities**

Wherever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Authority, the Service Manager concerned will forthwith notify the Head of Paid Service and he or she will take steps as he or she considers necessary by way of investigation and report.

## **8.4 External Audit**

The Internal Auditor in consultation with the Cabinet Member (Resources) will agree the external auditor's programme work for each year.

The External Auditor will periodically report progress of the audit programme and annually present a management letter to the Scrutiny Committee for approval.

## **9.0 Performance Indicators**

- 9.1 Each Service Manager will be responsible for ensuring that arrangements are in place within their Service to comply with and produce information to meet the requirements of the Performance Indicators as laid down by the Audit Commission.

- 9.2 The Head of Paid Service will be responsible for collecting the data and publishing the verified information in accordance with Audit Commission guidelines.