

**Appendix 1**

# Flintshire County Council

## Financial Procedure Rules

Revised 2020

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# 1. Status of Financial Regulations

## 1.1 What are Financial Procedure Rules?

1.1.1 Financial Procedures provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf.

1.1.2 The procedures identify the financial responsibilities of the full Council, the Cabinet and officers.

1.1.3 Where there are references to the Chief Executive and Chief Officer the responsibility is as follows:

The Chief Executive as Head of Paid Service at a strategic level provides oversight, coordination and direction across the organisation and ensures the Chief Officer Team work collectively.

Chief Officers are accountable at a strategic and operational level for resource management, performance management and delivery of services for the Portfolio for which they have responsibility.

In addition, the Council holds the following statutory posts:

The Head of Paid Service is the Chief Executive

The Chief Finance Officer is the Corporate Finance Manager

The Chief Education Officer is the Chief Officer (Education and Youth)

The Monitoring Officer is the Chief Officer (Governance)

The Chief Officer Social Services

Democratic Services Manager

1.1.4 These Financial Procedure Rules are part of the Council's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.

1.1.5 These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.

## **1.2 Why are they important?**

1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures which set out the financial responsibilities of the Council. These procedures have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.

1.2.2 Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.

1.2.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.

1.2.5 Financial Procedures should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Council's Constitution.

## **1.3 Who do Financial Procedures apply to?**

1.3.1 Financial Procedures apply to every Member and officer of the Council and anyone acting on its behalf. Members and officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.

1.3.2 Separate financial procedures have been incorporated into the Council's Scheme for Financing of Schools and relate to those matters where decisions have been delegated to school governing bodies.

1.3.3. These Financial Procedures shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise. Where services are provided via an 'Alternative Delivery Model', specific financial procedures will be incorporated into the individual models.

1.3.4 Failure to observe Financial Procedures may result in action under the Council's disciplinary procedures.

## **1.4 Who is responsible for ensuring that they are applied?**

1.4.1 The Chief Executive and Chief Officers are ultimately responsible to the Council for ensuring that Financial Procedures are applied and observed by his/her staff and contractors providing services on the Council's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.

1.4.2 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedures to the Council and/or to the Members.

1.4.3 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures which Members, Chief Executive and Chief Officers and others acting on behalf of the Council are required to follow.

1.4.4 Where any Officer or Member considers that complying with Financial Procedures in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Council, he/she shall raise the issue with the Chief Finance Officer who will, if he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

## 2. Financial Management – General Roles and Responsibilities

### The Role of the Full Council

2.1.1. The Council has a duty towards its Council Tax payers and Non Domestic Ratepayers with regard to financial decisions and their consequences. The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The full Council is also responsible for monitoring compliance with policies and related Cabinet decisions.

### 2.2 The Role of the Cabinet

2.2.1 The Cabinet (as the Council's Executive) is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with the Budget and Policy Framework.

### 2.3 The Role of the Chief Finance Officer

2.3.1 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations (Wales) Regulations currently in force

2.3.2 The Chief Finance Officer among other functions 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) Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- e) Providing financial information.
- f) Making recommendations to the Cabinet and Council for the preparation of the revenue budget and capital programme.

- g) Preparing the approved revenue budget and capital programme.
- h) Treasury management.

The Chief Executive and Chief Officers are responsible for promoting the financial management standards set by the Chief Finance Officer in their portfolio and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to every Member of the Cabinet or the Council as appropriate and to the External Auditor, if the Council, a Committee or Officer of the Council, or a Joint Committee on which the Council is represented:

- Has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful
- Has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the Council
- Is about to make an unlawful entry in the Council's accounts

The Chief Finance Officer must consult with the Head of Paid Service and the Monitoring Officer when preparing any report under Section 114.

The Chief Finance Officer shall make a report under this Section if it appears to him or her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

- The Chief Finance 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, due to absence or illness
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114  
(All references to a Committee (joint or otherwise) include Sub-Committees).

Where a report has been issued by the Chief Finance Officer under Section 114 of the Local Government Finance Act 1988, the Council and the Council's Head of Paid Service shall then follow the requirements of Sections 115 and 116 of the said Act.

## **2.4 The Role of Chief Officers**

2.4.1 Chief Officers are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

2.4.2 Chief Officers are responsible for:

- a) Ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Finance Officer.
- b) Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- c) Consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred.
- d) Consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.



# 3. Financial Planning

## 3.1 Strategic Planning

### Why is this important?

Planning is a continuous process and is a fundamental tool in the management and control of the Council. The Council has a statutory responsibility to produce various plans. Financial planning is a key part of this process, setting out the financial consequences of the actions planned to meet the objectives and targets set within the plan.

### Key Controls

- Ensure that all relevant plans are produced and that they are consistent with Corporate objectives
- Produce plans in accordance with statutory requirements
- Meet the timetables set
- Ensure that all performance information is accurate, complete and up to date
- Provide improvement targets that are meaningful, realistic and challenging

### Responsibilities of the Chief Finance Officer

- a) To advise and supply the financial information that needs to be included in plans in accordance with the statutory requirements and agreed timetables.
- b) To contribute to the development of corporate and service targets and objectives and performance information.
- c) To ensure that performance information is monitored frequently to allow corrective action to be taken if targets are not likely to be met.

### Responsibilities of the Chief Officers

- a) To contribute to the development of plans in line with statutory requirements.
- b) To contribute to the development of corporate and service targets and objectives and performance information.

## **3.2 Budgets and Medium Term Planning**

### **Why is this important?**

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively to enable scarce resources to be allocated in accordance with the Council's priorities.

Flintshire's Medium Term Financial Strategy (MTFS) provides a framework for the financial principles through which revenue and capital resources will be forecast, organised and managed to deliver the Council's vision and strategic objectives.

The MTFS uses detailed intelligence led forecasting to estimate available resources, investment needs linked to the Council Plan and priorities, demand and externally led cost pressures and opportunities for efficiencies / savings for both revenue services and the capital programme over the medium term. The MTFS enables the gap between forecast funding levels and resource requirements to be identified over the medium term.

Detailed work is undertaken on an annual basis by The Finance Team, in conjunction with the Chief Executive and Chief Officer Team to build on the MTFS to enable a balanced revenue budget and capital programme which is approved by Council for the following financial year.

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

- a) To prepare and submit reports on budget prospects for the Cabinet including resource constraints set by the Welsh Government.
- b) To determine the detailed form of revenue estimates after consultation with the Cabinet, Chief Executive and Chief Officers.
- c) To prepare and submit forecasting reports to the Cabinet on the aggregate spending plans and resources available to fund them.
- d) To advise on the medium term implications of spending decisions and prepare forecasts.
- e) 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.
- f) To advise the Council on proposals in accordance with responsibilities under Section 151 of the Local Government Act 1972.

## **Responsibilities of the Chief Officers**

- a) To integrate financial and budget plans into service planning so that budget plans can be supported by financial and non-financial performance measures.
- b) To encourage the best use of resources and value for money by working with the Chief Finance Officer to identify opportunities to improve economy, efficiency and effectiveness.

## **3.3 Budgeting**

### **3.3.1 Revenue Budget**

#### **Why is this important?**

Budgetary control and monitoring procedures ensure that once the budget has been formally approved by the County Council, 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.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

#### **Key Controls**

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

- Budget managers should be responsible only for income and expenditure that they can influence
- There is a nominated budget manager for each cost centre heading and the responsibilities for budgetary control are clearly defined
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- Budget managers follow an approved certification process for all expenditure
- Income and expenditure are properly recorded and accounted for
- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- An annual cycle is established to ensure budgets are promptly prepared

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

To ensure an appropriate framework of budgetary management and control that ensures that:

- a) A revenue budget is prepared on an annual basis, together with a revenue projection over the medium term, for consideration by the Cabinet, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.
- b) A resource allocation process is developed and maintained for consideration by Members at each stage of the revenue budget process.
- c) The revenue budget includes the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Chief Officer and for central and corporate budget heads.
- d) Each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- e) Expenditure is committed only against an approved budget head.
- f) Significant variances from approved budgets are investigated and reported by budget managers on a regular and timely basis.

### **Responsibilities of the Chief Officers**

- a) To maintain budgetary control within their departments and ensure that all income and expenditure are properly recorded and accounted for.
- b) To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- c) Ensure that Managers and all staff understand their financial responsibilities.
- d) Ensure that budget managers follow the monthly budget monitoring procedures when using Collaborative Planning (CP) system.
- e) To prepare annual service plans linked to the Council Plan identifying any budgetary implications for inclusion in the Medium Term Financial Plan for Member consideration.
- f) To 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. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer.

- g) Prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or through the proposed use of compensating savings elsewhere in their budget.
- h) Report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.
- i) Consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.
- j) Report significant variations from budget to the Chief Finance Officer, who will report the position and any budget actions plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with the budget.
- k) Budget action plans will be monitored by the relevant Chief Officer who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.
- l) In exceptional cases submit reports to the Cabinet and to the Council, in consultation with Chief Finance Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only.
- m) Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the "Belwin" scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and agreement for the funding of such expenditure and how it should be treated must be agreed as soon as possible.
- n) To ensure compliance with the scheme of virement.

### 3.3.2 Budget Virements/Accounting Adjustments

#### Why is this important?

Transfers between budgets is an integral and important feature of budgetary control for an organisation to ensure sound financial management.

In general terms there are two main types of budget transfers:-

1. Accounting Adjustments – this is where it is necessary to transfer a budget from one place to another to account properly for the relevant expenditure or income but where the approved purpose of that expenditure/income does not change from that approved by County Council. An example of this is the allocation of energy inflation which is held centrally and allocated to portfolio areas based on evidenced need.
2. Formal Virements – this is where there is an intended action to transfer budget from one place to another that does change the purpose of the expenditure/income approved by County Council. An example of this would be the transfer of an amount from Adult Social Services to Children’s Social Services to deal with a pressure in the Children’s Services area.

The Key Principles underpinning the control of budget transfers are as follows:

- Where Budget transfers relate to a change of use or policy they should be authorised and there should be formal evidence of this
- Transferring budgets simply to minimise variances are specifically precluded
- Where an approved budget is a lump sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement provided the amount is used in accordance with the purposes for which it was originally intended, or if Cabinet has approved the basis on which it will be allocated

Formal Virements in excess of £100,000 (this includes cumulative amounts over £100,000) should be submitted to Cabinet for Approval

- Where there are policy implications for the Council which require a budget virement, Cabinet approval must be obtained

Overall control of budget transfers is undertaken within the Strategy and Insurance team which tracks the movements and also ensures that any virements that change the purpose of the funding are subject to the relevant approval

The Corporate Finance Manager as Section 151 Officer for the Council has a legal responsibility to ensure the proper management of the Councils financial affairs and is content that the rules and procedures in place governing the virement of budget are adequate.

## Key Controls

- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- Notification of virements should be given to the Chief Finance Officer and approved

## Responsibilities of the Chief Finance Officer

- a) Ensure that budget virements in excess of £100,000 (cumulative) are submitted to Cabinet for approval.
- b) Where there are policy implications for the Council ensure that Cabinet approval is obtained where it is proposed to vire between budgets of different Cabinet Portfolio holders or vire between budgets managed by different Chief Officers.
- c) Where there are implications to the policy framework submit a joint report with the relevant Chief Officer.

## Responsibilities of the Chief Officers

- a) To ensure compliance with the scheme of virement.
- b) To agree with the relevant Chief Officer where it appears that a virement proposal may impact materially on another service area.

## 3.4 Capital Programme

### Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Council such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

### Key Controls

The key controls for capital programmes are:

- Specific approval by the County Council for the programme of capital expenditure
- Expenditure on capital schemes is subject to the approval of the Chief Officer
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project
- Accountability for each proposal is accepted by a named manager

- Monitoring of progress in conjunction with expenditure and comparison with approved budget

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

- a) To prepare capital estimates jointly with Chief Officers to report them to the Cabinet for approval which will make recommendations to the Council.
- b) To be responsible for the monitoring of the capital programme in conjunction with the Chief Officer (Housing and Assets).
- c) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates on a quarterly basis. The report will identify changes in capital resources, including the generation of capital receipts and the effect of carry forward together with quantifying contractually uncommitted values by scheme.
- d) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
- e) To ensure that whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.
- f) Ensure that the approved Capital Programme includes information on grant funded schemes if appropriate.

### **Responsibilities of the Chief Officers**

- a) To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.
- b) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer.
- c) To prepare regular reports reviewing the capital programme provisions for their services.
- d) To ensure that adequate records are maintained for all capital contracts.
- e) To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer, where required.
- f) To ensure that credit agreements such as leasing agreements are not entered into without the agreement of the Chief Finance Officer (via the Treasury Management Team) and if applicable approval of the scheme through the capital programme.



- g) To ensure that for the purchase of all items which are not brand new that a Hire Purchase Information (HPI) check has been undertaken to ensure that there is no outstanding finance.

### **3.5 Maintenance of Reserves**

#### **Why is this important?**

The Council must decide the general level of 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 Council to provide for unexpected events and therefore 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**

To maintain reserves in accordance with the CIPFA Code of Practice and agreed accounting policies.

The Councils Reserves protocol must be adhered to by all officers to ensure the controls governing reserves are followed.

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

To advise the Cabinet and/or the full Council on prudent levels of reserves for the Council and to provide an annual statement as to the adequacy of the level of reserves held.

#### **Responsibilities of the Chief Officers**

To ensure that resources are used only for the purposes for which they were intended.  
To ensure the Reserves Protocol is followed.

## **4. Risk Management and Control of Resources**

### **4.1 Risk Management**

#### **Why is this important?**

The Council, like any organisation, faces risks to people, property and continued business 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. Its objectives are to secure the assets of the Council and ensure the continued financial and organisation well-being of the Council. Risk management is concerned with evaluating the measures the Council has in place to manage identified risks and recommending the course of action the organisation needs to take to control these risks effectively.

Risk Management is an integral part of the Council's Governance Framework and Internal Control. The Council has a Risk Management Strategy which outlines how the Council manages risk corporately.

## **Key Controls**

The key controls for risk management are:

- Procedures are in place to identify, assess, prevent or contain material known risks
- 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
- Managers know that they are responsible for managing relevant risk and are provided with relevant information
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- Business Continuity Plans are in place

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

- a) To develop and implement risk management controls in conjunction with Chief Officers.
- b) To include all appropriate employees of the Council in a suitable Fidelity Guarantee insurance policy.
- c) To effect corporate insurance cover, for all relevant and identified risks, through external insurance and internal funding and negotiate all claims in consultation with other officers.
- d) In consultation with other officers if applicable, to negotiate all claims with a view to minimising both financial and reputational loss.

## Responsibilities of the Chief Officers

- a) To notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council, and to respond promptly with any information or explanation required by the Chief Finance Officer for the Council's insurers.
- b) To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers e.g. health and safety.
- c) To implement the Risk Management Strategy and ensure a regular review of risks within the service they manage.
- d) To notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- e) To ensure that employees or anyone covered by the Council'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.
- f) To ensure Business Continuity plans are in place and regularly reviewed.
- g) To ensure that no insurance policies are taken out without first consulting with the Chief Finance Officer.

## 4.2 Internal Controls

### Why is this important?

Overall responsibility for the control environment rests with the Council as a whole. The Chief Officer Team is responsible for overseeing and monitoring the control environment.

Monitoring of compliance with policies, procedures, laws and regulations is undertaken by relevant key officers. The Chief Finance Officer and Monitoring Officer have statutory responsibilities. Chief Officers have responsibility for the development and maintenance of the internal control environment to ensure:

- The Council'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
- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice

## Key Controls

The key controls and objectives for internal control systems are:

- Key controls should be reviewed on a regular basis
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- An effective internal audit function that is properly resourced

## Responsibilities of the Chief Finance Officer

To assist the Council 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 the Chief Officers

- a) 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.
- b) To be responsible for having in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Chief Officers are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Council has a partnership relationship with a third party.
- c) Assess, at least once a year, the effectiveness of the systems of internal control, in line with current Accounts & Audit (Wales) Regulations.
- d) Provide appropriate information to the Corporate Governance Working Group to enable the Annual Governance Statement to be included within the financial statements, as required.
- e) Review existing controls in the light of changes affecting the Council and establish and implement new controls as necessary. Also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.

- f) Ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

## **4.3 Audit Requirements – Internal Audit**

### **Why is this important?**

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972 and is required by the Accounts and Audit (Wales) Regulations 2005. The regulations state that 'a local government body shall 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 practices'.

Internal audit is defined in the Public Sector Internal Audit Standards as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. 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**

The key controls for internal audit are:

- That it is independent in its planning and operation
- The Internal Audit Manager has direct access to the Head of Paid Services, the Monitoring Officer, External Audit and the Chair of the Audit Committee

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

To ensure that an effective Internal Audit function is resourced and maintained. Under Section 151 the local Council should 'make arrangements for the proper administration of their financial affairs'. Proper administration includes compliance with the statutory requirements for accounting and internal audit.

### **Responsibilities of the Chief Officers**

Chief Officers will:

- (a) Ensure that internal and external 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.

- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out timely and efficiently.
- (e) Ensure that whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources, Internal Audit are notified and take any such other immediate action as considered necessary (subject to any Council rules and protocols).
- (f) Internal Audit shall notify the Chief Officer (Governance) where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Chief Officer, Senior Manager (HR & OD), notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Chief Officer will follow the fraud response plan and will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (g) Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Officer, Senior Manager (HR & OD) and the Monitoring Officer, together with the Head of Paid Service and determine whether to refer the matter to the Police. The Police will determine, with the Crown Prosecution Service, whether any prosecution will take place. Where fraud, theft, improper use or misappropriation of the Council's property or resources is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Prosecution Policy.
- (h) Instigate the Council's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.
- (i) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

## 4.4 Security of Assets

### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture, and other items. 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 pre-requisite for sound asset management.

### Key Controls

The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- Resources are used only for the purposes of the Council and are properly accounted for
- Resources are available for use when required
- An asset register is maintained, assets are recorded when acquired and the record is updated following completion of condition surveys which are carried out on a cyclical planned basis
- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information including the requirements of the General Data Protection Regulation (GDPR) and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and the compliance with the Council's computer and internet security policies

### Responsibilities of the Chief Finance Officer

Ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.

To receive the information required for accounting, costing and financial records from each Chief Officer.

To ensure that assets are valued in accordance with the Code of Practice on Local Council Accounting in the United Kingdom (CIPFA/LASAAC).

Ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds.

## Responsibilities of the Chief Officers

- a) Ensure that records and assets are properly maintained and securely held.
- b) The corporate property function resides within the Housing and Assets Portfolio, with property records maintained by Valuation and Estates Services in conjunction with Legal.
- c) The Chief Officer (Governance), in consultation with the Chief Officer (Housing and Assets), shall maintain a register of:
  - All lands and properties owned by the Council (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.
  - All lands and properties leased to the Council in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.
- d) The Chief Officer (Housing & Assets) will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and, in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom* (CIPFA/LASAAC).
- e) The Legal Services Manager shall have custody of all title deeds and will put in place secure arrangements for this.
- f) The Chief Officer (Housing and Assets) shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.
- g) Chief Officers shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Chief Officer's possession including complying with the requirements of the Council's Information Security Policy, General Data Protection Regulation (GDPR), the Computer Misuse Act and any subsequent legislation.



h) Chief Officers must ensure that:

- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of GDPR and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer, portable storage media acceptable usage, e-mail and internet security policies
- Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control
- Lessees and other prospective occupiers of Council land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Officer (Governance) in consultation with the Chief Finance Officer, has been established as appropriate
- Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Chief Officer, or where action is taken under delegated powers this is reported to the Cabinet
- Each Chief Officer maintains a register of assets with a value of over £500 which are moveable or desirable assets. The register should list the asset, location recorded, and that they are appropriately marked and insured
- Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Chief Officer must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit
- Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately
- Assets are only used in the course of the Council's business, unless the Chief Officer concerned has given permission, in writing, for personal use by an employee
- Records are kept of the disposal or part-exchange of assets

- Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Chief Officer's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal
- An annual check of all items on the inventory is carried out 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 and video recorders should be identified with security markings as belonging to the Council
- There are arrangements for the care and custody of stocks and stores in the Portfolio. Each Chief Officer shall be responsible for the care and custody of all stocks and stores held in that Portfolio and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer
- Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer
- 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, referring issues to Internal Audit, where appropriate
- The Chief Finance Officer shall receive from the appropriate Chief Officer such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Chief Officer to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check
- Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year
- Discrepancies are investigated and written off as necessary

- i) Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Such write-offs or disposals will be reported to the Cabinet.
- j) When the Chief Officer considers it appropriate, the stock or inventory item may be offered to other Portfolio's or employees for the highest quotation received in a sealed bid process and competitive basis or disposed of by public auction. In each case officers should seek to achieve the highest amount of value for the Council, whichever method of disposal is appropriate. Disposal shall be certified in the stock records or inventory by the signature of the Chief Officer or other authorised Officer.
- k) The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written consent from the Chief Finance Officer.
- l) In the event that the Council decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Cabinet.
- m) Whenever, in case of eviction, re-possession or similar circumstances, the Council takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be a Council Officer or representative, who both shall witness it as a correct record.
- n) Each Chief Officer shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Chief Officer is responsible. Unclaimed items shall be disposed of by the Chief Officer under arrangements approved by the Chief Finance Officer.
- o) Each Chief Officer will 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. The Senior Manager (HR & OD) will ensure that this is reflected in the Council's HR Policies.
- p) Ensure that income received for the disposal of an asset is properly banked and recorded.
- q) If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Chief Officer concerned shall consult with the Chief Finance Officer with a view to remedial action.

## **4.5 Treasury Management**

### **Why is this important?**

The Council holds varying levels of surplus cash at certain points in the year representing income received in advance of expenditure plus balances and reserves held. The Council complies with CIPFA and WG guidance to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### **Key Controls**

That the Council's borrowing and investments comply with the CIPFA Code: Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition), Welsh Government (WG) guidance on local Council investments and the Council's Treasury Management Strategy.

The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.

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

- a) Ensure that the Council has an annual Treasury Management Strategy which fulfils the Council's legal obligation under the Local Government Act 2003 and to have regard to both the CIPFA code and the WG guidance.
- b) The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Heads of Service will follow the instructions on banking issued by the Chief Finance Officer.
- c) The Chief Finance Officer will act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing of money by the Council.

### **Responsibilities of the Chief Officers**

- a) Arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.

- b) Arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.
- c) Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

## **4.6 Imprest Accounts**

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

- a) Provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts.
- b) Agree, in consultation with the relevant Chief Officer, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- d) Issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Chief Officer, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.
- e) The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.
- f) Where considered appropriate the Chief Finance Officer shall open an account with the Council's bankers or other approved agency.

### **Responsibilities of the Chief Officers**

Ensure that a business case is submitted to the Chief Finance Officer for any new Imprest Account. Payments shall be limited to minor items of expenditure up to a general individual limit of £50.

Ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the Imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per Her Majesty's Revenue and Customs (HMRC) regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.
- (g) The Imprest holder shall not allow the account to become overdrawn. It shall be a standing instruction to the Council's bankers or approved agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account be reported to the Chief Finance Officer.
- (h) Provide the Chief Finance Officer with a certificate of the value of the imprest account/float at the date requested by the Chief Finance Officer.
- (i) Ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (j) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. The exceptions are where incentive bonus payments are made to service users in Social Services Day Opportunities and payments are made to residents from deputyship monies. Payments can be made from petty cash and then coded appropriately to the correct budget. In the case of deputyship, this is then reclaimed from personal monies.
- (k) Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.
- (l) On leaving the Council's employment or otherwise ceasing to be entitled to hold or be a signatory for an imprest account inform the Chief Finance Officer so that arrangements can be made to close the account or transfer to another authorised Officer.

## **4.7 Staffing**

### **Why is this important?**

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

### **Key Controls**

The key controls for staffing are:

- a) An appropriate workforce strategy and policy exists in which workforce requirements and budget allocations are matched.
- b) Procedures are in place for forecasting workforce requirements and cost.
- c) Controls are implemented that ensure that workers time is used efficiently and to the benefit of the Council.
- d) Checks are undertaken prior to engaging new employees to ensure that they are appropriately qualified, experienced and trustworthy.

The management of employee costs within schools is the responsibility of the Governing Body.

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

To act as an advisor on workforce related costs (e.g. pension contributions) as appropriate.

### **Responsibilities of the Chief Officers**

The Senior Manager (HR & OD) will act as an advisor to a Chief Officer on Human Resources (HR) policies.

Chief Officers will:

- (a) Ensure that budget provision exists for all existing and new employees.
- (b) Monitor employee's activity to ensure adequate control over such costs as sickness, overtime, training and temporary workers.
- (c) Ensure that the staffing budgets are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided.

- (d) When reporting to the Cabinet or Council on any matter which has, or is liable to have, people / HR implications, the Chief Officer shall, in consultation with the Chief Finance Officer and the Senior Manager (HR & OD), incorporate into the report both the people / HR and financial implications of the matter under discussion.
- (e) Maintain a register of interests, in which any hospitality or gifts accepted, must be recorded:
- In compliance with the Flintshire County Council Code of Conduct for Local Government Employees, no employee of the Council shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties
  - The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Chief Officer, and shall be recorded in the register of gifts and hospitality

The Senior Manager (HR & OD) will ensure that this policy will be reflected in the HR Policies and other policies, as relevant, of the Council.

## 5. Financial Systems and Procedures

### 5.1 General

#### Why is this important?

The information held in financial systems must be accurate and the systems and procedures well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

#### Key Controls

The key controls for systems and procedures are:

- a) Basic data exists to enable the Council'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 Finance Officer**

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

- a) Issue advice, guidance and procedures for officers and others acting on the Council's behalf.
- b) Determine the accounting systems, form of accounts and supporting financial records.
- c) Establish arrangements for audit of the Council'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 the Chief Officers**

- a) To ensure that accounting records are properly maintained and held securely.
- b) To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Finance Officer.
- c) To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original documents and vice versa is maintained.
- d) To incorporate appropriate controls to ensure where relevant that all input is genuine, complete, accurate, timely and not previously processed. All processing is carried out in an accurate, complete and timely manner and output from the system is complete, accurate and timely.
- e) 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.
- f) To ensure there is a documented and tested disaster recovery plan to allow for information system processing to resume quickly in the event of an interruption.
- g) To ensure that systems are documented and staff trained in operations.
- h) To consult with the Chief Finance Officer before changing any existing system or introducing new systems.

- i) 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 their authorised limits.
- j) To supply lists of authorised officers, with specimen signatures and delegated limits to the Chief Finance Officer and any subsequent variations.
- k) To ensure that where appropriate, computer systems are registered in accordance with current data protection legislation and that staff are aware of their responsibilities under the legislation. The law around data protection has changed, the General Data Protection Regulation (GDPR) now applies in the UK (from 25th May 2018) and has replaced the Data Protection Act (DPA).

## **5.2 Income and Expenditure**

### **Why is this important?**

Effective income collection systems are necessary to ensure that all income is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and avoids the time and cost of administering debts.

### **Key Controls**

The key controls for income are:

- a) All income due to the Council is identified and charged correctly, in accordance with the Council's Income Generation Policy, which is regularly reviewed.
- b) All income is collected from the correct person at the right time using the correct procedures.
- c) All money received by an employee on behalf of the Council is paid without delay to the Chief Finance Officer or as he or she directs to the Council's bank account and properly recorded. The responsibility for cash collection should be separated from that of identifying the amount due and for reconciling the amount due to the amount received.
- d) Effective action is taken to pursue non-payment within defined timescales.
- e) Formal approval for debt write-off is obtained.

- f) Appropriate write-off action is taken within defined timescales.
- g) Appropriate accounting adjustments are made following write-off action.
- h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- i) Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
- j) The Council's position on money laundering is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Chief Finance Officer. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

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

- a) To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- b) To order, control and issue all receipts, invoices, tickets and other documents recording, acknowledging, or demanding the receipt of monies paid to the Council, except where the Chief Finance Officer has given written approval to alternative arrangements in specific instances.
- c) Agree the write-off of bad debts up to £5,000 in aggregate for each single domestic or business debtor, agree in consultation with the Cabinet Member the write-off of bad debts over those amounts but up to £25,000 and refer for approval items for write-off in excess of £25,000 to the Cabinet. A record of all sums written off up to the approved limit is maintained to adhere to the requirements of the Accounts and Audit Regulations
- d) Make or approve secure and efficient arrangements for the recording of all income received by direct debit, standing order, debit and credit cards and such other methods of payment as the Council may approve.
- e) To ensure that appropriate accounting adjustments are made following write-off action.

### **Responsibilities of the Chief Officers**

- a) To comply with the Income Generation Policy which has been established to support the provision of setting the Council's fees and charges, ensuring these operate at full cost recovery wherever possible and are subject to annual review and uplift.

- b) Where possible income should be obtained in advance of supplying goods or services to improve the Council's cash flow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items.
- c) No Sundry debt invoices with a value of less than £40, with the exception of invoices relating to peppercorn rents, licenses or leases in connection with the occupation of council land or property, shall be raised without the approval of the Chief Finance Officer and supported by an application in writing.
- d) To separate the responsibility for identifying amounts due and the responsibility for collection.
- e) To initiate appropriate debt recovery procedures in accordance with the Corporate Debt policy.
- f) To issue official receipts or to maintain other documentation for income collection.
- g) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- h) To lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- i) To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- j) To ensure income is not used to cash personal cheques or other payments.
- k) To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. If possible all invoices should be raised within 5 working days of the provision of goods or services or at the earliest opportunity.
- l) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- m) To recommend to the Chief Finance Officer all debts to be written off and 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 it being subject to formal writing off.

- n) Ensure that levels of cash held on the premises do not exceed approved limits.
- o) Keep a record of every transfer of cash between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- p) To obtain the approval of the Chief Finance Officer when writing off debts in excess of the approved limit and the approval of Cabinet where required.

## 5.3 Ordering and paying for work, goods and services

### Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value through economy and efficiency. The Council's procedures should help ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

### General

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

Official orders must be submitted in advance via the Purchase to Pay system (P2P). No retrospective orders should be placed. Official orders must be issued for all work, goods or services to be supplied to the Council except for petty cash purchases or other exceptions specified by the Chief Finance Officer.

Each order must conform to the guidelines approved by the full Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Chief Finance Officer.

Apart from petty cash, schools own bank accounts and other payments in advance accounts, the normal method of payment from the Council shall be by BACS or other instrument or approved method drawn on the Council's bank account. The use of direct debit shall require the prior agreement of the Chief Finance Officer.

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

### Key Controls

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 Council's Contract Procedure Rules.
- c) All orders are submitted via Purchase to Pay (P2P) and placed in advance of the relevant work, goods services or works being supplied.
- d) Goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order.
- e) Payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards.
- f) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- g) All appropriate evidence of transaction and payment documents are retained and stored for the defined period in accordance with the document retention schedule.
- h) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected.
- i) The effect of electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
- j) Purchases made using corporate credit cards:
  - Must be made in accordance with these Financial Procedure rules and requires the cardholder to obtain a valid receipt for each item purchased to ensure the expenditure and VAT can be properly accounted for
  - Must only be used for legitimate purposes and only for official Council purchases
  - Must not be used to circumvent the official procedures of ordering and procuring goods and services

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

- a) To ensure that all the Council's financial systems and procedures are sound and properly administered.
- b) All procurement activities (ordering of goods, services and works) will be undertaken on the Council's approved Purchase to Pay (P2P) system.

- c) To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- d) To approve the form of official orders and associated terms and conditions.
- e) To make payments from the Council's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- f) 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.
- g) To make payments to contractors on the certificate of the appropriate Chief Officers which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- h) To provide advice and encouragement on making payments by the most economical means.
- i) 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 accounts in budget monitoring reports.
- j) To authorise the issue of corporate Credit cards together with the agreed spending limit.

### **Responsibilities of the Chief Officers**

- a) To ensure that upfront electronic orders using the Purchase to Pay (P2P) system are placed for all goods and services other than petty cash purchases and any other exemptions specified by the Chief Finance Officer.
- b) To ensure that orders are only used for goods and services provided to the Portfolio. Individuals must not order goods or services for their private use.
- c) To ensure that only those staff authorised by the Chief Officer approve orders and to maintain an up to date list of such authorised staff including specimen signatures identifying in each case the limits of their authority. The list should be reviewed annually. Names of authorising Officers together with details of the limits of their authority shall be forwarded to the Chief Finance Officer and any subsequent amendments incorporated into the P2P system.

- d) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurements. Value for money should always be achieved.
- e) To ensure that all expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Chief Officer will request a journal adjustment. Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.
- f) Each Chief Officer shall be responsible for all orders issued from, or on behalf of, his or her Portfolio. Where one Chief Officer places an order on behalf of another, that Chief Officer shall obtain the latter's consent in advance.
- g) 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.
- h) To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:
- Receipt of goods or services
  - That the invoice has not been previously paid
  - That expenditure has been properly incurred and is within budget provision
  - That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
  - Correct accounting treatment of tax
  - That discounts have been taken where available
  - That appropriate entries will be made in accounting records
- f) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process and appropriate segregation of duties are maintained at each stage.
- g) To ensure that the Portfolio maintains and reviews periodically a list of staff approved to authorise the invoices. Names of authorising officers together with specimen signatures and details of the limits of their Council shall be forwarded to the Chief Finance Officer.
- h) To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice.
- i) To encourage suppliers of goods and services to receive payments by the most economical means for the Council. Payments made by direct debit must have the prior approval of the Chief Finance Officer.



- j) To ensure that the directorate obtains the best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality with regard to best value principles and Contract Procedure Rules.
- k) To ensure that loans, leasing or rental arrangements are not entered into without prior agreements from the Chief Finance Officer.
- l) To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.
- m) To notify the Chief Finance Officer immediately of any expenditure incurred as a result of statute/court order where there is no budgetary provision.
- n) To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.
- o) For all staff issued with a Corporate Credit card, to ensure that they:
  - Comply with the Corporate Card Policy issued upon receipt of the Corporate Card
  - Ensure the safe custody of the card

## **5.4 Payments to employees and Members**

### **Why is this important?**

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is important that all Members' allowances are authorised in accordance with the scheme adopted by the full Council.

### **Key Controls**

The key controls for payments to employees and Members are:

- a) Proper authorisation procedures are in place and that there are corporate timetables in relation to starters, leavers and variations to pay.
- 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 retention schedule.
- d) Compliance with HMRC and other statutory regulations.
- e) All claims for payment of financial loss, attendance, travelling, subsistence and car allowances and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the Corporate Finance Manager or Senior Manager (HR & OD) as appropriate.
- f) The off-payroll (IR35) working rules are in place to ensure that where an individual would have been an employee if they were providing their services directly, their payments are processed via payroll.

## **Responsibilities of the Corporate Finance Manager**

The Corporate Finance Manager or Senior Manager (HR & OD) as appropriate will:

- a) Arrange and control secure and reliable payment of salaries, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- b) Record and make arrangements for the accurate and timely payment to all appropriate statutory and non-statutory bodies including Pay as you Earn (PAYE), pensions and other payroll deductions.
- c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the Corporate Finance Manager or Senior Manager (HR & OD) as appropriate.
- e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.
- f) Maintain a list of all officers who are approved to authorise any payroll related records as notified by the relevant Chief Officer. This shall be reviewed on a regular basis. Chief Officers must communicate any changes as soon as they are known.

- g) Implement pay agreements as soon as possible after their notification from the appropriate body and process increments. Arrangements for funding such awards will be determined each year as part of the budgetary process.
- h) Retain for each employee, a copy of contracts and terms and engagements together with sufficient information to identify service, salary scale and current amount payable and absences from duty (apart from approved leave).

## **Responsibilities of the Chief Officers**

- a) To provide the Senior Manager (HR & OD) in writing with the names of officers authorised to certify claims for expenses together with the specimen signature of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Chief Officer shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.
- b) To ensure that claims are submitted to the Senior Manager (HR & OD) for payment within the specified timescale. Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- c) Notify the Senior Manager (HR & OD) of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Senior Manager (HR & OD) as appropriate.
- d) Ensure that adequate and effective systems and procedures are operated in a form approved by the Senior Manager (HR & OD), so that payments are only authorised to bona fide employees:
  - Payments are only made where there is a valid entitlement
  - Conditions and contracts of employment are correctly applied
  - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- e) Provide information necessary to maintain records of service for pensions, income tax, national insurance or other statutory obligations.

- f) Ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Senior Manager (HR & OD).
- g) Ensure that the Senior Manager (HR & OD) is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- h) In conjunction with the Senior Manager (HR & OD), maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.
- i) The Senior Manager (HR & OD) will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council and where the overpayment is £750 or less. A repayment schedule, ensuring repayment is made within the same financial year as the overpayment, will be formally agreed with the employee.
- j) For all payroll overpayments in excess of £750, irrespective of employment status, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.
- k) All pay documents shall be, in a manner prescribed by the Senior Manager (HR & OD), certified manually by or on behalf of the appropriate Chief Officer. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Senior Manager (HR & OD) by each Chief Officer, who shall provide the Corporate Finance Manager with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.
- l) Chief Officers and the Senior Manager (HR & OD) will ensure that all appropriate payroll documents are retained and stored, as required, by the Senior Manager (HR & OD).
- m) No cheque made payable to a Member or employee will be cashed by the Council, unless it is under a scheme approved by the Corporate Finance Manager and is presented by the person named on the cheque, and duly endorsed.
- n) Members and employees will submit claims for travel and subsistence on a monthly basis and comply with the Mileage and Expenses Policy. Mileage and expense claims over three months old will only be paid once a satisfactory written explanation of the late submission has been provided from the relevant Service Manager to the Senior Manager (HR and OD).

- o) Timesheets, Employee Self Service and other documents which are used to generate payment of salaries or other employee related expenses must be on official forms or via authorised electronic inputs. Chief Officers are responsible for ensuring that they are certified by an authorised Certifying Officer.

## **5.5 Taxation**

### **Why is this important?**

The Council 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 that all officers are made aware of their role.

### **Key Controls**

The key controls for taxation are:

- a) Budget managers are provided with the 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.

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

- a) The Chief Finance Officer and / Senior Manger HR & OD (as appropriate as described below) is responsible for advising Chief Officers and Heads of Service, on all taxation issues that affect the Council.
- b) The Chief Finance Officer or Senior Manger HR & OD as appropriate is responsible for maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date.
- c) Complete a monthly return of Value Added Tax (VAT) inputs and outputs to HMRC.

- d) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- e) Provide details to HMRC regarding the construction industry tax deduction scheme.
- f) Maintain up-to-date guidance for each Chief Officer on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.
- g) The Senior Manger (HR & OD), with guidance from the Chief Finance Officer, will:
- Account to HMRC for all tax deducted from employees' emoluments under the PAYE arrangements
  - Maintain up-to-date guidance for Chief Officers on their responsibilities in regard to taxation matters relating to Payroll, and inform Council employees of taxation issues arising within Payroll
- h) The Chief Finance Officer or Senior Manger (HR & OD) as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

### **Responsibilities of the Chief Officers**

- (a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment or where the use of authenticated VAT receipts has been agreed with the supplier.
- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HMRC Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council'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.
- (e) Follow the guidance on taxation issued by the Senior Manger (HR & OD) such as the "Tax Management: Corporate Policy Statement"; in the "VAT Manual" and in taxation updates issued periodically.

- (f) Seek advice from the Chief Finance Officer or Senior Manager (HR & OD) as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

## **5.6 Trading Accounts and Business Units**

### **Why is this important?**

Trading accounts and business units will become more important as services develop a more commercial culture. Authorities are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost.

Where services are provided via an 'Alternative Delivery Model' (separate legal entities), specific financial procedures will be incorporated into the individual models.

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

To advise on the establishment and operation of trading accounts and business units.

### **Responsibilities of the Chief Officers**

- a) To consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract exceeds the remaining life of their main contract with the Council.
- b) To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs is charged to produce an annual report in support of the final accounts.
- c) To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- d) To ensure that each business unit prepares an annual business plan.

# 6. External Arrangements

## 6.1 Partnerships

### Why is this important?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of an area. The Council can still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders and deliver a shared vision of services based on user wishes.

### Key Controls

The key controls for Council partners are:

- a) If appropriate to be aware of their responsibilities under the Council's financial regulations and contract standing orders.
- 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.

### General

- a) Both the Council and the Cabinet are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Cabinet is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.
- b) Both the Council and 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 Council's Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Cabinet as appropriate.



c) The Head of Paid Service or other nominated Officers will represent the Council on partnerships and external bodies, in accordance with decisions of the Council/Cabinet or otherwise as authorised by the Head of Paid Service.

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

a) Be responsible (with the Monitoring Officer) for encouraging the same high standards of conduct (with regard to financial administration and other matters, respectively) in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.

b) Ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are appropriate. He or she, in consultation with the Monitoring Officer, must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, ensuring that the risks have been fully appraised before agreements are entered into.

c) Advise on the key elements of funding a project, including:

- An options appraisal scheme for financial viability
- Risk appraisal and management
- Resourcing, including taxation and pension issues
- Audit, security and control requirements
- Carry-forward arrangements

d) Ensure that the accounting arrangements are appropriate.

### **Responsibilities of the Chief Officers**

a) To be responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. (The Monitoring Officer will advise on legal matters).

b) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.

- c) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Cabinet, in consultation with the Chief Finance Officer and Monitoring Officer.
- d) Ensure that all agreements and arrangements are properly documented.
- e) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- f) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.
  
- g) 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 Council, following consultation with the Chief Finance Officer.
  
- h) Seek advice from the Chief Finance Officer or Senior Manager (HR & OD) as appropriate on VAT, or other tax implications, when entering into partnerships.

## **6.2 External Funding including Grants**

### **Why is this important?**

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 Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers.

### **Key Controls**

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 Finance Officer**

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that all grant income and associated information is logged on the Corporate Grants Database and adhere to the requirements of the Grant Manual.
- (c) Ensure that audit requirements are met.
- (d) Ensure that match funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

## **Responsibilities of the Chief Officers**

- a) 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) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.
- c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- d) Ensure that all claims for funds are made by the due date.
  
- e) Ensure that proposals are costed properly and that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- f) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- g) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- h) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- i) Ensure that no contract is subsidised by the Council.
- j) Ensure that such contracts do not impact adversely upon the services provided for the Council.

- k) Have in place an exit strategy to implement when the funding ceases. This strategy must allow for all costs associated with the winding up, including any costs arising because staff have gained employment rights, being met from within the externally provided monies and, therefore, at no additional cost to the Council. If the terms of the external funding do not allow such costs to be met from it, then they must be met from within the base budget of the Portfolio concerned.
- l) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.
- m) Ensure that all grant income is coded, in the first instance, to the appropriate balance sheet code in order to avoid double counting the overall income and expenditure of the Council.

## **Other Funds**

### **Why is this important?**

The Council will not as a general rule supervise the financial administration of, nor audit, unofficial funds, and accepts no liability whatsoever for any loss however caused. Unofficial funds are defined as those which are not the property of the Council, for example school monies collected by schools for school trips and monies held in Amenities Funds in Social Services establishments. Those operating such funds, therefore, have an overall responsibility to ensure that proper financial stewardship is observed.

### **Key Controls**

- (a) A Treasurer and independent auditor are formally appointed.
- (b) Proper rules are operated to secure adequate standards.
- (c) Adequate records and procedures are maintained.
- (d) Regular reports on fund transactions and balances are received and checked against bank statements.
- (e) Annual statements of income and expenditure and fund balances are prepared and audited on a timely basis.

### **General**

The School Fund Regulations, 2013 must be followed for the operation of all school funds in Flintshire Schools and ensure that funds are only used for the purpose that they are intended for as per the regulations.

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

Prepare the note to be entered into the Statement of Accounts

## **Responsibilities of the Chief Officers**

Those operating or intending to operate unofficial funds are also required to:

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.
- (c) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.

## **Protection of Clients Assets**

### **Why is this important?**

Where the Council is appointed as a Deputy for a Client by the Office of the Public Guardian (OPG), the Chief Officer will ensure that all OPG regulations and guidelines are complied with.

Where the Council is approved by the Department for Work and Pensions (DWP) to act as a Corporate Appointee for a Client, Chief Officers will ensure that all guidelines provided by the DWP are complied with.

## **Key Controls**

### **Responsibilities of the Chief Officers**

Heads of Service will ensure that a separate bank account is arranged for each Client, with the bank account reconciled on a regular basis, at least monthly.

Every transfer of clients monies from one Officer to another shall be recorded immediately in a manner approved by the Chief Finance Officer and shall be evidenced by the signature of the receiving Officer.