South Gloucestershire Council

CONSTITUTION

May 2024

PART B

Part B Financial Regulations and Contract Rules

Contents

Part 1 - Financial Regulations

Financial Regulations

1. Introduction

Financial Regulations govern the way the Council undertakes medium term financial planning, annual budget setting, budget monitoring and closing of the accounts – setting out the responsibilities of **Council**, **Cabinet, Audit & Accounts Committee, Scrutiny Commission**, the **Chief Financial Officer**, the **Executive Director of Resources & Business Change**, the **Monitoring Officer**, **Chief Officers** and **Service Directors**. These aspects are set out in Part 1 (Financial Management). Where these regulations refer to Chief Financial Officer or the Monitoring Officer this is to be read as applying to the Deputy Chief Financial Officer and Deputy Monitoring Officer unless specifically stated otherwise. In the absence of the **Chief Financial Officer** or the **Monitoring Officer**, non-statutory delegations can be read as applying to the **Executive Director of Resources & Business Change.**

Financial Regulations also govern the way day to day financial administration is conducted and financial controls are exercised. These aspects are set out in Part 2 (Financial Administration).

Financial Regulations are supported by other elements of the Council's Constitution, in particular:-

- Contract Standing Orders
- Scheme of Delegation
- Budget & Policy Framework Rules

These need to be read together.

2. Status of Financial Regulations

Financial regulations apply to every member and officer of the Council and anyone acting on its behalf, with the exception of schools who operate under the Scheme for the Financing of Schools.

The regulations identify the financial responsibilities of the **Council**, **Cabinet** and **Executive Members**, the **Chief Executive**, the **Monitoring Officer**, the **Chief Financial Officer** and **Executive Directors**.

The Regulations shall not override any statutory provisions that apply.

Where applicable consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so. However, where the council operates a shared arrangement with another council the regulations of each party should apply to its own operation.

Executive Directors must maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where responsibilities have been delegated or devolved to other responsible officers' reference to the chief officer in the regulations should be read as referring to them.
Substantial breaches of Financial Regulations shall be reported to the **Chief Financial Officer** by the relevant **Executive Director** and may be treated as disciplinary offences. The **Chief Financial Officer** is responsible for reporting any significant breaches to Audit & Accounts Committee.

No report having financial implications shall be submitted to **Council** or **Cabinet or other decision making committee** without adequately timed prior consultation with the **Chief Financial Officer** and/or officers delegated to undertake such functions by him/her.

These procedures shall be reviewed regularly by the **Chief Financial Officer** but at least every 3 years. The **Council** should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes.

All members and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

3. Responsibilities

Full Council

The **Full Council** is responsible for adopting the authority's constitution and members' code of conduct and for approving the policy framework and budget within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution.

The **Full Council** is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions through its committees.

The **Full Council** is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the council and its committees. These delegations and details of who has responsibility for which decisions are set out in the constitution.

Cabinet

The **Cabinet** is responsible for proposing the policy framework and budget to the **Full Council**, and for discharging Cabinet functions in accordance with the policy framework and budget.

Cabinet decisions can be delegated to a committee, an individual **Executive Member**, an officer or a joint committee.

The **Cabinet** is responsible for establishing protocols to ensure that individual **Executive Members** consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES

Scrutiny Commission

The **Scrutiny Commission** is responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account.

The **Scrutiny Commission** is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the authority.

Audit & Accounts Committee

The **Audit & Accounts Committee** is responsible for providing independent assurance to the Council:

a) on the effectiveness of the Council’s governance arrangements, risk management framework and the internal control environment;

b) on the effectiveness of the Council’s financial and non-financial performance to the extent that it might impact on the system of internal control;

c) in the agreement and monitoring of the audit plans of External and Internal Audit;

d) in the review and approval of the annual statement of accounts.

As part of its responsibilities, the **Audit & Accounts Committee** may require Chief Officers to account for their actions or those of their staff in respect of the above. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors in meeting its responsibilities.

Standards Sub- Committee

The **Standards Sub-Committee** is established by the Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the members’ code of conduct, and for monitoring the operation of the code.

Other Regulatory Committees

Planning, conservation and licensing are not Cabinet functions but are exercised through the multi-party planning and licensing committee under powers delegated by the Full Council. The planning and licensing committee reports to the Full Council.

STATUTORY AND CHIEF OFFICERS

Chief Executive (Head of Paid Service)

The **Chief Executive** is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information for the Cabinet, the Full Council, the Scrutiny Commission and other committees.
He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Full Council's decisions (see below).

Chief Financial Officer

The **Chief Financial Officer** has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

a) Section 151 of the Local Government Act 1972;

b) The Local Government Finance Act 1988;

c) The Local Government and Housing Act 1989;

d) The Accounts and Audit Regulations 2015.

The **Chief Financial Officer** is responsible for:

a) The proper administration of the Council's financial affairs;

b) Setting and monitoring compliance with financial management standards;

c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;

d) Providing financial information;

e) Preparing the revenue budget and capital programme;

f) Treasury management.

A formal deputy officer will be nominated by the **Chief Financial Officer** to act in his or her stead where necessary (known as the Deputy Chief Financial Officer).

Section 114 of the Local Government Finance Act 1988 requires the **Chief Financial Officer** to report to the Full Council, Cabinet and external auditor if the Council or one of its officers:

a) Has made, or is about to make, a decision which involves incurring unlawful expenditure;

b) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority;

c) Is about to make an unlawful entry in the authority's accounts.

Section 114 of the 1988 Act also requires:

a) The **Chief Financial Officer** to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.

b) The Council to provide the **Chief Financial Officer** with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

Monitoring Officer

The **Monitoring Officer** is responsible for promoting and maintaining high standards of overall conduct and therefore provides support to the Standards Sub-Committee.

The **Monitoring Officer** is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

The **Monitoring Officer** must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by the Cabinet and of those made by officers who have delegated Cabinet responsibility.

The **Monitoring Officer** is responsible for advising all councillors and officers about who has authority to take a particular decision.

The **Monitoring Officer** is responsible for advising the Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

The **Monitoring Officer** in conjunction with the Director of Resources & Business Change is responsible for advising the Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.

The **Monitoring Officer** is responsible for maintaining an up-to-date constitution.

Strategic Leadership Team

Strategic Leadership Team (SLT) comprises the Chief Executive and Executive Directors and Directors of Adult, Housing & Communities, and is attended by the Monitoring Officer and Chief Financial Officer, when required. It acts as the senior officers' body and its role is to:

a) instigate policy proposals

b) provide strategic leadership to the organisation

c) consider corporate policy proposals

d) engage in the preparation of the medium term financial plan, the asset management strategy and the Council Plan, and

e) direct and monitor the performance of the organisation in applying approved policies.

EXECUTIVE DIRECTORS

Executive Directors are responsible for:

a) Directing the delivery of services in compliance with the Scheme of Delegation, the Financial Regulations and the Procurement Framework, and in accordance with all statutory requirements, the Council's approved policy and performance framework, and their service budget allocations;

b) Developing and proposing policy changes for service delivery;

c) Ensuring that Executive Members (and where relevant other decision makers) are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer through the designated officers within the Corporate Finance team.

d) Signing contracts on behalf of the Council.

It is the responsibility of **Executive Directors** to consult with the Chief Financial Officer and their Departmental Finance Representatives and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Part A – Financial Management

1. Medium Term Financial Plan

1.1. The Council's constitution sets out how decisions are made including setting the Council's Budget. Whilst the Council's Budget sets out what those decisions are the Medium Term Financial Plan determines the underlying principles behind them and is key in driving the delivery of the Corporate Plan.

1.2. The Medium Term Financial Plan indicates future years' budgets and potential council tax levels. Those indications are based on the current available information and provide the starting point for future year's budgets. It requires a planning cycle in which managers develop their own plans within the specified budget framework. As each year passes, another future year will be added to the medium-term plan. This ensures that the authority is always preparing for events in advance.

1.3. The Medium Term Financial Plan sets out the **Cabinet**'s approach to a range of issues, including:

- the way in which corporate priorities are considered as part of the Council's capital and revenue budget processes;
- the delivery and development of the council's saving programme;
- the level of balances and reserves (based on advice from the **Chief Financial Officer**);
- the approach to bidding for external funding;
- the setting of fees and charges and;
- the management of financial risks.

1.4. The **Chief Financial Officer** is responsible for ensuring that a revenue budget is prepared on an annual basis and a Medium Term Financial Plan covering a 10 year period, or as may be otherwise determined, is prepared and updated on an annual basis for consideration by the Cabinet, before submission to Full Council so that the Council may set the budget and determine the Council Tax before the statutory deadline. Full Council may amend the budget in principle as set out in the Budget and Policy Framework or ask the Cabinet to reconsider it before approving it.

1.5. The **Chief Financial Officer** is responsible for preparing and submitting reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate. The **Chief Financial Officer** determines the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Full Council, and after consultation with the Cabinet and Chief Officers.

1.6. The **Chief Financial Officer** is responsible for preparing and submitting reports to the **Cabinet** on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied. He or she must also advise on the medium-term implications of spending decisions. Their role is to encourage the best use of resources and value for money by working with **Chief Officers** to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

1.7. The **Chief Financial Officer** must advise the Full Council on Cabinet proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

1.8. It is the responsibility of **Chief Officers** to advise members of the any material implications on finances and/or service performance arising from the Medium Term Financial Plan and to ensure they are available to the Cabinet within the timetable set. **Chief Officers** must also provide information to Cabinet where, in their opinion, the service plan does not meet statutory or central government requirements.

1.9. **Chief Officers** are responsible for preparing estimates of income and expenditure, in consultation with the **Chief Financial Officer**, to be submitted to the **Cabinet**. **Chief Officers** are responsible for preparing a balanced budget for the next financial year and sustainable budgets in the future that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidelines issued by the **Cabinet.** The format should be prescribed by the **Chief Financial Officer** in accordance with the authority's general directions.

1.10. **Chief Officers** should integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures and when drawing up draft budget requirements, should have regard to:

a) spending patterns and pressures revealed through the budget monitoring process

b) legal requirements

c) policy requirements as defined by the Full Council in the approved policy framework

d) initiatives already under way, and future service demand and other projections.

1.11. The key controls for budgets and medium-term planning are:

a) specific budget approval for all expenditure

b) **budget managers** are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the **Cabinet** for their budgets and the level of service to be delivered

c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

2. Annual Budget Setting

Responsibilities

2.1. **Full Council** is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

a) the policy framework (which is defined as all matters reserved for the Full Council);

b) the Medium Term Financial Plan, including the annual revenue budget and council tax;

c) the Capital Programme, and;

d) the Council Plan.

Policy Framework

2.2. The Council's agreed policy objectives will inform the overall policy framework and service plans. **Full Council** is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies which form the policy framework.

2.3. The budget is the financial expression of the authority's plans and policies.

2.4. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the **Full Council.** Budgets (spending plans) are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is ultra vires for an authority to set a deficit budget for the forthcoming year.

2.5. **Full Council** is responsible for setting the level at which the **Cabinet** may reallocate budget funds within the current year revenue budget, the Medium Term Financial Plan, or the Capital Programme. The **Cabinet** is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by Full Council.

2.6. The **Cabinet** is responsible for ensuring the policy framework is prepared for approval by **Full Council** and that it is consistently applied.

Budget Format

2.7. The general format of the budget will be approved by the **Full Council** and proposed by the **Cabinet** on the advice of the **Chief Financial Officer**. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

2.8. Proposals on the annual revenue budget submitted by **Cabinet** to **Full Council** should include details of the allocation of resources to different departments, the options for alternative taxation levels, and the nature and level of contingency funds and reserves. The **Cabinet** is also required to set the Prudential Code limits, in particular the statutory borrowing limit under the Local Government Act 2003 and onward recommend to **Full Council**.

Resource Allocation

2.9. The **Chief Financial Officer** is responsible for determining a process to identify on an annual basis the resource constraints which limit the financing and those which are available to meet the Medium Term Financial Plan and Capital Programme. The process must also identify all opportunities for optimising funding arrangements without impacting adversely on the delivery of the plans.

2.10. Chief Officers are responsible for working within budget limits and utilising resources allocated in the most efficient, effective and economic way to achieve the council's objectives. Chief officers are responsible for identifying opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery,

2.11. The key controls for resource allocation are:

a) resources are acquired in accordance with the law and using an approved authorisation process;

b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;

c) resources are securely held for use when required;

d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Guidelines

2.12. The **Chief Financial Officer** is responsible for issuing guidelines to **Executive Directors** on the preparation of the Medium Term Financial Plan and the Capital Programme. The guidelines, where relevant, will take account of:

- legal requirements;
- the approved policy framework and service delivery targets;
- medium term financial planning prospects;

- available resources;
- members' agreed political objectives and targets;
- spending pressures;
- service performance measures;
- other relevant Government guidelines;
- cross cutting issues (where relevant);
- the finding of external inspections (where relevant) and;
- risk.

Preparation of the Capital Programme

2.13. The **Chief Financial Officer** is responsible for ensuring that a Capital Programme covering a 3-5 year period, or as may otherwise be determined, is prepared / updated on an annual basis for consideration initially by **Cabinet**, before recommended to **Full Council** for approval.

2.14. The Capital Programme sets out the principles to be followed which demonstrate how new capital investment, together with active management of existing assets, contributes to achieving the Council's approved policies, objectives and targets. The Capital Programme is supported by plans for each major area of capital investment.

2.15. These plans will include details of individual schemes, and where relevant the impact of each on the planned level of service outputs / outcomes, together with the means of financing those proposals before commitments are made. Investment proposals are, as appropriate, summarised in the draft Capital Programme. Financing will consider forecasts of capital receipts and grants, and the affordability of prudential borrowing over the period of the Medium Term Financial Plan.

2.16. The Asset Management Plan sets out the Capital Programme priorities for 10 years.

2.17. The **Full Council** may amend in principle the proposed Capital Programme, or ask the **Cabinet** to reconsider areas of detail within the proposal.

2.18. Schemes are approved within the Capital Programme on an individual basis or at a generic level for a specific activity (e.g. general asset maintenance) and the approval relates to the total spending on the scheme, irrespective of when the payments are made; virements or approval are permitted within limits set by the **Full Council**.

2.19. The provision of loans for service / operational reasons i.e. outside of the Investment parameters set as part of the Treasury Management Policy, are to be agreed by **Cabinet** following advice from the **Chief Financial Officer**.

2.20. If a capital project involves bidding for funds from any external body the relevant **Chief Officer** in consultation with the **Chief Financial Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes requesting more than £500,000 of external funding.

2.21. If a capital project involves bidding for funds of less than £500,000 from any external body the relevant **Service Director** in consultation with the **Chief Financial Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes. Should the bid be successful, the scheme will need to be added to the capital programme through the normal approval process.

2.22. The **Cabinet** shall have the power to increase gross capital spending during the course of a financial year, providing it can also identify corresponding funding sources (except the use of the Council's general fund balances) such as a new grant, s106 agreement, capital receipt, or specific borrowing approvals and after having taken advice from the **Chief Financial Officer** and relevant **Executive Director(s)**and the future revenue costs can be met from existing resources or future year's resources identified in the Medium Term Financial Forecast. **.**

2.23. The key controls for capital programmes are:

a) Specific approval by the Full Council for the programme of capital expenditure,

b) Expenditure on capital schemes is subject to the approval of the **Chief Financial Officer**

c) A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by Cabinet.

d) Proposals for improvements and alterations to buildings must be approved by the appropriate **Executive Director**, in consultation with the **Service Director – Property & Business Support**.

e) Schedules for individual schemes within the overall budget approved by the Full Council must be submitted to the Cabinet for approval (for example, minor works), or under other arrangements approved by Full Council or Cabinet.

f) The development and implementation of asset management plans.

g) Accountability for each proposal is accepted by a named manager.

h) Monitoring of progress in conjunction with expenditure and comparison with approved budget.

2.24. **Cabinet** approval is required where an **Executive Director** proposes to exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.

2.25. **Executive Directors** are responsible for complying with guidance concerning capital schemes and controls issued by the **Chief Financial Officer** and ensuring that all capital proposals have undergone a project appraisal in accordance with guidance issued upon request by the **Chief Financial Officer.**

2.26. **Executive Directors** are response for preparing regular reports reviewing the capital programme provisions for their services. They should also prepare a quarterly return of estimated final costs of schemes in the approved capital programme for submission to the **Chief Financial Officer** and ensure that adequate records are maintained for all capital contracts.

2.27. **Executive Directors** should only proceed with projects when there is adequate provision in the capital programme and with the agreement of the **Chief Financial Officer,** where required. **Executive Directors** should ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the **Chief Financial Officer** and, if applicable, approval of the scheme through the capital programme.

Definition of Capital Expenditure

2.28. Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 provide a definition of capital expenditure.

2.29. Capital expenditure is principally in respect of acquiring, constructing or enhancing physical assets (including buildings, land and immovable equipment) which provide benefits over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset or substantially increase the extent to which an asset can be used in the delivery of services.

2.30. Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body.

2.31. The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

3. Budget Management & Monitoring

Financial Management

3.1. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

3.2. The key controls and control objectives for financial management standards are:

a) their promotion throughout the authority

b) a monitoring system to review compliance with financial standards, and

c) regular comparisons of performance indicators that are reported to Cabinet.

3.3. The **Chief Financial Officer** is responsible for ensuring the proper administration of the financial affairs of the authority, setting the financial management standards and monitoring compliance with them.

3.4. The **Chief Financial Officer** shall ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority. The **Chief Financial Officer** shall advise on the key strategic controls necessary to secure sound financial management and ensure that financial information is available to enable accurate and timely monitoring and reporting.

3.5. **Executive Directors** shall promote the financial management standards set by the **Chief Financial Officer** in their departments and to monitor adherence to the standards and practices, liaising as necessary with the **Chief Financial Officer**.

3.6. **Executive Directors** shall promote sound financial practices in relation to the standards, performance and development of staff in their departments.

Budget Management

3.7. Once agreed by **Council**, those revenue budgets delegated to **Executive Directors** may be spent and income collected by **Executive Directors** without further reference to **Cabinet**, or **Council** or any other political decision making body, subject to the Council's decision and policy making framework and subject to other aspects of these Financial Regulations and Contract Standing Orders.

3.8. Budget management ensures that once the budget has been approved by the **Full Council**, resources allocated are used for their intended purposes and are properly accounted for in line with the relevant Codes of Practice.

3.9. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

3.10. By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget.

3.11. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.

3.12. The key controls for managing and controlling the revenue budget are:

a) **budget managers** should be responsible for income and expenditure within their service areas

b) there is a nominated **budget manager** for each cost centre heading

c) **budget managers** accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities

d) **budget managers** follow an approved certification process for all expenditure

e) income and expenditure are properly recorded and accounted for

f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

3.13. The **Chief Financial Officer** shall establish an appropriate framework of budgetary management and control that ensures that:

a) budget management is exercised within annual cash limits (including approved reserves) unless the **Full Council** agrees otherwise

b) each **Executive Director** has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities

c) expenditure is committed only against an approved budget head

d) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations

e) each cost centre has a single named manager, determined by the relevant **Executive Director**. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure

f) significant variances from approved budgets are investigated and reported by **budget managers** regularly.

3.14. **Executive Directors** shall be responsible and accountable for the control of revenue and capital budgets allocated by the **Council** to them to keep within the budget limit set.

3.15. **Executive Directors** may delegate day to day responsibility for the budget to a named responsible officer under their line management. They should keep a written record of any such delegations and ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the chief officer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned to firstly the responsible budget holder, secondly the Head of Service cost centre level and finally within that as closely as possible to the decision-making level that commits expenditure.

3.16. **Executive Directors** should ensure that their budget managers do not enter into commitments before satisfying themselves there is sufficient approved budget provision.

3.17. **Executive Directors** should ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

3.18. **Executive Directors** should ensure that an effective monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively. They should prepare and submit to the **Cabinet** reports on the service's projected expenditure compared with its budget, in consultation with the **Chief Financial Officer**.

3.19. **Executive Directors** should ensure prior approval by the Full Council or Cabinet (as appropriate) for new proposals, of whatever amount, that:

a) create financial commitments in future years

b) change existing policies, initiate new policies or cease existing policies

c) materially extend or reduce the authority's services.

3.20. **Executive Directors** should ensure compliance with the scheme of virement and agree with the relevant impacted **Executive Director** where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or **Executive Director's** level of service activity.

Budget Monitoring

3.21. The **Chief Financial Officer** is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the **Cabinet** on the overall position on a regular basis.

3.22. The **Chief Financial Officer** is responsible for providing appropriate financial information to enable **Executive Directors**, acting as 'summary budget holders' to effectively monitor their budgets.

3.23. **Executive Directors** are responsible within their own service areas for controlling income and expenditure against their budgets and for monitoring their service delivery and financial performance targets. **Executive Directors** must take any action necessary to avoid exceeding their financial allocation; this may, in exceptional circumstances, include the seeking of additional budget allocations where available.

3.24. The **Chief Financial Officer** is responsible for monitoring the performance of Departments in controlling income and expenditure against their budget allocations and he or she must report details of variances on a regular basis to Cabinet.

3.25. **Executive Directors** must provide the **Chief Financial Officer** with details of the progress against their capital and revenue budgets to enable him or her to report to **Cabinet** on a quarterly basis. The report will include:

a) **Executive Directors'** proposals for containing spending within their allocations;
b) Details of spending pressures in excess of those allocations and if these relate solely to the current financial year or need to be addressed in the Medium Term Financial Plan as well, and;
c) In respect of the Capital Programme, details of the continued availability of resources to fund the programme.

3.26. The report will also seek, where appropriate within these regulations, approval from **Cabinet** or **Council** to any variations to the annual revenue budget or the Capital Programme, identifying the impact of those variations on the level of planned service outputs.

3.27. The **Chief Financial Officer** is responsible for advising the **Cabinet** and the **Council** on compliance with the CIPFA Prudential Code (Local Government Act 2003 and associated regulations).

3.28. The treatment of any in-year underspend will be considered by the relevant **Executive Member** and where the intention is to utilise this on a growth in service (quality or size) or the provision of a new service, this will be determined by **Cabinet**, where the **Council** is projecting to be in deficit at any time over the following four years.

3.29. **Executive Directors** are required to notify the **Chief Financial Officer** of all underspends, over-recovery of income and windfall benefits arising within their revenue and capital budgets. Where these occur it should be assumed that in the first instance such funds be returned to general non-earmarked reserves, unless regulations specify restrictions on their use which make this inappropriate, or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the Department. Where these exceptions occur, the

Executive Director is responsible for seeking approval from the **Chief Financial Officer**.

3.30. Some services or projects within the Council's budget and capital programme may be wholly or partly funded by time-limited external funding. As soon as there is a possibility of expenditure slipping past the funding deadline is forecast, the nominated budget holder must notify the Chief Financial Officer immediately and provide options for reducing expenditure and/or identifying alternative funding.

3.31. The **responsible officer** for each budget shall monitor any decisions with a financial impact and the consequence for spending against the budget and project annual spending to keep within the budget limit set. The **responsible officer** shall report any projected variance to the relevant **Executive Director** as soon as a judgement can be made.

3.32. Each **Service Director** and **Executive Director** is responsible for the control of income and expenditure within their service areas, and to monitor performance, taking account of information provided by the **Chief Financial Officer**. **Executive Directors** should report to **SLT** on variances within their own areas, and take any action to avoid exceeding their budget allocation. **Service Directors** may delegate detailed control over cost centres within their service areas to designated cost centre managers.

3.33. Each estimate head in the approved revenue budget shall be the responsibility of a designated **cost centre manager**. It shall be the responsibility of those officers to ensure that any probable overspending of expenditure, or shortfall in income, increased income or underspending in excess of £10,000 is reported directly to the **Executive Director**.

3.34. **Executive Directors** must ensure that **Responsible Budget Holders** annually complete a Registration of Responsible Budget Holder record, to certify their understanding of Financial Regulations, Contracting Rules and have undertaken appropriate training as required.

3.35. Any identified overspending or budget shortfalls in excess of £100,000 shall be reported through quarterly budget monitoring reports to **Cabinet.**

3.36. Where overspending or budget shortfalls can be compensated from savings elsewhere within the budget for the relevant service, revenue or capital budget transfers may be approved in accordance with the table below, except where any virement, of whatever amount, is proposed to move between Departments. In such cases these must be reported to **Cabinet** as part of the quarterly budget monitoring report for approval.

Maintenance of Reserves

3.37. It is the responsibility of the **Chief Financial Officer** to advise the **Cabine**t and **Full Council** on prudent levels of reserves for the authority.

3.38. The setting up of a new reserve, or changing the purpose of an existing reserve, must be approved by the **Chief Financial Officer**, including the delegated authority for accessing that reserve. Each proposal for a new reserve must be supported by a statement of its purpose and a **nominated officer** responsible for the funds. This officer will be required to review the balance of the reserve and to confirm its continuing need annually.

3.39. In advance of the annual budget being set, **Executive Directors** must confirm each reserve is still required, the estimated call on or increase in the reserve and its projected year-end balance.

3.40. Following the financial year end the **Chief Financial Officer** will report the balance on each reserve within the Outturn Report to **Cabinet**. This will include statement on any new reserves created where the purpose has changed or old reserves closed. The **Chief Financial Officer** will set and maintain the Management of Reserves policy. The usage of reserves will be the responsibility of the relevant **Executive Director**, in line with the statement of its purposes agreed with the **Chief Financial Officer** and the management of reserves policy.

3.41. The **Chief Financial Officer** can approve in year transfers to and from earmarked reserves to support the activities of the council (in accordance with the Budget and Policy Framework).

Virements and Supplementary Estimates

3.42. **Full Council** is responsible for agreeing procedures for the transfer of approvals (virement) between budget headings and supplementary estimates where available.

3.43. The **Cabinet** is responsible, on the basis of advice from **SLT**, for taking in-year decisions on reallocating resources in order to deliver the budget policy framework within the financial limits set by the **Council.**

3.44. The **Chief Financial Officer** is responsible for administering the scheme of virement.

3.45. In addition, **Service Director** are responsible for agreeing in-year virements which are within delegated limits and in line with approved policy framework, which includes consulting with the relevant **Executive Directors** and the **Chief Financial Officer**.

3.46. **Executive Directors** are responsible for agreeing in-year virements within delegated limits, in consultation with the **Chief Financial Officer** where required.

3.47. Transfers between policy budget headings can take place provided that they do not fall outside of the Budget and Policy Framework and do not involve an increasing commitment in future years that cannot be contained within existing approved budget allocations. All virement requests must specify whether the virement is for the current year only or whether it applies to subsequent years as well, and if the latter, that it can be managed within future projected budget planning totals.

Revenue Budget Changes and Transfers

3.48. The **Chief Financial Officer** can approve virements between policy budget heads to reflect changes and transfers of functions of a technical accounting nature. These are referred to as technical adjustments.

3.49. Virements of existing budgets under the responsibility of a single **Executive Director** are permissible provided the gross revenue expenditure budget of the **Council** is not increased and subject to the following limitations:

- **Service Director** can approve virements from or to any one policy budget head up to the value of £10,000 in agreement with the departmental finance representative;
- **Executive Directors** can approve virements from or to any one policy budget head up to a value of £100,000 in consultation with the relevant **Executive Member**(s) and the **Chief Financial Officer**; and
- The **Cabinet** can approve virements from or to any one policy budget head above £100,000.

3.50. Reallocating a budget between Chief Officers shall be permissible provided the gross revenue expenditure budget of the council is not increased and subject to the following limitations:

- The **Chief Financial Officer** in consultation with the relevant **Executive Member(s)** can approve virements up to a limit of £100,000 between Departments; and
- The **Cabinet** can approve virements above £100,000.

3.51. Virements to increase the Council’s gross revenue budget by bringing in funding from additional new external sources or reserves shall be permissible provided that the net revenue budget of the council is not increased and subject to the following limitations:

- **Executive Directors** in consultation with the **Chief Financial Officer** can approve virement up to the value of £100,000; and
- The **Cabinet** can approve virements above £100,000.

Capital Budget Changes and Transfers

3.52. Reallocations of existing capital budgets between approved schemes under the responsibility of a single **Executive Director** are permissible subject to the advice of the **Chief Financial Officer** on any required changes to funding and subject to the following limitations:

- **Chief Officers** can approve transfers between budgets to a maximum of £100,000; and
- The **Cabinet** can approve virements above £100,000.

3.53. Reallocations of existing capital budgets between approved schemes between **Executive Directors** are permissible subject to the advice of the **Chief Financial Officer** on any required changes to funding and subject to the following limitations:

- The **Chief Financial Officer** in consultation with the relevant **Executive Member(s)** can approve virements up to a limit of £100,000 between Departments; and
- The **Cabinet** can approve virements above £100,000.

3.54. Increases or changes to capital schemes as a result of budget variances or new sources of funding are permissible subject to the advice of the **Chief Financial Officer** on any required changes to funding and subject to the following limitations:

- The **Chief Financial Officer** in consultation with the relevant **Executive Member(s)** can approve changes up to £100,000; and
- The **Cabinet** can approve changes above £100,000.

3.55. **Cabinet** approval is required for the re-profiling across years of a capital scheme's budget, or for a carry forward of capital budgets at the end of the financial year.

Urgent Decisions Outside of the Budget or Policy Framework

3.56. The **Chief Financial Officer** may approve revenue or capital expenditure not provided for within the latest approved budget if satisfied that:

- the expenditure is wholly reimbursable to the Council; or
- compensatory savings have been identified; and
- there are no significant full year effects.

3.57. The **Chief Financial Officer** may approve revenue or capital expenditure not provided for within the latest approved budget if satisfied that it is incurred as a result of a major incident or emergency as defined by the Council's Emergency Planning Procedures or authorised by the Chief Executive. In such a case there could be a significant full year effect and/or may need to funded from General Fund balances.

3.58. In all circumstances, the expenditure must with consistent with the Corporate Plan and should be reported to the next **Cabinet** meeting.

3.59. If either members or officers wish to make a decision which is contrary to the Budget and Policy Framework, then that decision may only be taken by **Full Council,** with the advice of the **Monitoring Officer** and the **Chief Financial Officer.** Decisions contrary/not wholly in accordance with the total budget approved by **Full Council** may only be made if they are in accordance with the Budget and Policy Framework.

3.60. If the decision is a matter of urgency, and it is not practical to convene a quorate meeting of the **Full Council,** and if the **Chair of Scrutiny Commission** is in agreement that the decision meets the definition of urgent within the **Council**'s constitution, the decision may be made by **Cabinet.**

3.61. Following the decision, a full report must be provided to the next available **Council** meeting explaining the decision, the reasons for it and why the decision was treated as matter of urgency.

Carry Forwards

3.62. With the prior written approval of the **Chief Financial Officer,** at the request of the departmental finance representative, an underspending on revenue up to £50,000 may be carried from one financial year to another. Any carry forward exceeding £50,000 requires approval of **Cabinet**, who may also require any overspend to be carried forward. Only delayed spending as a result of factors beyond management control may normally be carried forward.

3.63. Carry forwards are not allowed in the following circumstances:

a) if it results in a policy change which members have not approved;

b) if it commits additional ongoing expenditure, or reduces income, in future years;

c) if it involves loan charges, capital expenditure, apportioned central charges;

d) if the underspending arises from a reduced volume of service, or lower unit cost than anticipated when the budget was set;

e) if the department's total budget is or is projected to be overspent – the first call on any underspending is to rectify departmental overspending;

f) If the total budget is or is projected to be overspent – if so, the first call on any underspending will be rectify overall overspending.

Treatment of Year End Balances

3.64. The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a budget heading is a line in the budget setting report.

3.65. The **Chief Financial Officer** should ensure appropriate accounting procedures are in operation to ensure that carried-forward totals are correct and that the **Council** as a whole is not overspent.

3.66. The **Chief Financial Officer** should administer the scheme of carry-forward within the guidelines outlined in 3.59 and 3.60 of the Financial Regulations and report all over-spending and under-spending on service estimates carried forward to the **Cabinet** and to the **Full Council**.

3.67. All internal business unit surpluses shall be retained for the benefit of the authority and their application shall require the approval of the Cabinet.

Accounting Policies

3.68. The **Chief Financial Officer** is responsible for selecting accounting policies and ensuring that they are applied consistently.

3.69. The **Chief Financial Officer** is responsible for the preparation of the authority's statement of accounts by the due date, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), for each financial year ending 31 March.

3.70. The key controls for accounting policies are:

a) systems of internal control are in place that ensure that financial transactions are lawful;

b) suitable accounting policies are selected and applied consistently;

c) proper accounting records are maintained;

d) financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

3.71. The **Chief Financial Officer** must select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared as of 31 March each year, and covers such items as:

- separate accounts for capital and revenue transactions
- the basis on which debtors and creditors at year end are included in the accounts
- details on substantial provisions and reserves
- fixed assets
- depreciation
- capital charges
- work in progress
- stocks and stores
- deferred charges
- accounting for value added tax
- government grants
- leasing

- pensions
- related responsibilities associated with external audit of accounts and the public inspection.

3.72. **Executive Directors** should adhere to the accounting policies and guidelines approved by the **Chief Financial Officer.**

Accounting Records and Returns

3.73. The **Chief Financial Officer** is responsible for determining the accounting procedures and records for the authority.

3.74. Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources. The **Counci**l has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year.

3.75. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

3.76. The key controls for accounting records and returns are:

- all members, finance staff and budget managers operate within the required accounting standards and timetables
- all the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- procedures are in place to enable accounting records to be reconstituted in the event of systems failure
- reconciliation procedures are carried out to ensure transactions are correctly recorded
- prime documents are retained in accordance with legislative and other requirements.

3.77. The **Chief Financial Officer** should determine the accounting procedures and records for the authority. Where these are maintained outside the finance department, the **Executive Director** should consult the **Chief Financial Officer**.

3.78. The **Chief Financial Officer** should arrange for the compilation of all accounts and accounting records under his or her direction and comply with the following principles when allocating accounting duties:

- separating the duties of providing information about sums due to or from the authority and calculating checking and recording these sums from the duty of collecting or disbursing them;

- employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

3.79. The **Chief Financial Officer** should make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit Regulations 2015 and ensure that all claims for funds including grants are made by the due date.

3.80. The **Chief Financial Officer** should prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable and with the requirement for the **Audit & Accounts Committee** to approve the statement of accounts before 30 September (and from the financial year 2017/18 onwards before 31 July).

3.81. The **Chief Financial Officer** administers the authority's arrangements for under- and overspendings to be carried forward to the following financial year and ensures the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

3.82. **Executive Directors** should consult and obtain the approval of the **Chief Financial Officer** before making any changes to accounting records and procedures and comply with the principles outlined in paragraph 3.75 when allocating accounting duties.

3.83. **Executive Directors** should maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements and supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the **Chief Financial Officer.**

The Annual Statement of Accounts

3.84. The **Chief Financial Officer** is responsible for ensuring that the annual statement of accounts is prepared in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom: The Code of Practice, and other legal requirements, for approval by the **Audit & Accounts Committee**

3.85. The **council** has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The **Audit & Accounts Committee** is responsible for approving the statutory annual statement of accounts.

3.86. The key controls for the annual statement of accounts are:

- the authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the **Chief Financial Officer**.
- the authority's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

- The Code sets out the proper accounting practices required by section 21 (2) of the Local Government Act 2003. These proper practices apply to statements of accounts prepared in accordance with the statutory framework under the Accounts and Audit Regulations 2015 and the audit of those accounts.

3.87. The **Chief Financial Officer** should select suitable accounting policies and to apply them consistently and make judgements and estimates that are reasonable and prudent.

3.88. The **Chief Financial Officer** must comply with the Code of Practice on Local Authority Accounting in the UK and sign and date the statement of accounts, stating that it presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

3.89. The **Chief Financial Officer** should draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

3.90. **Executive Directors** should comply with accounting guidance provided by the **Chief Financial Officer** and to supply the **Chief Financial Officer** with information when required

4. Risk Management and Control of Resources

Introduction

4.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

Risk Management

4.2. The **Cabinet** is responsible for approving the **Council'**s risk management policy statement and strategy and for reviewing the effectiveness of risk management. The **Cabinet** is responsible for ensuring that proper insurance exists where appropriate.

4.3. The **Chief Executive** is responsible for preparing the **Council**'s risk management policy statement, for promoting it throughout the authority and for advising the **Cabinet** on proper insurance cover where appropriate.

4.4. **Executive Directors** are responsible for complying with the risk management strategy in respect of their service areas.

4.5. The **Executive Director of Resources & Business Change** is responsible for advising SLT, initially, and subsequently the **Audit & Accounts Committee** on any significant non-compliance to the approved Risk Management Strategy by an **Executive Director**. He or she is also responsible for providing advice on and effecting the appropriate insurance arrangements.

Internal Control

4.6. Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the **Council's** assets and interests are safeguarded.

4.7. The **Executive Director of Resources & Business Change** is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

4.8. It is the responsibility of **Executive Directors** to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

4.9. The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit function to evaluate the effectiveness of its risk management, control and governance processes after taking into account public sector internal auditing standards and guidance.

4.10. The **Council** is responsible for agreeing the process for appointing the external auditor in line with national statutory procedures. The basic duties of the external auditor are governed by statute.

4.11. The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, who have statutory rights of access.

4.12. To fulfil their responsibilities, Internal and External Auditors must be allowed automatic and full access to all records (however held) relating to any transaction carried out or on behalf of the **Council** and to any of the **Council**'s premises or land. They may seek and obtain any explanations they need to conduct their work, or require any employee to produce Council assets under their control, wherever located.

4.13. The **Head of Internal Audit** can report independently direct to the **Chief Executive**, any **Executive Director**, the **External Auditor**, the **Council** or any **committee** of the Council on matters concerning fraud, management and financial control.

Preventing Fraud & Corruption

4.14. The **Chief Executive** is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

Assets

4.15. **Executive Directors** are responsible for ensuring that all financial records, physical assets and supporting documentation used in the provision of their services are accurate, properly maintained, securely held and, in respect of physical assets, suitably recorded.

4.16. **Executive Directors** must ensure that sound contingency plans for the security of those assets and for the continuity of service provision in the event of a disaster or other major system failure are in place, and that those arrangements are regularly tested.

Treasury Management

4.17. South Gloucestershire Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

4.18. All money in the hands of the authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in these regulations as the **Executive Director of Resources & Business Change** or **Chief Financial Officer**.

4.19. The **Council** will create and maintain a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

4.20. The **Council** will create and maintain suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

4.21. The **Council** will receive reports on its treasury management policies, practices and activities, including as a minimum, and annual strategy and plan in advance of the financial year, a mid-year review and an annual report after its closes, in the form prescribed in its treasury management practices.

4.22. The **Council** delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the **Cabinet,** and for the execution and administration of treasury management decisions to the **Chief Financial Officer,** who will act in accordance with the **Council**'s policy statement, treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.

4.23. The **Council** is responsible for approving the treasury management policy statement. The draft policy is prepared on an annual basis by the **Chief Financial Officer** and proposed to the **Council** by the **Cabinet**.

4.24. The **Cabinet** has delegated responsibility for implementing and monitoring the treasury management policy statement. All decisions on borrowing, investment or financing shall be delegated to the **Chief Financial Officer** to act in accordance with the policy statement in regard to
CIPFA's Code of Practice for Treasury Management in Local Authorities and the Prudential Code.

Staffing

4.25. The **Chief Executive** is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

4.26. **Executive Directors** are responsible for controlling total staff numbers by: advising the **Cabinet** on the budget necessary in any given year to cover estimated staffing levels, adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs, the proper use of appointment procedures.

5. Systems and Procedures

Introduction

5.1. Sound systems and procedures are essential to an effective framework of accountability and control.

General

5.2. The **Chief Financial Officer** is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. **The Chief Financial Officer,** in consultation with **SLT**, can enforce the use of corporate financial systems where there are financial or other benefits to be gained from doing so.

5.3. Any changes made by **Executive Directors** to the existing financial systems or the establishment of new systems must be approved by the **Chief Financial Officer**. However**, Executive Directors** are responsible for the proper operation of financial processes in their own departments.

5.4. **Executive Directors** must seek the prior approval of the **Chief Financial Officer**, who, if appropriate, will seek the approval initially of **SLT** and subsequently **Cabinet**, to any proposed change to the **Council's** instructions or procedural notes on financial matters which are required to meet their own specific service needs.

5.5. **Executive Directors** must ensure that, where financial management arrangements are undertaken within their departments, whether under formal decentralised arrangements or not, their staff receive appropriate financial training and operate to these financial regulations and professional standards.

5.6. **Executive Directors** must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation.

5.7. **Executive Directors** must ensure that staff are aware of their responsibilities under freedom of information legislation.

Income and Expenditure

5.8. It is the responsibility of **Executive Directors** to ensure that a proper scheme of delegation has been established within their area and is operating effectively.

5.9. The scheme of delegation should identify staff authorised to act on the **Executive Director's** behalf, in respect of payments, income collection and placing orders, together with the limits of their authority.

5.10. The **Council** is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

5.11. The authority required to write-off individual general debt is as follows:

Debt Limits	Authorisation to Write Off
Debts up to £10,000	Authorised by **Chief Financial Officer** on the recommendation of the **Executive Director**.
Debts over £10,000	Authorised by the **Executive Member for Corporate Resources**

5.12. Individual debts over £10,000 may be written off by the **Chief Financial Officer** without approval of the **Executive Member for Corporate Resources** where:

a) The debtor is bankrupt or in liquidation and an independent written statement has been received indicating that no dividend will be paid to the Council.

b) Legal action has been taken and the debt has been remitted by a court.

c) The debtor no longer resides in this country.

d) The debtor has died and there is no estate against which to secure recovery.

5.13. A record of all irrecoverable debts must be maintained within departments.

Payments to Employees and Members

5.14. The **Chief Financial Officer** is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members and all relevant expenses.

Taxation

5.15. The **Chief Financial Officer** is responsible for advising **Executive Directors,** in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.

5.16. The **Chief Financial Officer** is responsible for maintaining the authority's tax records directly, or where appropriate, ensuring that **Executive Directors** maintain taxation records; and for making all tax payments, receiving all tax refunds and submitting tax returns by their due date as appropriate.

Trading Accounts & Business Units

5.17. It is the responsibility of the **Chief Financial Officer** to advise on the establishment and operation of trading accounts and business units. The **Chief Financial Officer** is responsible for the establishment and operation of business units.

6. External Arrangements

Introduction

6.1. The **Council** provides a distinctive leadership role for the community and brings together the contributions of various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

Partnerships

6.2. The **Cabinet** is responsible for approving the operational framework for the **Council'**s participation in all strategic partnerships or joint working arrangements with other local public, private, voluntary and community sector organisations; this includes the arrangements for delegation to officers and the detailed arrangements for the provision of both financial and physical resources by South Gloucestershire Council.

6.3. In the same way, **Executive Directors** are responsible for approving the operational framework of all other partnerships, joint working arrangements with other local public, private, voluntary and community sector organisations which affect their service areas.

6.4. The **Cabinet** can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the authority's constitution. Where functions are delegated, the **Cabinet** remains accountable for them to the Full Council.

6.5. The **Chief Executive** represents the authority on partnership and external bodies, in accordance with the scheme of delegation.

6.6. The **Monitoring Officer** and **Chief Financial Officer** are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the council. Should the council enter into partnerships or shared arrangements where it is not the lead financial authority, the responsible **Executive Director** must satisfy themselves that equivalent or proportionate financial standards are in place.

6.7. The **Chief Financial Officer** must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and is responsible for:

a) Advising **Executive Directors** on the need for and, if appropriate, for appraising and approving the relevant **Executive Director's** risk assessment of the proposal before any commitment is made for the **Council** to participate in a partnership or joint working arrangement/scheme; and

b) Specifying the accounting and internal / external auditing arrangements to be adopted and approving the overall corporate governance arrangements when, under the approved arrangements, South Gloucestershire Council is the lead financial authority.

6.8. **Executive Directors** are responsible for:

a) Ensuring that before committing the **Council's** participation in a partnership or joint working arrangement/scheme, or before seeking the approval of the **Cabinet** to such participation, they consult with the **Executive Director of Resources & Business Change** on the need to prepare a risk assessment of the proposal, and if appropriate obtaining his or her approval;

b) Ensuring that the approval of **Cabinet** is obtained before any negotiations are concluded where the **Council's** participation is of a material nature;

c) Ensuring that all agreement and arrangements are properly documented, including details of the **Council'**s financial and physical commitment to the arrangements which are to be in accordance with procedures specified by the **Chief Financial Officer**.

d) **Executive Directors** are responsible for ensuring they have proportionate arrangements in place to ensure grants provided to third parties are spent on the purposes for which the grants were given, and appropriate accounting arrangements and evidence is held by the third party.

e) Observing the **Council's** standard of conduct whilst having due regard to the partnership or joint working arrangement's governance framework;

f) Ensuring that the body or person maintaining the accounting and auditing arrangements do so to a standard acceptable by the **Chief Financial Officer** in those case where, under the approved arrangements, the Council is not to be the lead authority but the **Council's** participation is of a material nature; and

g) Providing appropriate information to the **Chief Financial Officer** to enable him or her to include relevant details in the Council's Statement of Accounts by specified dates, and other financial statements and returns by the due date.

External Funding

6.9. The **Chief Financial Officer** is responsible for providing specific guidance to **Executive Directors** upon request to enable them to account properly for funding receivable from work for third parties.

6.10. The **Chief Financial Officer** is responsible for providing specific guidance to **Executive Directors** upon request in respect of contractual arrangements for the provision of services to third parties or external bodies. **Chief Officers** have a duty to consult the **Chief Financial Officer** on such issues.

6.11. All external revenue and capital funding bids from any external body require approval before applying for funding. The officer seeking approval will be required to complete the Approval to Seek External Funding form assessing the revenue and capital impact. Bids for funding exceeding £500,000 requires approval from the relevant **Executive Director** and **Chief Finance Officer**. Bids for funding up to £500,000 requires approval from the relevant **Service Director** and the **Chief Finance Officer**.

6.12. **Executive Directors** and **Service Director** must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, unless approval has been given by the **Chief Financial Officer.**

6.13. **Executive Directors** and **Service Directors** must advise the **Chief Financial Officer** of all grant and subsidy notifications as soon as they are received. Where the amount notified is greater than the budget, the excess will be deemed windfall and should in the first instance be returned to the general reserves unless regulations specify restrictions on their use which make this inappropriate or the windfall is to be used to offset uncontrollable overspends elsewhere within the Department. Where the amount is less than the budget, the **Executive Directors** or **Service Director** must notify the **Chief Financial Officer** of options for containing any potential variance.

6.14. Where external funding is applied for it is the responsibility of the **Executive Directors** or **Service Director** to ensure that the monies are received from the paying body and, wherever possible, received ahead of the planned expenditure being incurred by the **Council.**

6.15. **Executive Directors** and **Service Director** must advise the **Chief Financial Officer** of the grant terms and conditions as soon as they are received.

6.16. **Executive Directors** and **Service Director** must ensure that all conditions associated with external funding are met and that information and evidence required to complete grant and subsidy claims are provided on time and in sufficient detail to satisfy the requirements of the **Chief Financial Officer** and the external funding body.

Part B – Financial Administration

1. Introduction

1.1. These Financial Regulations apply to all financial transactions of the **Council** with the exception of schools who operate under the Scheme for the Financing of Schools.

1.2. They are designed to safeguard the interests of the **Council** and individual officers by setting out clear procedures to be followed under the various sections.

1.3. This should be used in conjunction with other points of the constitution, legal requirements and other codes of practice which may be issued under 1.5 of this section.

1.4. The **Chief Financial Officer** or **Head of Internal Audit**, after discussion with the relevant **Executive Director**, may report a significant breach of the financial regulations to the **Cabinet**.

1.5. These financial regulations may be supplemented at any time by other codes of practice or instructions issues by the **Chief Financial Officer.**

2. Financial Systems

Why is this important?

2.1. Departments have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Departments are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

2.2. The **Chief Financial Officer** has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key Controls

2.3. The key controls for systems and procedures are:

a) basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated
b) performance is communicated to the appropriate managers on an accurate, complete and timely basis

c) early warning is provided of deviations from target, plans and budgets that require management attention
d) operating systems and procedures are secure.

Responsibilities of the Chief Financial Officer

2.4. To make arrangements for the proper administration of the authority's financial affairs, including to:

a) issue advice, guidance and procedures for officers and others acting on the authority's behalf
b) determine the accounting systems, form of accounts and supporting financial records
c) establish arrangements for audit of the authority's financial affairs
d) approve any new financial systems to be introduced
e) approve any changes to be made to existing financial systems.

Responsibilities of Chief Officers

2.5. To ensure that accounting records are properly maintained and held securely.

2.6. To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the **Chief Financial Officer**.

2.7. To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

2.8. To incorporate appropriate controls to ensure that, where relevant:

a) all input is genuine, complete, accurate, timely and not previously processed
b) all processing is carried out in an accurate, complete and timely manner
c) output from the system is complete, accurate and timely.

2.9. To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

2.10. To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

2.11. To ensure that systems are documented and staff trained in operations.

2.12. To consult with the **Chief Financial Officer** before changing any existing system or introducing new systems.

2.13. To establish a scheme of delegation identifying officers authorised to act upon the
chief officer's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.

2.14. To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

2.15. To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

2.16. To ensure that relevant standards and guidelines for computer systems issued by the chief officer are observed.

2.17. To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

2.18. All purchases of significant ICT software and hardware should be done so in consultation with the **Service Director - ITD**.

2.19. To comply with the copyright, designs and patents legislation and, in particular, to ensure that:

a) only software legally acquired and installed by the authority is used on its computers
b) staff are aware of legislative provisions
c) in developing systems, due regard is given to the issue of intellectual property rights.

3. Internal Audit

3.1. The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit function to evaluate the effectiveness of its risk management, control and governance processes after taking into account public sector internal auditing standards and guidance

3.2. The **Council** is responsible for agreeing the process for appointing the external auditor in line with national statutory procedures. The basic duties of the external auditor are governed by statute.

3.3. The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, who have statutory rights of access.

3.4. To fulfil their responsibilities, **Internal and External Auditors** must be allowed automatic and full access to all records (however held) relating to any transaction carried out or on behalf of the **Council** and to any of the Council's premises or land. They may seek and obtain any explanations they need to conduct their work, or require any employee to produce **Council** assets under their control, wherever located.

3.5. The **Head of Internal Audit** can report independently direct to the **Chief Executive**, any **Executive Director,** the **External Auditor,** the **Council** or any **committee of the Council** on matters concerning fraud, management and financial control.

Why is this important?

3.6. The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2015 require a relevant authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

3.7. Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Key controls

3.8. The key controls for internal audit are:

a) that it is independent in its planning and operation
b) the **Head of Internal Audit** has direct access to the **Head of Paid Service**, all levels of management and directly to elected members
c) the internal auditors comply with the Public Sector Internal Audit Standards.

Responsibilities of the Chief Financial Officer

3.9. To ensure that internal auditors have the authority to:

a) access authority premises at reasonable times;
b) access all assets, records, documents, correspondence and control systems;
c) receive any information and explanation considered necessary concerning any matter under consideration;

d) require any employee of the authority to account for cash, stores or any other authority asset under his or her control access records belonging to third parties, such as contractors, when required;

e) directly access the **Chief Executive**, the **Cabinet** and the **Audit & Accounts Committee**.

3.10. To approve the strategic and annual audit plans prepared by the **Head of Internal Audit**, which take account of the characteristics and relative risks of the activities involved.

3.11. To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of Executive Directors

3.12. To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

3.13. To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

3.14. To consider and respond promptly to recommendations in audit reports.

3.15. To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.16. To notify the **Chief Financial Officer** immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources.

3.17. Pending investigation and reporting, the **Executive Director** should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

3.18. To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the head of internal audit prior to implementation.

4. External Audit

Why is this important?

4.1. The external auditor has rights of access to all documents and information necessary for audit purposes.

4.2. The authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

4.3. The Local Audit and Accountability act 2014 brought the Audit Commission to a close and established transitional arrangements for the appointment of external auditors for local government through the establishment of Public Sector Audit Appointments Limited (PSAA). Up to 31st March 2018, PSAA appointed the council with an external auditor.

4.4. Since 1st April 2018, the **Council** appoints its own external auditor although has the ability to opt into a sector led body (PSAA) to negotiate a national contract under a collective procurement exercise.

Responsibilities of the Chief Financial Officer

4.5. To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

4.6. To ensure there is effective liaison between external and internal audit.

4.7. To work with the **External Auditor** and advise the **Full Council**, **Cabinet** and **Executive Directors** on their responsibilities in relation to external audit as relevant.

Responsibilities of Executive Directors

4.8. To ensure that **External Auditors** are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

4.9. To ensure that all records and systems are up to date and available for inspection.

5. Preventing Fraud, Bribery And Corruption

Why is it this important?

5.1. The authority will not tolerate fraud, bribery and corruption in the administration of its responsibilities, whether from inside or outside the authority.

5.2. The authority’s expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

5.3. The authority also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

Key controls

5.4. The key controls regarding the prevention of financial irregularities are that:

a) the authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
b) all members and staff act with integrity and lead by example senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt
c) high standards of conduct are promoted amongst members by the standards committee
d) the maintenance of a register of interests in which any hospitality or gifts accepted or declined must be recorded
e) whistle blowing procedures are in place and operate effectively
f) legislation including the Public Interest Disclosure Act 1998 and the Criminal Finance Act 2017 is adhered to.

Responsibilities of the Chief Financial Officer

5.5. To develop and maintain an anti-fraud and anti-corruption policy and maintain adequate and effective internal control arrangements.

5.6. To ensure that all suspected irregularities are reported to the **Head of Internal Audit**, the **Chief Executive**, the **Cabinet** and the **Audit & Accounts committee** as relevant.

Responsibilities of Chief Officers

5.7. To ensure that all suspected irregularities are reported promptly to the **Head of Internal Audit.**

5.8. To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

5.9. To ensure that where financial impropriety is discovered, the **Chief Financial Officer** is informed, and action is taken in line with the Council's Anti-Fraud and Corruption Policy.

5.10. To maintain a departmental register of interests.

6. Risk Management

Why is this important?

6.1. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.

6.2. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively

6.3. It is the overall responsibility of the **Cabinet** to approve the authority's risk management strategy, and to promote a culture of risk management awareness throughout the authority.

Key controls

6.4. The key controls for risk management are:

a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority;
b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
d) provision is made for losses that might result from the risks that remain;
e) procedures are in place to investigate claims within required timescales;
f) acceptable levels of risk are determined and insured against where appropriate;
g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Executive Director of Resources & Business Change

6.5. To prepare and promote the authority's risk management policy statement.

6.6. To develop risk management controls in conjunction with other **Executive Directors.**

6.7. To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.

6.8. To offer insurance cover to schools in accordance with Fair Funding arrangements.

6.9. To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of Executive Directors

6.10. To notify the **Executive Director of Resources & Business Change** immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the **Executive Director of Resources & Business Change** or the authority's insurers.

6.11. To take responsibility for risk management, having regard to advice from the **Executive Director of Resources & Business Change** and other specialist officers (e.g. crime prevention, fire prevention, health and safety).

6.12. To ensure that there are regular reviews of risk within their departments.

6.13. To notify the **Executive Director of Resources & Business Change** promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.

6.14. To consult the **Executive Director of Resources & Business Change** and the **Service Director – Legal, Governance, Governance and Democratic Services** on the terms of any indemnity that the authority is requested to give.

6.15. To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

6.16. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

6.17. The **Cabinet** is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The **Cabinet** is responsible for ensuring that proper insurance exists where appropriate.

6.18. The **Chief Executive** is responsible for preparing the Council's risk management policy statement, for promoting it throughout the authority and for advising the **Cabinet** on proper insurance cover where appropriate.

6.19. **Executive Directors** are responsible for complying with the risk management strategy in respect of their service areas.

6.20. The **Executive Director of Resources & Business Change** is responsible for advising **SLT**, initially, and subsequently the **Audit & Accounts Committee** on any significant noncompliance to the approved Risk Management Strategy by a **Chief Officer**. The **Monitoring Officer** is also responsible for providing advice on and effecting the appropriate insurance arrangements.

7. Internal Control

7.1. Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the **Council'**s assets and interests are safeguarded.

7.2. The **Executive Director of Resources & Business Change** is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

7.3. It is the responsibility of **Executive Directors** to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Why is this important?

7.4. The authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.

7.5. The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

7.6. The authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

7.7. The system of internal controls is established in order to provide measurable achievement of:

a) efficient and effective operations
b) reliable financial information and reporting
c) compliance with laws and regulations

d) risk management.

Key controls

7.8. The key controls and control objectives for internal control systems are:

a) key controls should be reviewed on a regular basis and the authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;

b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;

c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;

d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board’s auditing guideline Guidance for Internal Auditors, Public Sector Internal Audit Standards and with any other statutory obligations and regulations.

Responsibilities of the Executive Director of Resources & Business Change

7.9. To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Executive Directors

7.10. To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

7.11. To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the **Executive Director of Resources & Business Change**.

7.12. **Executive Directors** should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

7.13. To ensure staff have a clear understanding of the consequences of lack of control.

8. Treasury Management & Banking Arrangements

Why is this important

8.1. Many millions of pounds pass through the authority's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the authority's money is properly managed in a way that balances risk with security, liquidity and yield, but with the overriding consideration being given to the security of the authority's capital sum.

Key controls

8.2. That the authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the authority's treasury policy statement.

Responsibilities of the Chief Financial Officer

8.3. To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.

8.4. To report three times a year on treasury management activities to the **Cabinet** and to **Full Council.**

8.5. To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the **Chief Financial Officer** in the name of the Council (or such persons as he/she notifies to the bank) in writing to the bank.

8.6. To approve the necessary arrangements made to safeguard the council against losses, where payments are to be transmitted electronically. Requests for electronic transfers through the on-line Banking system must be made to the Corporate Finance (Treasury Management team) in writing by an authorised signatory.

8.7. The Treasury Management team must be given as much advance warning as possible when such transfers are required. Agreement will then be reached as to the most appropriate method of electronic transfer (CHAPS or Faster Payment, or by BACS via Accounts Payable) dependent upon urgency, amount and the authority's forecast cash flows.

Responsibilities of Chief Officers

8.8. To follow the instructions on banking issued by the **Chief Financial Officer.**

9. Income Collection, Issuing Invoices & Cash Handling

Why is this important?

9.1. Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost of administering debts.

Key controls

9.2. The key controls for income are:

a) all income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
c) all money received by an employee on behalf of the authority is paid without delay into the authority's bank account, and properly recorded.
d) The responsibility for cash collection should be separated from that:
   i. for identifying the amount due
   ii. for reconciling the amount due to the amount received
e) effective action is taken to pursue non-payment within defined timescales
f) formal approval for debt write-off is obtained
g) appropriate write-off action is taken within defined timescales
h) appropriate accounting adjustments are made following write-off action
i) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
j) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Chief Financial Officer

9.3. To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection and to apply the appropriate rate of VAT.

9.4. To order and supply to departments all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.

9.5. To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums over £10,000 to the Executive Member for Corporate Resources.

9.6. To approve all debts to be written off in consultation with the relevant **Executive Director** and to keep a record of all sums written off up to the approved limit.

9.7. To ensure that appropriate accounting adjustments are made following write-off action.

9.8. To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts not paid promptly.

Responsibilities of Executive Directors

9.9. To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.

9.10. To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

9.11. To issue official receipts or to maintain other documentation for income collection.

9.12. To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

9.13. To hold securely receipts, tickets and other records of income for the appropriate period.

9.14. To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

9.15. To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

9.16. To ensure income is not used to cash personal cheques or other payments.

9.17. To supply the **Chief Financial Officer** with details relating to work done, goods supplied, services rendered or other amounts due, to enable **the Chief Financial Officer** to record correctly the sums due to the authority and to ensure accounts are sent out promptly. To do this**, Executive Directors** should use established performance management systems to monitor recovery of income and flag up areas of concern to the **Chief Financial Officer**.

9.18. **Executive Directors** have a responsibility to assist the **Chief Financial Officer** in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf and supporting its legal recovery where necessary. Only up to approved levels of cash as authorised as part of the Council's insurance schedules can be held on the premises.

9.19. To keep a record of every transfer of money between employees of the authority. The receiving officer must sign for the transfer and the transferor must retain a copy.

9.20. To recommend to the **Chief Financial Officer** all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

9.21. To obtain the approval of the **Chief Financial Officer** when writing off debts in excess of the approved limit, and the approval of the Cabinet where required.

9.22. To notify the **Chief Financial Officer** of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the **Chief Financial Officer**.

9.23. To comply with guidance on money laundering regulations.

10. Petty Cash & Imprest Accounts

Responsibilities of the Chief Financial Officer

10.1. To provide employees of the authority with cash or bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts.

10.2. Minor items of expenditure should not exceed the prescribed amount.

10.3. To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.

10.4. To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

10.5. Requests for purchasing cards must be made to the **Accounts Payable**.

Responsibilities of Executive Directors – imprest accounts

10.6. Petty cash reimbursements must be below £500 to comply with HMRC's making tax digital legislation. All VAT-able transactions on an accounting system in excess of £500 must show a corresponding invoice/prime documentation on the system in order for VAT to be reclaimed by the local authority. As full petty cash reimbursement claims will comprise multiple transactions this is not feasible for petty cash claims, therefore full reimbursement claims for VAT-able items must be below the £500 threshold in order for VAT to be reclaimed by the Council. This can be achieved for larger petty cashes in one of three ways:

a) Increased use of Corporate Purchasing Cards (the preferred option);
b) Splitting the full reimbursement claim into two for VAT-able and non VAT-able items – there is no threshold for non VAT-able items;
c) Putting in only one claim but claiming more frequently, ensuring the total does not exceed £500.

11. Investments, Borrowing and Trust Accounts

Investments and Borrowing

Responsibilities of the Chief Financial Officer

11.1. To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the **Full Council.**

11.2. To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate chief officer.

11.3. To effect all borrowings in the name of the authority.

11.4. To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of Executive Directors

11.5. To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the **Chief Financial Officer.**

Trust Funds and Funds Held for Third Parties

Responsibilities of Executive Directors

11.6. To arrange for all trust funds to be held, wherever possible, in the name of the authority.

11.7. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the **Chief Financial Officer**, unless the deed otherwise provides.

11.8. To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the **Chief Financial Officer**, and to maintain written records of all transactions.

11.9. To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

12. Intellectual Property

Why is this important?

12.1. Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property and are deemed the property of the council.

12.2. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

Key controls

12.3. In the event that the authority decides to become involved in the commercial exploitation of inventions, the matter should proceed following legal advice regarding protecting the council's intellectual property.

Responsibilities of Executive Directors

12.4. To ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

13. Reserves

Why is this important?

13.1. The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key controls

13.2. To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.

13.3. For each reserve established, the purpose, usage and basis of transactions should be clearly identified.

13.4. Authorisation and expenditure from reserves by the appropriate Executive Director in consultation with the Chief Financial Officer.

Responsibilities of the Chief Financial Officer

13.5. To advise the Cabinet and/or the Full Council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter and to report at least annually to Cabinet on reserves and balances.

13.6. To present the Reserves Strategy to the Cabinet annually.

Responsibilities of Chief Officers

13.7. To ensure that resources are used only for the purposes for which they were intended.

14. Taxation

Why is this important?

14.1. Like all organisations, the authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key Controls

14.2. The key controls for taxation are:

a) budget managers are provided with relevant information and kept up to date on tax issues

b) budget managers are instructed on required record keeping

c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales

d) records are maintained in accordance with instructions

e) returns are made to the appropriate authorities within the stipulated timescale.

14.3. To complete all HMRC returns regarding PAYE.

14.4. To complete a monthly return of VAT inputs and outputs to HMRC.

14.5. To provide details to HMRC regarding the construction industry tax deduction scheme, apprenticeship levy.

14.6. To maintain up-to-date guidance for authority employees on taxation issues in the accounting manual and the tax manual and to act as a point of reference within the council.

Responsibilities of Executive Directors

14.7. To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.

14.8. To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

14.9. To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

14.10. To follow the guidance on taxation issued by the Chief Financial Officer in the authority's accounting manual and VAT manual and to act as a point of reference.

15. Assets

15.1. The authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Key controls

15.2. The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software, intellectual rights/assets and information are:

a) resources are used only for the purposes of the authority and are properly accounted for

b) resources are available for use when required

c) resources no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits

d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset

e) all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation

f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's computer and internet security policies.

Responsibilities of the Chief Financial Officer

15.3. To ensure that an asset register is maintained in accordance with good practice for all fixed assets in line with the council's accounting policies. The function of the asset register is to provide the authority with information about fixed assets so that they are:

a) safeguarded

b) used efficiently and effectively

c) adequately maintained.

15.4. To receive the information required for accounting, costing and financial records from each Executive Director.

15.5. To ensure that assets are valued at appropriate intervals in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).

Responsibilities of Executive Directors

15.6. The appropriate Executive Director shall maintain appropriate asset databases for all properties, plant and machinery and moveable assets currently owned or used by the authority under their responsibility. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.

15.7. To ensure that lessees and other prospective occupiers of council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Executive Director in consultation with the Chief Financial Officer, has been established as appropriate.

15.8. To ensure the proper security of all buildings and other assets under their control.

15.9. To pass relevant title deeds to the appropriate Executive Director who is responsible for custody of all their title deeds.

15.10. To ensure that no authority asset is subject to personal use by an employee without proper authority.

15.11. To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority.

15.12. To ensure that the department maintains a register of moveable assets in accordance with any arrangements defined by the Chief Financial Officer.

15.13. To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.

15.14. To consult the Chief Financial Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

15.15. To ensure cash holdings on premises are kept to a minimum.

15.16. To ensure that keys to safes and similar receptacles are kept secure at all times; loss of any such keys must be reported to the Chief Financial Officer as soon as possible. Double key systems can use suitable key safes when approved by line management.

15.17. To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Chief Financial Officer, the Cabinet agrees otherwise.

15.18. To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Financial Officer.

15.19. To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way and is strictly enforced by the Information Commissioner.

16. Asset disposal

Why is this important

16.1. Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.

16.2. It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law with attention paid to environmental and data security issues, and the regulations of the authority.

Responsibilities of the Chief Financial Officer

16.3. To issue guidelines upon request representing best practice for disposal of assets.

16.4. To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of Executive Directors

16.5. To seek advice from their respective procurement hub and where appropriate from the corporate procurement team.

16.6. To ensure that income received for the disposal of an asset is properly banked and coded.

17. Land & property purchases

17.1. All land and property purchases or capitalised leases shall have the necessary capital programme approvals before the purchase or lease is completed.

17.2. The Executive Director of Resources & Business Change in consultation with the Leader of the Council shall approve any land, property or asset purchase / transfer with a value up to £500,000 and / or a lease which will cost up to £500,000 in rental over its life.

17.3. The Cabinet shall have the power to purchase any land, property or asset or agree any lease with a life value above £500,000 and shall be advised by the Executive Director of Resources & Business Change.

17.4. Sales and transfers are set out under Cabinet and Officer Delegations in the Constitution.

17.5. When land and property purchases or transactions are made in accordance with the Property Investment Strategy the requirements of paragraphs 17.1 to 17.4 above do not apply and will be superseded by the regulations within the Property Investment Strategy.

18. Insurance

18.1. The Chief Executive shall agree an Insurance and Risk Management Policy for the Council which shall include the approach to be adopted by the Council to insuring against potential risk.

18.2. The Monitoring Officer shall set out procedures for Executive Directors to ensure that risks are notified promptly and shall respond to those notifications by insuring against such risks as appropriate within the Insurance and Risk Management Policy.

18.3. The Monitoring Officer shall be responsible for all central insurance arrangements including arranging insurance cover, maintaining records, paying premiums, holding policy documents and handling claims.

18.4. Executive Directors will notify the Monitoring Officer of any potential, likely or actual claim on the insurance as soon as they are aware of such claims; no admission shall be made in any circumstances.

19. Minor Assets, IT and Other Equipment

Responsibilities of Executive Directors

19.1. To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £1,000 in value.

19.2. To carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras, mobile phones, smart phones, tablets and video recorders should be identified with security markings as belonging to the authority.

19.3. To make sure that property is only used in the course of the authority's business, unless the Executive Director concerned has given permission otherwise.

19.4. The Chief Financial Officer is responsible for authorising or writing off the disposal of redundant minor assets, IT and equipment. Procedures for the disposal of such minor assets, IT and equipment should be by competitive quotations or auction, unless, the open market value of the assets for disposal is less than £5,000. In all other cases, the Cabinet may decide an alternative disposal method.

20. Inventories, Stocks and Stores

Responsibilities of Executive Directors

20.1. To make arrangements for the care and custody of stocks and stores in the department.

20.2. To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

20.3. To investigate and remove from the authority's records (ie write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of £10,000.

20.4. To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless the open market value is less than £5,000, or following consultation with the Chief Financial Officer, the Cabinet decides otherwise in a particular case.

20.5. To seek Cabinet approval to the write-off of redundant stocks and stores in excess of £10,000.

21. Ordering of Supplies, Works & Services

Why is this important?

21.1. Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the authority's Contracting Rules and the Employees Code of Conduct.

General

21.2. Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with potential purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.

21.3. Goods and services may only be ordered through the Council's electronic purchase ordering system. The system will be made available through the council's intranet home page and access will be limited to staff with purchasing responsibility. The epurchasing system will allow users to access electronic request forms and place orders with suppliers held on the central database.

21.4. All transactions must be made in accordance with the Chief Financial Officer's instructions. Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Financial Officer or delegated officer. Purchase cards are to be used within financial limits and authorisations.

21.5. Staff who have been issued with a Corporate Purchasing Card will follow the procedures laid out in the Purchasing Card Scheme.

21.6. Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment from the authority shall be by BACs, drawn on the authority's bank account by the Chief Financial Officer. The use of direct debit from a council bank accounts shall require the prior agreement of the Chief Financial Officer.

21.7. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Key controls

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

a) all goods and services are ordered only by appropriate persons and are correctly recorded

b) all goods and services shall be ordered in accordance with the authority's Contracting rules and the Employee Code of Conduct.

c) goods and services received are checked to ensure they are in accordance with the authorised order.

d) payments above £500 are not made unless goods have been received by the authority to the correct price, quantity and quality standards

e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method

f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule

g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected

h) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

i) The use of corporate purchasing contracts is compulsory, the Council's Contracting Rules stipulate that purchases must not be made with other suppliers if the Council has a contract in place.

j) Electronic requests to pay refunds or grant payments will generate an email request to the designated authoriser for online approval. All such requests to be approved before payment is made.

k) Where purchase contracts have been negotiated with chosen suppliers, the system may direct users to an online electronic catalogue of goods and services on offer.

l) Users of the purchasing system will be required to specify an expenditure code against which the costs of purchases are to be charged. Only cost centres that the user is authorised to use will be available.

m) Requesters will be able to authorise their own requests for orders below £400. If an Official Order exceeds £400 an e-mail will be generated and issued to the designated Authoriser. Orders over £5,000 are separately authorised.

n) Purchases cannot be made without an order number and all orders should be raised electronically on the councils system unless specifically exempted from doing so by the **Chief Financial Officer.**

Responsibilities of the Chief Financial Officer

21.9. To maintain a system to ensure that the authority's financial systems and procedures are sound and properly administered.

21.10. To approve any changes to existing financial systems and to approve any new systems before they are introduced.

21.11. To approve the form of official orders and associated terms and conditions.

21.12. To make payments from the authority's funds on the Executive Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.

21.13. To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

21.14. To make payments to contractors on the certificate of the appropriate chief officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

21.15. To provide advice and encouragement on making payments by the most economical means.

21.16. To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of Executive Directors

21.17. To ensure that they comply with the corporate purchasing system.

21.18. To ensure that orders are only used for goods and services provided to the department directorate. Individuals must not use official orders to obtain goods or services for their private use.

21.19. To ensure that they comply with the corporate purchasing system. If over the relevant threshold then they must follow competition requirements. If over £200k prior member approval is required.

21.20. To authorise the e-purchasing system and wider orders to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.

21.21. To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.

21.22. To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:

a) receipt of goods or services

b) that the invoice has not previously been paid

c) that expenditure has been properly incurred and is within budget provision

d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices

e) correct accounting treatment of tax

f) that the invoice is correctly coded

g) that discounts have been taken where available

h) that appropriate entries will be made in accounting records.

21.23. To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.

21.24. To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Chief Financial Officer.

21.25. To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Head of Internal Audit.

21.26. To encourage suppliers of goods and services to receive payment by the most economical means for the authority with BACs being our preferred method unless inappropriate. It is essential, however, that payments made by direct debit have the prior approval of the Chief Financial Officer.

21.27. To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Chief Financial Officer, which are in line with best value principles and contained in the authority's Contracting Rules and Employee Code of Conduct.

21.28. To utilise the central purchasing procedures established by the Chief Financial Officer in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with the council's Contracting Rules and Employee Code of Conduct and will cover:

a) authorised officers and the extent of their authority

b) advertisement for tenders

c) procedure for creating, maintaining and revising a standard list of contractors d) selection of tenderers

d) compliance with UK and EC legislation and regulations

e) procedures for the submission, receipt, opening and recording of tenders

f) the circumstances where financial or technical evaluation is necessary

g) procedures for negotiation

h) acceptance of tenders

i) the form of contract documentation

j) cancellation clauses in the event of corruption or bribery

k) contract records, tender portal and transparency rules.

21.29. To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Financial Officer. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

21.30. To notify the Chief Financial Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by Corporate Finance.

21.31. With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Financial Officer upon request the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

21.32. To notify the Chief Financial Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

21.33. To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

22. Payments To Employees and Members

Why is this important?

22.1. Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the Full Council

Key controls

22.2. The key controls for payments to employees and members are:

a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:

   i starters

   ii leavers

   iii variations

   iv enhancements and

   v that payments are made on the basis of timesheets or claims.

b) frequent reconciliation of payroll expenditure against approved budget and bank account

c) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

d) that HMRC regulations are complied with.

Responsibilities of the Chief Financial Officer

22.3. To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.

22.4. To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

22.5. To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

22.6. To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of Executive Directors

22.7. To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

22.8. To notify the **Chief Financial Officer** of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the **Chief Financial Officer**.

22.9. To ensure that adequate and effective systems and procedures are operated, so that:

a) payments are only authorised to bona fide employees

b) payments are only made where there is a valid entitlement

c) conditions and contracts of employment are correctly applied

d) employees’ names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

22.10. To send an up-to-date list of the names of officers authorised to sign records to the **Transactions Manager,** together with specimen signatures. The payroll provider should have signatures of HR officers and officers authorised to sign timesheets and claims.

22.11. To ensure that payroll transactions are processed only through the payroll system. **Executive Directors** should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis, specific consideration of IR35 rules should be given. HMRC applies a tight definition for employee status, and in cases of doubt, direction should be sought from the **Chief Financial Officer** and **Service Director – Human Resources.**

22.12. To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the **Chief Financial Officer** is informed where appropriate.

22.13. To ensure that the **Chief Financial Officer** is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

22.14. To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Members

22.15. To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

22.16. To maintain receipts of such expenses.

22.17. To be paid by BACs.

23. Staffing Structures

Why is this important?

23.1. In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key controls

23.2. The key controls for staffing are:

a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched

b) procedures are in place for forecasting staffing requirements and cost

c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority

d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the Chief Financial Officer

23.3. To ensure that budget provision (net of turnover budgets) exists for all existing and new employees.

23.4. To act as an advisor to **Executive Directors** on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of Executive Directors

23.5. To produce an annual staffing budget.

23.6. To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

23.7. To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

12.2. To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

23.8. To ensure that the **Service Director - Human Resources** and the **Chief Financial Officer** are immediately informed if 24.3 the staffing budget is likely to be materially over- or underspent.

24. Partnerships and Shared Services

Why is it important?

24.1. Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities work in partnership with others - public agencies, other councils, private companies (including arms-length 100% Council owned companies) community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

24.2. Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations and share staff under agreed appointment arrangements. Local authorities will be measured by what they achieve in partnership with others.

General

24.3. The main reasons for entering into a partnership are:

a) the desire to find new ways to share risk

b) the ability to access new resources/expertise

c) to provide new and better ways of delivering services

d) to forge new relationships and better service

e) to enable the realisation of economies of scale and efficiencies.

24.4. A partner is defined as either:

a) an organisation (private or public) undertaking, part funding or employing authority for a shared resource or participating as a beneficiary in a project; or

b) a body whose nature or status give it a right or obligation to support the project

24.5. Partners participate in projects by:

a) acting as a project deliverer or sponsor, solely or in concert with others

b) acting as a project funder or part funder

c) being the beneficiary group of the activity undertaken in a project

24.6. Partners have common responsibilities:

a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation

b) to act in good faith at all times and in the best interests of the partnership's aims and objectives

c) be open about any conflict of interests that might arise

d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors

e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature

f) to act wherever possible as ambassadors for the project.

Key controls

24.7. The key controls for authority partners are:

a) if appropriate, to be aware of their responsibilities under the authority's financial regulations, contracting rules and the employee code of conduct.

b) to ensure that risk management processes are in place to identify and assess all known risks.

c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise

d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences

e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

f) to take legal advice on all new projects.

g) to ensure that for joint appointments where the council is not the employing body, the officer is bound by the council's code of conduct and financial regulations when acting on behalf of the council, to delegate the authority to act as appropriate by the relevant chief officer in order to execute their duties.

Responsibilities of the Chief Financial Officer

24.8. To advise on effective controls that will ensure that resources are not wasted.

24.9. To advise on the key elements of funding a project. They include:

a) a scheme appraisal for financial viability in both the current and future years

b) risk appraisal and management

c) resourcing, including taxation issues

d) audit, security and control requirements

e) carry-forward arrangements.

f) recovery of appropriate shares of any financial balances and other assets at the end of the project.

24.10. To ensure that the accounting arrangements are satisfactory.

Responsibilities of Executive Directors

24.11. To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the **Chief Financial Officer.**

24.12. To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the **Chief Financial Officer.**

24.13. To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.

24.14. To ensure that all agreements and arrangements are properly documented.

24.15. To provide appropriate information to the **Chief Financial Officer** to enable a note to be entered into the authority's statement of accounts concerning material items and, as appropriate, inclusion in group accounts.

25. External Funding

Why is this important?

25.1. External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery or National/ Regional bodies provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

Key controls

25.2. The key controls for external funding are:

a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood

b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council

c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Financial Officer

25.3. To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

25.4. To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

25.5. To ensure that audit requirements are met.

Responsibilities of Executive Directors

25.6. To ensure that all claims for funds are made by the due date.

25.7. To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

26. Work for Third Parties

Why is this important?

26.1. Current legislation enables the authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise.

26.2. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

26.3. The key controls for working with third parties are:

a) to ensure that proposals are costed properly in accordance with guidance provided by the **Chief Financial Officer**;

b) to ensure that contracts are drawn up using guidance provided by the **Chief Financial Officer** and that the formal approvals process is adhered to;

c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Chief Financial Officer

26.4. To issue guidance upon request with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Executive Directors

26.5. To ensure that the approval of the **Cabinet** is obtained before any negotiations are concluded to work for third parties which could have material resource implications on the council.

26.6. To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the **Chief Financial Officer.**

26.7. To ensure that appropriate insurance arrangements are made.

26.8. To ensure that the authority is not put at risk from any bad debts or litigation.

26.9. To ensure that no contract is subsidised by the authority.

26.10. To ensure that, wherever possible, payment is received in advance of the delivery of the service.

26.11. To ensure that the department/unit has the appropriate expertise to undertake the contract.

26.12. To ensure that such contracts do not impact adversely upon the services provided for the authority.

26.13. To ensure that all contracts are properly documented.

26.14. To provide appropriate information to the **Chief Financial Officer** to enable a note to be entered into the statement of accounts.

26.15. To monitor and report where required the position of any wholly owned trading company both in shadow form and in live operation.

Part 2 - Contracting Rules

Preamble – Procurement Act 2023

At the time of writing (May 2024) the Government has announced that the Procurement Act 2023 will be brought fully into force on 28 October 2024. The council will be revising its contracting rules with a view to publishing updated rules in October 2024. For the avoidance of all doubt the provisions of the Procurement Act 2023, whether in force now or brought into force during the course of 2024 will override any inconsistent rules as set out below.

1. The purpose of these contracting rules

1.1. Contracting procedures must:-

1.1.1. provide value for money and make sure public money is spent properly;

1.1.2. achieve fair competition;

1.1.3. protect members and officers; and

1.1.4. promote best value.

2. Definitions

2.1. 'Contract' - an agreement for supplying goods, services or work, including placing an official order (other than under a framework contract) or a series of related orders or transactions. However, it does not, for the purpose of these Rules, include contracts for selling land or an interest in land. A grant is not a contract.

2.2. ‘Framework agreement’ – an agreement which sets the terms under which contracts (‘call-offs’) may be made, but which does not in itself constitute a contract.

2.3. ‘Grant’ – financial assistance without an obligation to provide any work or service in return.

2.4. ‘In writing' - includes by fax, e-mail or any other electronic format.

2.5. ‘The Public Procurement Regulations' - the statutory and regulatory framework governing local authorities' contracts.

3. Keeping to these rules

What the rules cover

3.1. Subject to Rule 3.3 every contract (including choosing subcontractors or suppliers) made by or on behalf of the Council must keep to these Rules. If anyone becomes aware that these Rules have been broken, they should contact their line manager or director first, or the Monitoring Officer.

Working together

3.2. If the Council is working with others (a joint venture), any contracts made by or on behalf of the joint venture must keep to these Rules unless the partners agree otherwise. In these cases, the principles set out in Rule 1, must still be achieved.

Legal framework

3.3. If a contract is affected by the Public Procurement Regulations or any other legislation, and if their requirements are different to these Rules, the legislation or regulations will take priority, for example, UK rules override these contracting rules.

Note: See the Corporate Procurement intranet for further information on when the Regulations apply.

Guidance and policy

3.4. Anyone involved must take account of any procurement policies and guidance issued by the Council or the Chief Financial Officer. Particular attention is drawn to the requirements for publishing contract opportunities and awards on electronic procurement portals and current policy on the use of internal providers and corporate contracts.

Note: Corporate contracts are defined as framework agreements or other purchasing arrangements with external suppliers which have been put in place for use by all departments. Not all Frameworks established by others and approved under Rule 11 are corporate contracts. The Corporate Procurement intranet has an up-to-date list of corporate contracts.

Limits and values

3.5. The financial limits (and contract descriptions associated with them) in Rules 4 and 14.1 may only be changed by resolution of the Council. The estimated values do not include VAT and are worked out by taking account of the value over the full term of the contract (including any potential extensions).

Note: having regard to the full possible term of the contract may take the value over the threshold(s) under the Public Procurement Regulations.

Note: Where the Council has a requirement for several contracts of a similar nature over a given period (e.g. a financial year) their respective values shall be aggregated (unless an appropriate exception applies) for the purposes of the Public Procurement Regulations. Contracts must not be split up in order to avoid or minimise the application of these contracting rules or the Public Procurement Regulations.

Amendments

3.6. The Chief Financial Officer or the Monitoring Officer may amend these rules:-

3.6.1. if the law changes;

3.6.2. if government guidance is issued;

3.6.3. to correct mistakes;

3.6.4. to improve presentation; or

3.6.5. to add notes for guidance.

In all other cases, amendments can only be made by the Council.

Exceptions

3.7. Exceptions from these Rules can only be made by a resolution of the Council or Cabinet.

Note: Members must take account of the relevant codes of practice

When the rules do not apply

3.8. These Rules will not apply to any dealings on the money market by Corporate Finance, or where selling or buying by auction

Delegating (passing on) responsibility to officers

3.9. Directors or Executive Members can (subject to the Council's General Scheme of Delegation) delegate any matter (other than decisions under Rule 3.7) to any officer.

Note: If responsibility is passed on in this way, others must follow the General Scheme of Delegation.

4. Deciding on the most appropriate contracting procedure

4.1. If the estimated value or amount of a proposed contract is below £75,000 Rule 5 (quotations) will apply, unless:

4.1.1. the director decides to follow Rule 6, 7, 8, or 10, or

4.1.2. the Council has in place:-

4.1.2.1. a framework arrangement approved under Rule 11 which may be used; or

4.1.2.2. a corporate contract for goods or services of the type required, in which case this must be used.

4.2. If the estimated value or amount of a proposed contract is £75,000 or more Rule 6 (open tendering) will apply, unless:-

4.2.1. the director (or as delegated) decides to follow Rule 7, 8, 9 or 10, or

4.2.2. the Council has in place:-

4.2.2.1. a framework arrangement approved under Rule 11 which may be used; or

4.2.2.2. a corporate contract for goods or services of the type required, in which case this must be used.

4.3. If the estimated value or amount of a proposed contract is more than £200,000, the contracting procedure must not commence without the prior approval of the appropriate Executive Member. Where multiple separate contracts for the same service maybe let within a year, the Executive Member may at his/her discretion give approval for those works, subject to annual review. Any procurement over £200,000 which is covered by the Property Framework Policy and is included in the Capital Programme, does not require Executive Member approval.

5. Quotations

5.1. At least three written quotations must be sought from relevant suppliers, and the director will keep a written record of the responses received. For contracts below £5,000 in value at least one written quotation will be required.

5.2. A quotation will not be accepted unless it is in writing.

5.3. If a quotation other than the lowest is accepted a written record of the decision must be kept.

6. Open tendering

6.1. This procedure applies where it is decided that tenders will be sought for a contract using the open procedure.

6.2. This will be appropriate where the subject-matter of the contract is clear and specific. In these cases, the procedure will follow the tender guidance.

7. Tender using approved lists

7.1. This procedure applies if it has been decided to limit any invitations to tender for a contract to those people or organisations whose names are included in a list which the Council has put together for these purposes.

8. Negotiated contracts

8.1. Tenders need not be invited under Rules 6, 7 or 9 and instead may be negotiated directly with a single contractor, or a limited number of contractors provided:-

8.1.1. the budget for the relevant spending exists; and

8.1.2. consideration has been given to using Rule 5 (quotations) or Rule 10 (competitive tendering with negotiation); and

8.1.3. the Director confirms that one or more of Rules 8.2 to 8.12 apply.

8.2. The contract is urgent and:

8.2.1. a delay would be likely to lead to financial loss, personal injury or damage to property; or

8.2.2. adopting tendering arrangements would have a negative effect on services delivered (taking account of relevant policies).

8.3. The estimated time and cost of tendering or seeking quotations (as the case may be) is out of proportion to the value of the contract (if you take account of the likely benefits or the circumstances surrounding the contract arising from a tendering exercise).

8.4. The contract is of such a special nature that no reasonable alternative is available and no advantage would be gained by inviting competitive tenders.

Note: For the purpose of this rule, "special nature" may include the need for compatibility with an existing product, relationship to a previous contract or the nature of the market for such services.

8.5. There is no effective competition for the contract because:-

8.5.1. payment is fixed by law;

8.5.2. the subject matter is a patented article or governed by exclusive rights or is available from only one source and no realistic alternative is available; or

8.5.3. the Council has (for whatever reason, including a service user's legal rights to choose) to get the contract from a specific contractor (for example, when providing social care and special educational needs).

8.6. The contract is for a continuation of or an extension to an existing contract - but it depends on being either:-

8.6.1. no more than either 50% of the original contract term; or

8.6.2. of a value no more than 50% of the original contract value, and

8.6.3. the contractor's performance on the existing contract having been satisfactory; and

8.6.4. there is evidence that the continuation or extension represents the most economically advantageous option.

Note: The original contract documents should make clear that the Council may extend the contract in this way. Extensions or continuations outside these limits will require approval under Rule 3.7 (exceptions).

8.7. The Monitoring Officer is:-

8.7.1. Instructing a barrister or external solicitor to give advice or to deal with any proceedings (before any court, tribunal or inquiry);

8.7.2. instructing or briefing a barrister or external solicitor generally on any matter whenever it is in the Council's interest to do so; or

8.7.3. employing, (after consulting the appropriate director or their representative) appropriate expert witnesses in any proceedings.

8.8. Where using a consortium or buying organisation under Rule 11.

8.9. Where buying (but not commissioning) works of art (of any description).

8.10. Where paying grants.

8.11. Where selling goods, materials or services.

8.12. The Provider Selection Regime applies as the contract is a health services contract or mixed health services contract.

Note: The Provider Selection Regime is the prescribed procurement regime for health and mixed health services as set out in the Health Care Services (Provider Selection Regime) Regulations 2023 (si 2023/1348).

9. Restrictive and selective tendering for social care, health related services and minor works

9.1. This procedure only applies if invitations to tender for a contract are restricted to some or all of the people who respond to a contract opportunity advertised by public notice or electronically, and Rule 9.2 or Rule 9.3 applies.

9.2. The contract is for social care, health services or other specific services listed in Schedule 3 to the Public Contracts Regulations 2015 (“light-touch” services) and the estimated value or amount of the proposed contract is above the UK Public Sector Threshold for Goods/Services.

9.3. The contract is a works contract and the estimated value or amount of the proposed contract is above the UK Public Sector Threshold for Goods/Services but below the UK Public Sector Threshold for Works contracts.

10. Competitive tendering with negotiation

This Rule will only apply where the Director has confirmed that one or more of Rules 10.1 to 10.4 will apply.

10.1. In this procedure the contract opportunity will be advertised by public notice or electronically on a procurement portal, and there is no restriction on who may submit a tender.

10.2. The contract is complex, for example because of its technical requirements, need for innovative solutions or risks involved, and so cannot be awarded without negotiations with tenderers.

10.3. The contract is a works contract.

10.4. Other tendering procedures have been used (and the documents have been kept as evidence) but unacceptable or irregular tenders were received or none received.

11. Frameworks agreements and consortia

11.1. The requirement to ask for several prices (by quotation or tender) may not apply to contracts arranged under a framework agreement that has been either:-

11.1.1. established by the Council through a valid procurement process, or

11.1.2. established by an external consortium or other purchasing organisation or agency approved by the Chief Financial Officer.

11.2. The relevant Contract Manager must however make sure prices stay competitive, and that departmental procedures meet relevant legal and policy requirements.

11.3. Contracts under a framework agreement must be arranged in accordance with the terms of the framework. In the case of frameworks with multiple suppliers, this may require selection based on further competition.

Note: For current approved Frameworks see the Corporate Procurement Intranet. Approval is dependent on meeting requirements in connection with competition and Council policies & procedures.

12. Opening and accepting tenders

12.1. Depending on 12.3, 12.4 and 12.5 below, a Contract Manager may accept the tender.

12.2. A tender can only be accepted if a budget is set aside for the contract (either specifically or within a larger project or programme) and the tender is within that budget limit.

Note - where an overall budget has been set aside for a project which identifies estimates for each phase or element (including consultancies) significant departure from these estimates shall be discussed with the appropriate Executive Member.

12.3. A tender can only be accepted after a proper technical and commercial assessment is made.

12.4. Where acceptance of a tender is likely, in the view of the director, (and regardless of value) to raise issues of a sensitive nature, or where the value of the contract is over £200,000, the director (or as delegated) shall consult with the appropriate Executive Member before reaching his or her decision, save for the provisions of 4.3 above.

12.5. Contract Managers must keep records of tenders received and accepted and the basis of their decisions.

13. Not used

14. Contract documents

14.1. All contracts must be in writing. The following contracts must be 'executed as a deed' (that is sealed and signed by the relevant officer):-

14.1.1. works contracts worth more than £100,000.

14.1.2. where the Monitoring Officer decides that the limitation period will should be 12 years.

14.1.3. if, after consultation, the Monitoring Officer otherwise decides that a contract must be.

14.2. Every other contract must be signed by the relevant director or any officer authorised by him or her.

14.3. When contracts over £25k are signed, they must be entered on the corporate contracts register.

14.4. All original signed documents must be lodged at the Council’s Records Office.

14.5. Contract and tender documents (including those in respect of unsuccessful tenders) shall be kept in accordance with Councils Document Retention policies.

14.6. All the formalities of the contract must be finished (including security for performance being in place) before work or services begin. Usually this means all contract documents must be in place and the agreement signed or sealed. In appropriate cases (which the Monitoring Officer will decide) you may send a "letter of intent" or "letter of acceptance" before the agreement is signed.

General terms and conditions

14.7. If the Monitoring Officer has approved or prepared standard terms and conditions of tender or contract these will be used unless agreed otherwise.

Note - The current list of contracts is available on the Corporate Procurement intranet.

Security for performance (bonds, parent company guarantees)

14.8. The principles set out in the tender guidance will apply.

Note: Security for performance includes getting a bond, or parent company guarantee, or any other arrangement which protects the Council if the contractor fails to deliver.