

**OXFORDSHIRE COUNTY COUNCIL**  
**FINANCIAL PROCEDURE RULES**

# Financial Procedure Rules

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# Financial Procedure Rules

## FINANCIAL MANAGEMENT STANDARDS

1. All officers and councillors have a duty to abide by the highest standards of probity in dealing with financial issues. The Council is required by law to follow proper accounting practices and to secure best value.
2. The title Director includes Deputy Directors, Heads of Service and any officer or agent of the Council acting as, or for, a Director.

## The Cabinet

3. The key controls and control objectives for financial management standards are:
  - Their promotion throughout the council;
  - A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Cabinet. This includes the Cabinet as a whole and individual Cabinet Members.

## Responsibilities of Chief Finance Officer

4. The Chief Finance Officer is required to:
  - Ensure the proper administration of the financial affairs of the Council, to set the financial management standards and to monitor compliance with them;
  - Ensure that financial systems and procedures are in place to provide financial information to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;
  - Issue and keep under review Financial Regulations under these Rules which councillors, officers and agents of the Council are required to follow;
  - Establish a Head of Profession and Section 151 matrix which details delegation of responsibility and support for the proper administration of financial affairs.

## Responsibilities of Directors

5. Directors are required to:
  - Promote the financial management standards set by the Chief Finance Officer in their directorates and to monitor adherence

- to the standards and practices, liaising as necessary with the Chief Finance Officer;
- Promote sound financial practices in relation to the standards, performance and development of staff in their directorates. This includes a clear delegation framework to Deputy Directors, Heads of Service and Budget holders;
  - Comply with Financial Regulations and procedures and other financial instructions issued by the Chief Finance Officer.

## **BUDGETING**

### **The Cabinet**

6. The Cabinet is responsible for ensuring that there is effective financial planning within the Council. This includes recommending a budget to the Full Council for the forthcoming financial year and monitoring actual spend and commitments against that budget.

### **Responsibilities of Chief Finance Officer**

7. The Chief Finance Officer is required to:
  - Work with the Chief Executive, as Head of Paid Service, to advise the Cabinet on the format of the revenue budget and capital programme recommended for approval by Full Council;
  - Provide regular budget monitoring reports on spending, income and commitments to the Cabinet.

### **Responsibilities of Directors**

8. Directors are required to comply with accounting guidance and instructions provided by the Chief Finance Officer. Directors are also required to monitor spending, income and commitments and to provide regular budget reports to the Chief Finance Officer.

## **REVENUE BUDGET AND CAPITAL PROGRAMME PREPARATION, MONITORING AND CONTROL**

9. Budget management ensures that once Full Council has approved the budget, the resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account the Cabinet, Directors, Deputy Directors, Heads of Service and Budget holders responsible for defined elements of the revenue budget and capital programme.

## **Responsibilities of Chief Finance Officer**

10. The Chief Finance Officer is required to establish an appropriate framework for budgetary management and control that ensures that:
  - Budget management is exercised within annual cash limits unless the full Council agrees otherwise
  - Each Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
  - Expenditure is only committed against an approved budget head
  - All officers responsible for committing expenditure comply with relevant guidance and these Financial regulations
  - Each cost centre has a single named 'Budget holder', determined by the relevant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure
  - Significant variances from the approved budgets are investigated and reported by budget holders monthly.

## **Responsibilities of Directors**

11. Directors are required to maintain budgetary control within their services and to ensure that all expenditure, income and commitments are properly recorded and accounted for.

## **CAPITAL EXPENDITURE AND PROGRAMME**

### **Initial Capital Resource Allocation**

12. The Council sets its Capital Programme as part of the annual Service and Resource Planning Process and determines its capital investment priorities based on an agreed set of principles.
13. No capital commitment shall be entered into unless the initial resource allocation is confirmed within the Capital Programme approved by the Council (either as a specified individual project or as part of a planned annual programme). This is the case for all capital projects and programmes regardless of the funding source identified, i.e. including those funded partly or fully by external grants, contributions, revenue or reported capital surpluses, contingencies or savings.
14. New inclusions to the approved Capital Programme are subject to capital prioritisation by the Cabinet. New inclusions outside of the annual Service and Resource Planning process can be agreed as follows:
  - (a) Where the initial resource allocation is £25,000 or less, the Deputy Chief Finance Officer can agree its inclusion into the capital programme;

- (b) Where the initial resource allocation is between £25,000 and £500,000, the Director for Environment & Economy and the Chief Finance Officer can agree its inclusion into the capital programme and this will subsequently be reported to Cabinet;
  - (c) Where the initial resource allocation is above £500,000, the Cabinet can agree its inclusion into the Capital Programme based on the recommendations by the Director for Environment & Economy and the Chief Finance Officer.
15. All project allocations in the capital programme have a 5% project development budget and a 10% project contingency allowance at the inception stage unless it is stated otherwise in the business cases or there are specific conditions set by external funding bodies where projects are fully or partially externally funded.
16. All programme allocations in the capital programme have a 10% programme development budget and a 10% project contingency allowance at the inception stage unless it is stated otherwise in the business cases or there are specific conditions set by external funding bodies where programmes are fully or partially externally funded.

### **Capital Expenditure**

17. Project and programme initial development budgets are released (capital expenditure can be incurred) following either:
- (a) the approval of the Capital Programme by the Council where initial business cases are considered as part of the capital budget setting process; or
  - (b) the approval of initial business cases where these are submitted and considered in-year (outside of the capital budget setting process) subject to the levels set out in paragraph 14 above.
18. Project and programme detailed development budgets are released following the approval of the outline business cases as follows:
- (a) Where proposed projects are in line with the original scope and timetable and can be delivered within the approved budget agreed by Council/Cabinet its release can be agreed by the Director for Environment & Economy and the Chief Finance Officer;
  - (b) Where proposals require changes to the agreed scope, delivery timetable and approved budget, the Chief Finance Officer is responsible for determining the level at which approval must be sought in line with paragraph 24 below.
  - (c) The service managers responsible for the project or programme delivery are required to ensure that robust strategic and gateway

reviews are undertaken and consultations with the relevant cabinet members and key stakeholders are carried out in advance of outline business case approval.

- (d) Outline business cases for programmes of works should list individual schemes including a budget and description of the works for each scheme.

19. Contractual capital commitments for project and programme delivery can be entered into when following conditions are satisfied -

In the case of a project or a programme that costs:

- a) £500,000 or less, it has been approved and recorded by the Service or Cost Centre Manager;
- b) Between £500,000 and £1,000,000, the relevant Service Manager<sup>1</sup>, in consultation with the relevant Deputy Director(s), has approved a full business case for that project or programme;
- c) Between £1 million and £2 million, the relevant Deputy Director<sup>2</sup>, in consultation with the Director for Environment and Economy and the Chief Finance Officer, has approved a full business case for that project or programme;
- d) Between £2 million and £5 million, the relevant Director<sup>3</sup> and the Chief Finance Officer, in consultation with the relevant Cabinet Member(s), have approved a full business case for that project or programme;
- e) £5 million and over, the Cabinet has approved a full business case for that project or programme.

20. And in all circumstances, the Chief Finance Officer (or his/her representatives) must confirm that the revenue implications of the project or the programme are affordable based on the final full business case.

21. Where the programmes or projects include issuing capital grants to 3rd parties, relevant officers should seek appropriate legal and financial advice, draw up a funding agreement and specify evidence required to demonstrate the capital spend and other related output measures.

22. Where the tender figures or other variation occur, this will fall within the provisions of paragraph 24 below.

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<sup>1</sup> In the case of transport and property programmes / projects the relevant Service Managers are those who are responsible for the delivery of the transport capital programme and the property capital programme respectively.

<sup>2</sup> In the case of transport and property programmes/ projects the relevant Deputy Directors are the Deputy Director Commercial and the Deputy Director for Strategy and Infrastructure Planning.

<sup>3</sup> In the case of transport and the property programmes/ projects the relevant Director is the Director for Environment and Economy

23. In all circumstances, the use of contingencies is closely monitored and they are returned back to the capital programme where they are not needed. They should not be used for enhancing the agreed scope of the project. Proposed variations of this nature will fall within the provisions of paragraph 24 below.

### **Variation in costs**

24. Where any tender or other variation will (or may) produce an increase on the total cost of that project or programme, additional approvals must be sought as follows:
- (a) Where the variation is less than £25,000, the Deputy Chief Finance Officer must approve the change;
  - (b) Where the variation is between £25,000 and £500,000, the Director for Environment & Economy and the Chief Finance Officer must approve the change;
  - (c) Where the variation is over £500,000, the Cabinet must approve the change.

Services should explain the reasons for the reported variation and confirm their agreement to any scope changes in their reports, and bring funding proposals to address the increased cost where relevant.

25. Approval should be sought at a higher level than stated above in cases where the estimated level of percentage increase is very high or where the viability and value for money of the scheme are threatened.

### **External Contributions**

26. All external funding applications for capital resources should be in line with Corporate Plan objectives and be assessed against the agreed set of prioritisation principles for capital investment. Service Managers responsible for the application should inform the Chief Finance Officer and the Director for Environment and Economy about the proposed use of these resources and related implications prior to making an application.
27. Where the scale of the applications is significant or proposals have major implications for the Council's asset and infrastructure base or its Medium Term Financial Plan, they will need to be agreed by the Chief Finance Officer.
28. Where external contributions are restricted for specific purposes, they should be used for the purposes for which they are issued in line with the relevant funding agreements or grant conditions.
29. Where external contributions are partially or fully flexible, their use is subject to capital prioritisation by the Cabinet and approved subject to the levels set out in paragraph 14.



30. Capital Programme entry for externally funded programmes and projects requires, in addition to the requirements at paragraph 14, a formal notification by or a formal agreement with the relevant funding body or third party. Where there is a need to expend resources in advance of receiving such notification or agreement, approval must be sought from the Chief Finance Officer based on a risk assessment.
31. Approval and variation thresholds stated in paragraphs 19 and 24 also apply to programmes or projects that are fully or partially externally funded.

### **Insurance reinstatements**

32. In the case of insurance reinstatements paragraphs 14, 19 and 24 above apply if the Council is contributing additional resources. If there is a proposal to change the use of an asset or the service provided from this asset, the Director for Environment & Economy and the Chief Finance Officer should review the proposals and make recommendations to Cabinet as required.

### **Responsibilities of Chief Finance Officer**

33. The Chief Finance Officer, jointly with the Director for Environment and Economy, will ensure that appropriate arrangements are in place to monitor the capital programme and resources, control expenditure against approved budgets, and address any problems of overspending or resource re-allocation.
34. Capital budgets for new projects or changes to the approved capital budgets for projects in the programme will be put forward for approval by the Cabinet as part of a report by the Chief Finance Officer.
35. The Chief Finance Officer will issue guidance as needed on governance and procedures.

### **Responsibilities of Directors**

36. When disposing of assets other than land and property – such as surplus or obsolete materials, stores or equipment, Directors should follow guidance issued by the Chief Finance Officer and seek advice from him/her. When considering service developments which might involve investment in land and property assets or entering into any agreement which includes acquisition, disposal or management of land or property, Directors should follow the guidance issued by the Director for Environment and Economy and seek advice from him/her.
37. Part 7 of the Constitution delegates specific powers and functions to the Director for Environment and Economy. These include various functions relating to the management of land and property. In particular, these set out procedures for the disposal of land and the transfer of assets. In addition, the Director for Environment and Economy has specific responsibilities in relation to the in-year capital resource allocation (paragraph 14b), approval for

programmes and projects related to transport and property assets (paragraphs 19c & 19d), approval of variations in costs below certain thresholds (24b) and monitoring of the capital programme (33).

## **Leader of the Council**

38. The Leader of the Council may in conjunction with the Chief Finance Officer approve any proposed change to the Capital Programme in advance of a report to Cabinet subject to the thresholds set out in paragraphs 14(c), 19(e) and 24(c). In these cases, funding must be agreed by the Chief Finance Officer and reported to Cabinet in due course.

## **Disposals of Land and Property**

39. In respect of disposals of land and property, the processes followed should be robust and transparent and in accordance with current legislation and Council's policies for "the Disposal of Surplus Land for Less than Market Value"<sup>4</sup> and "the Sale of Surplus Land for Affordable Housing"<sup>5</sup>.
40. The Deputy Director for Strategy and Infrastructure Planning should seek appropriate financial and legal advice before any disposal. Then, depending on the value of the disposal, different levels of approval are needed, as follows:
- (a) Where the estimated disposal value is less than £2 million, the Deputy Director for Strategy and Infrastructure Planning may arrange for the disposal of land or property, but;
  - (b) Where the estimated disposal value is between £2 million and £5 million, a decision by the Director for Environment and Economy and the Chief Finance Officer to proceed with the disposal is required, or;
  - (c) Where the estimated disposal value of individual property assets is £5 million or more, a decision by Cabinet to proceed with the disposal is required.
41. Disposals may be at a discounted or 'undervalue' level, below the 'best consideration that can reasonably be obtained'. In these cases, additional financial and legal advice should be sought. Disposals in these cases can be controversial so local circumstances and the scale of the discount in price should be considered when deciding who should make the final decision to sell. Generally though:
- (a) Where the 'undervalue' is less than £250,000, the Deputy Director for Strategy and Infrastructure Planning may arrange for the disposal of the land or property in consultation with the Director for Environment and Economy and the Chief Finance Officer; but

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<sup>4</sup> Report to the Cabinet dated 28<sup>th</sup> October 2003.

<sup>5</sup> Report to the Cabinet dated 17<sup>th</sup> April 2007.

- (b) Where the 'undervalue' is between £250,000 and £1 million, the Deputy Director for Strategy and Infrastructure Planning must prepare a report to the Chief Finance Officer, requesting approval to proceed with the disposal; or
  - (c) Where the 'undervalue' is £1 million or more, the Director for Environment and Economy and the Chief Finance Officer must prepare a report to Cabinet, requesting their approval to proceed with the disposal.
42. Approval should be sought at a higher level in cases that are sensitive or where there is a large discount from the 'best consideration' value.
43. All capital receipts generated through the disposal of property assets are treated as a corporate resource and used to support the capital programme unless it is specifically agreed otherwise by the Cabinet based on recommendations by the Director for Environment and Economy and the Chief Finance Officer.

### **Transfers of Property Assets (Land & Property)**

44. In respect of transfers of property assets, the processes followed should be robust and transparent and in accordance with Council's related policies as set out in the Corporate Asset Management Plan.
45. The Deputy Director for Strategy and Infrastructure Planning should seek appropriate financial and legal advice before any transfer. Then, depending on the value of loss of income due to the transfer of the property assets, different levels of approval are needed. These are as follows:
- (a) Where the estimated loss of income is less than £250,000, the Deputy Director for Strategy and Infrastructure Planning may arrange the transfer of property assets in consultation with the Director for Environment and Economy and the Chief Finance Officer; or
  - (b) Where the estimated loss of income is between £250,000 and £1 million, the Director for Environment and Economy and the Chief Finance Officer may arrange the transfer of property assets in consultation with the Capital Investment Board based on a report by the Deputy Director for Strategy and Infrastructure Planning, requesting approval to proceed with the transfer; or
  - (c) Where the estimated loss of income is £1 million or more, the Director for Environment and Economy and the Chief Finance Officer must prepare a report to Cabinet, requesting its approval to proceed with the transfer.
46. Approval should be sought at a higher level in cases that are sensitive.

## **Acquisition of Land and Property**

47. In respect of the acquisition of land and property where budget provision for an acquisition exists within the total Council budget, the Deputy Director for Strategy and Infrastructure Planning may approve a purchase of land or property in accordance with approval levels specified in paragraph 19 above.

## **BUDGET MANAGEMENT ARRANGEMENTS**

### **Full Council and The Cabinet**

48. Key features of the Budget Management Arrangements are that:
- They are administered by the Chief Finance Officer; within procedures set by the Cabinet. Any variation from these procedures requires the approval of the Cabinet.
  - The Cabinet recommends the overall budget annually to Full Council in accordance with the Budget and Policy Framework Procedure Rules. Once approved and finalised, Directors, Deputy Directors, Heads of Service and Budget holders are authorised to incur expenditure in accordance with the estimates that make up the budget.
  - A budget head is considered to be a line in the approved budget report.
  - Virement is the transfer of money from one revenue budget head to another and it does not create an increase in the overall budget for the Council. Directors are expected to operate within Virement Rules in managing their budgets and in consultation with the Chief Finance Officer. The Council, in accordance with the Budget and Policy Framework Procedure Rules, will determine the rules for virement each year, as part of the budget setting process.
  - The Cabinet will receive regular monitoring reports containing comparison between budget, actual spend and projected spend at year end.

### **Responsibilities of Chief Finance Officer**

49. The Chief Finance Officer is required to prepare, monitor and operate the Budget Management Arrangements. The Directorate report includes requests for virements which will be incorporated into the Cabinet report by the Chief Finance Officer.

### **Responsibilities of Directors**

50. Directors are required to operate the Budget Management Arrangements as detailed by the Chief Finance Officer and in accordance with guidelines approved by the Full Council.

## **ANNUAL STATEMENT OF ACCOUNTS**

### **Committee Responsibility**

51. The Audit & Governance Committee is responsible for approving the statutory annual Statement of Accounts. The Audit & Governance Committee is also required to monitor the progress of production of the Annual Statement of Accounts.

### **Responsibilities of Chief Finance Officer**

52. The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts on behalf of the Council, in accordance with proper practices, for each financial year ending 31 March. In order to achieve this the Chief Finance Officer will select suitable accounting policies and ensure that they are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year. The Chief Finance Officer is required to report to the Audit & Governance Committee where it appears likely that there will be an undue delay in producing the Statement of Accounts.

### **Responsibilities of Directors**

53. Directors are required to comply with accounting guidance and instructions provided by the Chief Finance Officer and to supply the Chief Finance Officer with information when required.

## **OTHER ACCOUNTING RECORDS AND RETURNS**

### **General**

54. All Councillors, staff and agents of the Council must operate within the required accounting standards and timetables to ensure that all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

### **Responsibilities of Chief Finance Officer**

55. The Chief Finance Officer is required to determine the accounting procedures and form of records for the Council. If a Director wishes to maintain accounting records in a different way, he/she must first obtain permission to do so from the Chief Finance Officer. The Chief Finance Officer will specify the way in which transactions in any directorate system must be transferred to the Council's corporate systems.

## **Responsibilities of Directors**

56. Directors are required to comply with the principles outlined by the Chief Finance Officer.

## **MAINTENANCE OF GENERAL BALANCES, PROVISIONS AND RESERVES**

### **Full Council**

57. The Full Council must decide the level of general balances it wishes to maintain before it can decide the level of council tax. This will be done as part of the annual budget setting process in accordance with the Budget and Policy Framework Procedure Rules.

### **Responsibilities of Chief Finance Officer**

58. The Chief Finance Officer is required to advise the Cabinet and the Full Council on prudent levels of general balances for the Council. The Chief Finance Officer is required to consider requests for supplementary estimates from Directors and, where appropriate, take these to the Cabinet for approval in accordance with the limits set by Full Council.

## **Responsibilities of Directors**

59. Directors are required to ensure that provisions and reserves are used only for the purposes for which they were intended. Use of provisions and reserves must be reported through the Financial Monitoring Report and the Provisional Outturn Report. Proposed changes in the use of a provision or reserve must be taken to the Chief Finance Officer for approval. Requests for new provisions or reserves must be approved by Cabinet.

## **INTERNAL AUDIT**

### **Council Responsibility**

60. Regulation 6 of the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) requires the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practice. The Audit & Governance Committee will monitor the work of Internal Audit Services as part of its responsibilities under Article 8 of this Constitution.

## **Responsibilities of Chief Finance Officer**

61. The Chief Finance Officer is required to draw up the annual Audit Plan and ensure that this plan is delivered. Progress against the Plan will be reported to the Audit & Governance Committee.
62. The Chief Finance Officer is also required to issue and maintain procedures relating to the investigation of financial irregularities.

## **Responsibilities of Directors**

63. Directors are required to:
  - Ensure that Internal Audit Services are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work;
  - Ensure that auditors are provided with any information and explanations that they seek in the course of their work;
  - Consider and respond promptly to recommendations in audit reports;
  - Ensure that suspected irregularities are dealt with as detailed in the procedures for investigating irregularities.

## **MANAGEMENT AND FINANCIAL CONTROL**

### **Responsibilities of Chief Finance Officer**

64. The Chief Finance Officer is required 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 the law.

### **Responsibilities of Directors**

65. Directors are required 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.

## **EXTERNAL AUDIT REQUIREMENTS**

66. The external auditor's duties are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, Section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors should follow when carrying out their duties. The external auditor has rights of access to all documents and information necessary for audit purposes.

## **Responsibilities of Chief Finance Officer**

67. The Chief Finance Officer is required to ensure there is effective liaison between external and internal audit. The Chief Finance Officer is also required to work with the external auditor and advise the Full Council and its Committees, the Cabinet and Directors on their responsibilities in relation to external audit.

## **Responsibilities of Directors**

68. Directors are required 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;
  - Ensure that all records and systems are up to date and available for inspection;
  - Make staff available to provide information and answer questions as deemed necessary by the external auditor or his/her staff.

## **PREVENTING FRAUD AND CORRUPTION**

### **Responsibility of Councillors**

69. Councillors are required to act in accordance with the Councillors' Code of Conduct in the Constitution.

### **Responsibilities of Chief Finance Officer**

70. The Chief Finance Officer is required to:
- Develop and maintain an anti-fraud and corruption strategy;
  - Maintain adequate and effective internal control arrangements;
  - Monitor investigations to ensure that suspected irregularities are dealt with under the Procedure for Investigating Irregularities.

### **Responsibilities of Directors**

71. Directors are required to ensure that all suspected irregularities are dealt with under the Procedure for Investigating Irregularities and reported to the Chief Finance Officer and the Monitoring Officer. Directors are also required to consider instigating the Council's disciplinary procedures where the outcome of an investigation indicates improper behaviour.

### **Responsibilities of Officers**

72. All officers must also act in accordance with the Officers' Code of Conduct in the Constitution.



## **INSURANCE**

### **Responsibilities of Chief Finance Officer**

73. The Chief Finance Officer is required 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 Directors**

74. Directors are required to:

- Ensure that there are regular reviews of risk within their directorates and to notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances;
- Notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Chief Finance Officer or the Council's insurers.

## **ASSETS**

### **The Cabinet**

75. The Council 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 discharging the Council's functions, and that there are arrangements for the security of both assets and information required for service operations. The Cabinet is responsible for monitoring the use of assets.

### **Responsibilities of Chief Finance Officer**

76. The Chief Finance Officer is required to:

- Receive the information required for accounting, costing and financial records from each Director;
- Ensure that asset valuations recorded in the Council's accounts are in accordance with the legal and professional requirements.

### **Responsibilities of Directors**

77. Directors are required to:

- Provide information to the Deputy Director (Growth and Infrastructure) to maintain a corporate property database;

- Maintain other asset records as necessary to maintain databases of plant, machinery and moveable assets currently owned or used by the Council in connection with their responsibility area;
- Maintain documentation identifying terms, responsibilities and duration of use where permission is given to use the asset for a purpose other than to discharge the Council's functions;
- Ensure the proper security of all buildings and other assets under their control;
- Work with the Deputy Director (Growth and Infrastructure) to review the cost, value and use of these assets and to investigate ways of improving value for money from these assets, on a regular basis.

## **TREASURY MANAGEMENT AND BANKING**

### **Responsibility of the Cabinet**

78. To approve and monitor the arrangements for Treasury Management.

### **Responsibilities of Chief Finance Officer**

79. The Chief Finance Officer is required to:

- Undertake Treasury Management under arrangements approved by the Cabinet;
- Operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Chief Finance Officer.

### **Responsibilities of Directors**

Directors are required to follow the instructions on banking issued by the Chief Finance Officer, under arrangements agreed by the Cabinet. These instructions include schools and other parts of the Council who operate their own bank accounts separately from the Council's main account.

## **TRUST FUNDS AND IMPREST ACCOUNTS**

### **Responsibilities of Chief Finance Officer**

80. The Chief Finance Officer is required to provide appropriate guidance on the operation of Trust Funds. Where appropriate, the Chief Finance Officer is also required to provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to issue procedures for operating these accounts.

### **Responsibilities of Directors**

81. Directors are required to follow guidance from the Chief Finance Officer on the operation of Trust Funds. Directors are also required to ensure that employees operating an imprest account operate the account in accordance with procedures issued by the Chief Finance Officer.

## **STAFFING**

### **Responsibilities of Chief Finance Officer**

82. The Chief Finance Officer is required to act as an advisor to Directors on areas such as National Insurance and pension contributions, as appropriate.

### **Responsibilities of Directors**

83. Directors are required to ensure that budget provision exists for all existing and new employees.

## **FINANCIAL SYSTEMS AND PROCEDURES**

### **Responsibilities of Chief Finance Officer**

84. Under Article 11 of this Constitution, the Chief Finance Officer is responsible for making arrangements for the proper administration of the Council's financial affairs. This will include the determination of the accounting systems, form of accounts and supporting financial records and approval of any new financial systems or changes to existing financial systems.

### **Responsibilities of Directors**

85. Directors are required to:
- Follow guidance issued by the Chief Finance Officer in relation to financial systems;
  - 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;
  - Seek approval from the Chief Finance Officer before changing any existing system or introducing new systems.

## **INCOME AND EXPENDITURE**

### **Responsibilities of the Cabinet**

86. The Cabinet will approve the criteria for charging and how these are to be applied to the fees levied. Income collection will be monitored as part of the budget monitoring process.

87. For the purposes of the General Operational Powers of the Chief Executive and Directors set out in Part 7.3 of the Constitution, the limit for the writing off of uncollectable debts (including bad debts) in any one case is £10,000. Over that limit, approval shall be required from the Cabinet.

### **Responsibilities of Chief Finance Officer**

88. The Chief Finance Officer shall:
- Determine arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection;
  - Consider for approval all debts to be written off in consultation with the relevant Director and ensure that the relevant Director keeps a record of all sums written off up to the approved limit;
  - Consider all requests to write off irrecoverable sums or to not collect income due and report to the Cabinet as appropriate.

### **Responsibilities of Directors**

89. Directors are required to operate the 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. Directors must also separate the responsibility for identifying amounts from their collection, as far as is practicable.

## **BUYING GOODS, SERVICES AND WORKS**

90. All Councillors, officers and agents of the Council are required to operate within the Contract Procedure Rules with respect to contracts for the supply of goods, services and works and for the execution of works elsewhere within the Constitution.
91. Orders and payments should normally be made electronically but the Chief Finance Officer may approve an alternative form and manner, if this is beneficial to the Council.

### **Responsibilities of Chief Finance Officer**

92. The Chief Finance Officer is required to ensure that all the Council's financial systems and procedures are sound and properly administered. The Chief Finance Officer is also required to approve the form and manner for orders, payments and associated terms and conditions.

### **Responsibilities of Directors**

93. Directors are required to ensure that orders are only made for goods, services and contracts for works provided to service directorates. Councillors, officers and agents of the Council must not make official orders to obtain goods or

services for their private use. Councillors, officers and agents of the Council must also follow guidance issued by the Chief Finance Officer in relation to orders and payments for goods, services and contracts for works.

## **PAYMENTS TO EMPLOYEES AND COUNCILLORS**

### **Responsibilities of Chief Finance Officer**

94. The Chief Finance Officer is required to:
- Establish and maintain an effective system for ensuring the payments for salaries and staff related sums are paid to existing and former employees on the due date;
  - Record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions;
  - Maintain a similar system for the payment of Councillors allowances as set out in the Constitution.

### **Responsibilities of Directors**

95. Directors are required to notify the Chief Finance 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 Finance Officer. Directors must also ensure that adequate and effective systems and procedures are operated to ensure that any information which may affect payment to an employee or councillor, is captured and reported to the Chief Finance Officer.

## **TAXATION**

### **Responsibilities of Chief Finance Officer**

96. The Chief Finance Officer is required to ensure that all taxation issues relating to the Council, including HM Revenue and Customs, are properly maintained. The Chief Finance Officer is also required to provide up-to-date guidance for Council employees on taxation issues.

### **Responsibilities of Directors**

97. Directors are required to follow the guidance on taxation issued by the Chief Finance Officer in the Council's Taxation manual.

## **TRADING ACCOUNTS AND BUSINESS UNITS**

### **Responsibilities of Chief Finance Officer**

98. The Chief Finance Officer is required to advise on the establishment and operation of trading accounts and business units.

## **Responsibilities of Directors**

99. Directors are required to consult with the Chief Finance Officer if a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

## **PARTNERSHIPS**

### **Responsibilities of the Cabinet**

100. The Cabinet is required to agree with partners the formation of any strategic partnerships for the County. The Cabinet is required to monitor the governance and performance of all partnerships to ensure that these partnerships are improving the well being and outcomes for local people in the County and do not subject the Council to undue risk. The Cabinet is required to ensure that any partnership has clear operational procedures as set out in the partnership agreement which maintains the highest standards of ethics and probity.

### **Responsibilities of Chief Finance Officer**

101. The Chief Finance Officer is required to advise on effective controls that will ensure that resources are not wasted.

## **Responsibilities of Directors**

102. Directors are required to ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Chief Finance Officer. Directors are also required to ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council, especially when discharging its functions.

## **EXTERNAL FUNDING**

### **Responsibilities of Chief Finance Officer**

103. The Chief Finance Officer is responsible for:-
- Working with directors to maintain a record of external funding that is expected and its financial implications;
  - Building any agreed financial implications of external funding into the budget. (For example agreed requirements to provide matching funding);
  - Monitoring external funding and its related financial implications;
  - Ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts;

- Accounting for any non-specific Government Grants received and receivable and submitting any returns that they require; and
- Investigating ways of maximising income from external funding.

## **Responsibilities of Directors**

104. Directors are required to follow the guidance issued by the Chief Finance Officer, and must ensure that:

- External funding which is sought supports the Council's overall aims, Objectives, priorities and plans;
- Any additional costs or matched funding requirements relating to external funding agreements are identified and provided for in the budget before any external funding agreement is concluded;
- There is an exit strategy to assess the impact of external funding ending, particularly if demand for the services produced is likely to continue;
- Bids for external funding are approved by either the Cabinet portfolio holder for Finance or the Deputy Leader
- Conditions of external funding agreements and any statutory requirements are complied with;
- Expenditure met from external funding is properly incurred and recorded and that all claims for funds (Grant Claims) are made by the due date;
- Specific Government grants received and receivable in respect of the services for which they are responsible are accounted for; and
- Audit requirements are met.

## **WORK FOR THIRD PARTIES**

### **Responsibilities of Chief Finance Officer**

105. The Chief Finance Officer is required to issue guidance with regard to the financial aspects of third party contracts to work for third parties. The Chief Finance Officer must maintain a list of contracts to work for third parties.

### **Responsibilities of Directors**

106. Directors are required to make appropriate arrangements for keeping officers and councillors informed about any proposed negotiations about working for third parties. Cabinet approval must be obtained before any negotiations are concluded about working for third parties. Directors are also required to follow guidance on this subject issued by the Chief Finance Officer. Directors must maintain a list of their contracts to work for third parties.

## **GRANTS TO EXTERNAL BODIES**

### **Responsibilities of Chief Finance Officer**

107. The Chief Finance Officer is required to issue guidance with regard to the financial aspects of grant funding. The Chief Finance Officer is required to issue guidance about the register of grants.

### **Responsibilities of Directors**

108. Directors are required to maintain a register of grants for their services. Directors are required to consider whether funding arrangements should be by grant or by procurement of services and make an appropriate decision following guidance about this issue.

## **ACTING AS AN ACCOUNTABLE BODY**

109. The Council may decide to act as an 'Accountable body' for an unincorporated partnership. An 'Accountable body' is a legal entity nominated to act on behalf of the partnership. As an 'Accountable body', the Council would take responsibility for receipt and financial probity of external funding on behalf of the partnership and ensure the proper and effective use of those funds.

### **Responsibilities of Chief Finance Officer and Directors**

110. The decision to act as the Accountable body for another organisation will be taken by:
- Cabinet, when the amount involved is likely to be £1m or more over the life of the relationship. Cabinet will make this decision based on advice from the Chief Finance Officer who may consult with an appropriate Director. Cabinet could refer the decision to full Council if they considered that this was appropriate; or
  - The Chief Finance Officer, when the amount is likely to be less than £1m over the life of the relationship. The Chief Finance Officer would consult with an appropriate Director if appropriate. The Chief Finance Officer could refer the decision to Cabinet if they considered that this was appropriate.
111. Where the Council acts as an Accountable body, a formal agreement (memorandum of understanding) will be required, setting out the operational protocols between the Council and the partnership.
112. The Chief Finance Officer is required to issue guidance with regard to the Council acting as an Accountable body.



113. The Chief Finance Officer and the appropriate service Director will as appropriate report to Cabinet on the progress and outcome of the Accountable body relationship.

## **RISK MANAGEMENT AND FINANCIAL CONTROL**

### **Council Responsibility**

114. The Audit & Governance Committee will monitor the Council's governance and risk management arrangements as part of its responsibilities under Article 8 of the Constitution.

### **Cabinet responsibility**

115. The cabinet is responsible for approving the Council's risk management framework and for reviewing the effectiveness of risk management.

### **Responsibilities of Chief Finance Officer and the Research and Major Programmes Manager**

116. The Chief Finance Officer is required 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 the law.
117. The Research and Major Programmes Manager is required to prepare the Council's risk management framework, for approval by the Cabinet.
118. The Research and Major Programmes Manager is also required to issue and maintain procedures relating to risk management.

### **Responsibilities of Directors**

119. Directors are required to take responsibility for risk management and to undertake risk management assessments as detailed in the risk management framework and other guidance issued by the Research and Major Programmes Manager.
120. Directors are also required to:
- a) Undertake a risk assessment when planning strategically, undertaking major change initiatives, organising large projects such as capital projects, developing new partnership arrangements or carrying out service reviews
  - b) Monitor the progress of identified risks and subsequent risk management actions. Periodically repeat the risk identification and assessment process, ensuring that planned action is in place to mitigate these risks
  - c) Notify the Chief Finance Officer immediately of any major risks that are

identified and cannot be managed within the resource levels of the service

- d) Raise the awareness and understanding of risk management down the ranks of the authority through training and regular use of risk management techniques in decision-making.

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