



**West Lothian  
Council**

## **STANDING ORDERS**

## **FINANCIAL REGULATIONS**

**Approved by PP&R Committee 6 February 2007  
Effective from 6 February 2007**

**Updated 1 August 2007**

# **FINANCIAL REGULATIONS**

## **1. INTRODUCTION**

- 1.1 West Lothian Council is committed to delivering high quality, integrated services at the heart of a network of partners. The council has adopted modern business processes, enabled by technology, so that services are organised around the needs of citizens.
- 1.2 In order to conduct its business efficiently, the council must have sound financial management policies that are strictly adhered to. The requirement for sound financial management is further reinforced by the Local Government (Scotland) Act 1973 that stipulates that every local authority must make arrangements for the proper administration of its financial affairs and by the CIPFA Prudential Code for Capital Finance on Local Authorities (the 'Prudential Code') which stipulates that councils must be able to demonstrate, on an on-going basis, that capital spending and associated borrowing is affordable, prudent and sustainable. In addition the council has a duty to make arrangements which secure best value. The best value obligation applies to both elected members and officers. For these reasons it is essential for the council to establish financial regulations and supporting procedures.
- 1.3 The 1973 Act also requires that each authority appoints a proper officer to take responsibility for the administration of its financial affairs. The council has resolved that the proper officer is the Head of Finance.
- 1.4 The Accounts Commission has stated that a regime of good governance for a local authority includes the creation and implementation of procedures for the effective discharge of the statutory responsibilities of the proper officer in relation to the overall financial management of the council. In addition to setting out these responsibilities the financial regulations and associated procedures also provide clarity about the financial accountabilities of other officers within the council.
- 1.5 Members and officers have a responsibility for fostering the culture and attitudes that are necessary for good governance. Full details of the relevant roles and responsibilities are set out in the council's Code of Corporate Governance.
- 1.6 The financial regulations operate in parallel with the framework set out in the council's Scheme of Delegation. This includes the delegated authority of the Chief Executive and Directors to authorise other senior officers in their service who are appropriately qualified to use their delegated powers under these regulations, unless they cannot do so by law or because of specific provisions of the Scheme of Delegation.
- 1.7 Reference in the regulations to 'Directors' means: -
  - Director of Customer and Support Services
  - Director of Development and Environmental Services
  - Director of Education and Cultural Services
  - Director of Community Health and Care Partnership (joint appointment with NHS Lothian)

## **2. STATUS OF FINANCIAL REGULATIONS**

- 2.1 The financial regulations 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. Additionally, all members and officers have a general responsibility for ensuring that the use of the council's resources is legal, properly authorised and provides value for money.
- 2.2 The Head of Finance is responsible for maintaining a continuous review of the financial regulations, including the financial limits contained in the regulations and submitting any changes, other than of a minor nature, to the Council Executive for approval. The Council's Local Code of Corporate Governance requires the financial regulations to be reviewed at least once every Administrative term.
- 2.3 The Head of Finance is also responsible for issuing procedures, guidance and advice to underpin the financial regulations, and for investigating any breach of the regulations.
- 2.4 Directors are responsible for ensuring that staff in their services are aware of and comply with the financial regulations.

### **3. FORMAT OF FINANCIAL REGULATIONS**

The financial regulations cover all aspects of the administration of the council's financial affairs and have been grouped in accordance with the main elements of financial administration as follows:

#### **Financial Regulation A: Financial Management and Planning**

- A.1 Introduction
- A.2 General Accounting Framework
- A.3 Revenue Budgets
- A.4 Capital Budgets
- A.5 Monitoring
- A.6 Final Accounts

#### **Financial Regulation B: Risk Management and Control of Resources**

- B.1 Introduction
- B.2 Internal Audit
- B.3 Risk Management and Insurance
- B.4 Custody and Security of Assets, Stocks and Stores
- B.5 Banking Arrangements
- B.6 Treasury Management

#### **Financial Regulation C: Systems and Procedures**

- C.1 Introduction
- C.2 Income
- C.3 Salaries and Wages
- C.4 Allowances and Expenses
- C.5 Orders for Work, Goods and Services
- C.6 Payment Procedures
- C.7 Value Added Tax

#### **Financial Regulation D: External Arrangements**

- D.1 Introduction
- D.2 Partnerships and Joint Arrangements
- D.3 Bids for External Funding
- D.4 Grants to External Organisations

## **FINANCIAL REGULATION A - FINANCIAL MANAGEMENT AND PLANNING**

### **A.1 INTRODUCTION**

1.1 Financial Management and Planning incorporates the various elements associated with the development, maintenance and monitoring of the council's financial strategy and financial position. These are: -

- General Accounting Framework
- Revenue Budgets
- Capital Budgets
- Monitoring
- Final Accounts

### **A.2 GENERAL ACCOUNTING FRAMEWORK**

2.1 The Local Authority Accounts (Scotland) Regulations 1985 require that the proper officer shall determine the council's system of accounting control and supporting records.

2.2 The Head of Finance must ensure that adequate systems of accounting control are maintained throughout the council and that service units conform with council policy, legislation and codes of practice on these matters.

2.3 The Local Government in Scotland Act 2003 sets out that it is the duty of a local authority to determine the maximum amount it can afford to allocate to capital expenditure and that, in discharging this duty, the authority must comply with capital expenditure regulations. The capital expenditure regulations state that councils must comply with the provisions of the Prudential Code, which was introduced on 1 April 2004.

2.4 The Prudential Code stipulates that councils must be able to demonstrate, on an on-going basis, that capital spending and associated borrowing is affordable, prudent and sustainable and complies with Best Value requirements. The Council's role, in this regard, is fulfilled by approving, annually, a series of prudential indicators for West Lothian and ensuring that there are suitable arrangements for monitoring the indicators on an on-going basis. In addition, when considering, agreeing and implementing a capital investment strategy the Code requires councils to take account of a variety of factors such as value for money, asset management planning, practicality and achievability. The Head of Finance is responsible for reporting to the Council on all relevant matters that are required to be taken into account by the Council when setting prudential indicators. The Head of Finance is also responsible for establishing procedures for monitoring prudential indicators.

2.5 It is the responsibility of the Head of Finance to ensure appropriate procedures and instructions are issued for: -

- developing, maintaining and reviewing the overall budget strategy.
- producing the annual and medium term revenue and capital budgets, in compliance with the provisions of the Prudential Code.
- producing annual activity and output budgets.
- budget monitoring and monitoring of prudential indicators.
- storage and disposal of financial records.
- producing financial management information.

- submission of statistical returns, including prudential returns; and
  - completion of the Statutory Abstract of Accounts.
- 2.6 The Head of Finance is responsible for completing, or ensuring the proper completion by Services of claims for government grants. Directors are responsible for timeously providing information requested by the Head of Finance for this purpose.
- 2.7 Committee reports must contain a statement of financial implications, and confirmation that the Head of Finance has verified the financial content of the report
- 2.8 Directors must notify the Head of Finance in writing of any budget virements to their revenue or capital budgets.

### **A.3 REVENUE BUDGETS**

#### **3.1 General Fund Revenue Budget**

##### **Preparation**

The Head of Finance is responsible for ensuring that a revenue budget is prepared annually as part of a financial strategy. The Head of Finance is also responsible for preparing prudential indicators in line with the provisions of the Prudential Code. The prudential indicators cover both the General Fund and the HRA. The revenue budget is integrated with the capital budget. Directors are responsible for preparing their service budgets and submitting the draft budgets to the Head of Finance. It is the responsibility of Directors to ensure that budget estimates reflecting agreed activity plans are realistic and that the estimates are in accordance with guidelines issued by the Head of Finance.

The Head of Finance is responsible for co-ordinating the preparation of the revenue budget and prudential indicators and submitting them to the Corporate Management Team for consideration prior to presentation to the council.

##### **Approval**

The Head of Finance is responsible for presenting, annually, a revenue budget and prudential indicators to the full council. The council shall consider and approve a revenue budget, approve prudential indicators and set a council tax level for the following year. The council tax setting must, by law, take place before 11 March in any year.

##### **Budget Virements**

Directors are authorised to approve virements between budget headings within the approved revenue budget for their service. Directors must notify the Head of Finance in writing of any such virements.

All virements between Devolved School Management (DSM) budget headings are subject to the DSM Scheme of Delegation.

#### **3.2 HRA Revenue Budget**

##### **Preparation**

The Director of Customer and Support Services is responsible for preparing a revenue budget for the Housing Revenue Account as part of a financial strategy. This budget is based on financial information provided by the Head of Finance. The revenue budget is integrated with the HRA capital budget.

### **Approval**

The Director of Customer and Support Services is responsible for presenting an HRA revenue budget to a meeting of the full council. The council shall consider and approve a budget, and set rent levels for all council housing stock and service charges at this meeting.

### **Budget Virements**

The Director of Customer and Support Services is authorised to approve virements between budget headings within the approved HRA revenue budget and advise the Head of Finance in writing of any such virements

## **A. 4 CAPITAL BUDGETS**

### **4.1 General Services Capital Planning Process**

The Head of Finance is responsible for ensuring that the council agrees and implements a General Services capital investment and planning strategy that fully complies with the provisions of the Prudential Code. The strategic approach to capital investment will be integrated with asset management planning and option appraisal.

### **4.2 General Services Capital Budget**

#### **Preparation**

The Head of Finance is responsible for ensuring that a detailed General Services capital budget is prepared annually as part of the agreed capital investment and planning strategy. This budget is integrated with the revenue budget. Directors are responsible for preparing their service budgets and submitting drafts to the Head of Finance in accordance with guidelines issued by the Head of Finance. The Head of Finance is responsible for co-ordinating the budget and submitting it to the Officers Capital Working Group and the Corporate Management Team for consideration, prior to presentation to the council. The budget should be supported by information required under the provisions of the Prudential Code.

#### **Approval**

The Head of Finance is responsible for presenting, annually, a General Services capital budget to the Council Executive which shall consider and approve a budget including the revenue consequences of the capital programme. The budget report should include the information required under the provisions of the Prudential Code.

#### **Budget Virements**

In consultation with the Head of Finance, Leader of the Council and relevant committee Chairs, Directors are authorised to approve virements between capital projects within their section of the capital programme.

If it is proposed to add a new capital project or delete an approved capital project from the programme Directors must notify the Head of Finance who must report for approval to the Council Executive.

### **4.3 HRA Capital Planning Process**

The Director of Community Health and Care Partnership is responsible for ensuring that the council agrees and implements a Housing capital investment and planning process that fully complies with the provisions of the Prudential Code.

The capital planning process will include appropriate links with asset management planning, strategic planning and option appraisal and will take account of the council's responsibility to adhere to Communities Scotland's Social Housing Quality Standard.

#### **4.4 HRA Capital Budget**

##### **Preparation**

The Director of Community Health and Care Partnership is responsible for ensuring that the HRA capital budget is prepared annually as part of the agreed capital investment and planning process based on financial information provided by the Head of Finance. The Director of Community Health and Care Partnership will also consult the Head of Finance on the implications for prudential indicators when preparing the budget.

##### **Approval**

The Director of Community Health and Care Partnership is responsible for presenting, annually, an HRA capital budget to the Council Executive which shall consider and approve a budget including any revenue consequences. The budget report should include the information required under the provisions of the Prudential Code.

##### **Budget Virements**

The Director of Community Health and Care Partnership is authorised to approve virements between capital projects within the capital programme.

If it is proposed to add a new capital project or delete an approved capital project from the programme the Director of Community Health and Care Partnership must report for approval to the Council Executive.

#### **A.5 MONITORING**

##### **5.1 General**

The Head of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. It is the responsibility of Directors to control income and expenditure within their services and to monitor net expenditure against the agreed budget.

##### **5.2 Prudential Code Monitoring Requirements**

The Council is responsible for establishing a monitoring and control framework that complies with the requirements of the Prudential Code. Under the approved framework the Council Executive is responsible for monitoring and, where necessary revising, prudential indicators during a financial year.

##### **5.3 Monitoring of Revenue Budgets**

###### **General Fund Revenue Budget**

Directors must prepare a monthly budget projection and submit these to the Head of Finance. The Head of Finance is responsible for monitoring the overall budget and reporting on the financial position on a monthly basis to the Corporate Management Team and to the first Council Executive meeting following the end of June, September and December each year.

The Head of Finance is also responsible for reporting the final outturn report to the Corporate Management Team and the Council Executive. The reports to the Council Executive should include monitoring of prudential indicators.

#### **HRA Revenue Budget**

The Director of Customer and Support Services is responsible for monitoring the HRA revenue budget and reporting on the financial position on a monthly basis to the Corporate Management Team and the Council Executive based on financial information provided by the Head of Finance. The reports to the Council Executive are presented to the first meeting following the end of June, September and December each year. The Director of Customer and Support Services is also responsible for reporting a final outturn report to the Corporate Management Team and the Council Executive.

### **5.4 Monitoring of Capital Budgets**

#### **General Services Capital Budget**

It is the responsibility of Directors to undertake monitoring of the capital programme for their Service. The Head of Finance is responsible for reporting on the financial position of the General Services capital programme on a monthly basis to the Corporate Management Team and to the first meeting of the Council Executive following the end of June, September, and December each year. The reports should include the information required to comply with the provisions of the Prudential Code.

#### **HRA Capital Budget**

The Director of Community Health and Care Partnership is responsible for undertaking monitoring of the HRA capital programme and for reporting on a monthly basis to the Corporate Management Team and the Council Executive based on financial information provided by the Head of Finance. The reports are presented to the first meeting of the Council Executive following the end of June, September and December each year. The reports should include the information required to comply with the provisions of the Prudential Code.

## **A.6 FINAL ACCOUNTS**

- 6.1 The Head of Finance is responsible for ensuring that the statutory Abstract of Accounts is produced in compliance with council policy, relevant legislation and accounting requirements.
- 6.2 The Head of Finance submits a copy of the Abstract of Accounts to the council and the Controller of Audit in accordance with the agreed timetable but, in any event, by the prescribed date.
- 6.3 Directors are required to provide information in accordance with instructions on the final accounts issued annually by the Head of Finance.

## **FINANCIAL REGULATION B – RISK MANAGEMENT AND INTERNAL CONTROL**

### **B.1 INTRODUCTION**

- 1.1 It is essential that robust systems are developed and maintained for identifying and evaluating on an integrated basis all significant strategic and operational risks to the council. This involves the proactive participation of all those associated with planning and delivering services.

### **B.2 INTERNAL AUDIT**

- 2.1 The council is required to operate a sound system of corporate governance covering all aspects of its business. The statutory requirement to arrange for the proper administration of its financial affairs is a key element of the council's system of corporate governance.

- 2.2 The council has established an Audit Committee and an Internal Audit Unit.

The Audit Committee meets at least four times a year and its role is to review and monitor all the council's activities in relation to the following areas of corporate governance by: -

- reviewing and promoting the council's system of internal control, both financial and otherwise, aimed at ensuring that the council's activities are carried out in an orderly and efficient manner, and that its assets are safeguarded
- evaluating the council's control environment, including measures to prevent and detect fraud
- monitoring the independence and effectiveness of internal and external audit.

- 2.3 The Internal Audit unit operates in accordance with the 'Code of Practice for Internal Audit in Local Government in the United Kingdom' issued by CIPFA.

- 2.4 The Internal Audit Manager reports directly to the Head of Finance but also has a right, when deemed necessary, of direct access to the Chief Executive.

- 2.5 The role of Internal Audit is to review, appraise and report on the: -

- adequacy of systems of financial and non financial control
- extent of compliance with approved policies, plans and procedures, including the local code of corporate governance
- extent of compliance with regulations and legislation
- degree to which the council's assets are properly accounted for and safeguarded
- suitability and reliability of management data and performance information
- effectiveness of management in discharging its responsibility for ensuring value for money.

- 2.6 The Internal Audit Unit prepares a five year strategic audit plan based on an assessment of risk and the council's corporate risk register. An annual audit plan is prepared that is derived from the strategic plan and from consultations with the Chief Executive, Directors, Head of Finance, Audit Scotland and the Audit Committee. The Audit Committee approves the strategic and annual plans before being issued.

- 2.7 Subject to any necessary prior consultation Internal Audit staff have authority to:
- enter at all reasonable times any council premises or land
  - access all records, documents and correspondence relating to any aspect of the Internal Audit Unit's remit as set out in paragraph 2.5 above
  - require and receive such explanations as are necessary concerning any matter under examination, and
  - require any employee of the council to produce cash, stores or any other council property under that person's control.
- 2.8 The council has in place a wide-ranging anti-fraud and corruption policy. Wherever any matter arises which involves, or is thought to involve, a fraud or irregularity that affects the affairs of the council, the relevant Director must immediately notify the Head of Finance. Thereafter an investigation is carried out in line with the procedures issued by the Head of Finance.
- 2.9 Fraudulent claims relating to Housing Benefit or Council Tax Benefit are dealt with under the council's fraud policy for Council Tax and Housing Benefits, as approved by the Council Executive. The Revenues and Benefits Manager investigates all such claims.

### **B.3 RISK MANAGEMENT AND INSURANCE**

- 3.1 The council has a responsibility to have in place effective risk management systems and a risk management policy to comply with corporate governance requirements.
- 3.2 The Head of Finance is responsible, in consultation with Directors, for developing and maintaining a risk management strategy in accordance with policy. Directors must promptly notify the Head of Finance of all new risks as they become apparent or of any alterations or changes in the existing level of risk.
- 3.3 The Head of Finance is responsible for reviewing risks annually and determining the balance between insurance through external cover and self-insurance. He will place insurance cover following that assessment through a tendering process.
- 3.4 The Head of Finance will maintain an Insurance Fund in accordance with legislation and accounting rules.
- 3.5 Directors must immediately notify the Head of Finance in writing of any loss, liability or damage or any event likely to lead to a claim and must inform the police where appropriate, in accordance with the claim procedures provided by the Head of Finance.
- 3.6 The Head of Finance negotiates all claims in consultation with Directors and the council's insurers, where applicable.
- 3.7 Directors consult the Head of Finance and the Chief Solicitor regarding the terms of any indemnity that the council is required to give.
- 3.8 Directors should ensure that cash holdings within each service unit are minimised and do not exceed relevant insurance limits.

## **B.4 CUSTODY AND SECURITY OF ASSETS, STOCKS AND STORES**

- 4.1 Directors are responsible for maintaining proper security, care and custody of all buildings, stocks, stores, furniture, equipment, cash and other property including that owned by third parties.
- 4.2 Directors must ensure that proper contingency planning arrangements are in place for all critical services and systems. Directors must ensure that all computer systems are backed up at appropriate intervals and that back up media are held securely.
- 4.3 Directors are responsible for maintaining and regularly updating an inventory for all stocks and fixed assets in every establishment within their service in accordance with guidelines issued by the Head of Finance.
- 4.4 Disposals or write-offs of stores, plant, furniture and equipment must be carried out in accordance with procedures issued by the Head of Finance.
- 4.5 Council property must not be removed from council premises other than for council purposes except in accordance with council policy.

## **B.5 BANKING ARRANGEMENTS**

- 5.1 The Head of Finance is responsible for ensuring that arrangements are made for the provision of mainstream banking services and that the contract is renewed periodically by a competitive process.
- 5.2 The Head of Finance makes arrangements regarding the opening and operation of all council bank accounts and use of banking services in the name of the council.

## **B.6 TREASURY MANAGEMENT**

- 6.1 The council adheres to the recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice as set out in section 4 of that Code and the provisions of the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 6.2 Accordingly, the council maintains, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies and objectives of treasury management activities
  - a treasury management strategy and plan for the forthcoming year
  - suitable treasury management practices (TMP's), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how these activities will be managed and controlledThe content of the policy statement and TMP's follows the recommendations of sections 6 and 7 of the CIPFA Code of Practice.
- 6.3 The Head of Finance is responsible for the implementation and monitoring of treasury management policies and practices and must act in accordance with the council's policy statement and TMP's.

- 6.4 At or before the start of the financial year the Head of Finance must report to the Council Executive on the treasury management strategy and plan for the coming financial year. In addition, the Head of Finance must report to the Council Executive not less than twice in each financial year on the activities of the treasury management operation. One such report comprises an annual report on treasury management for presentation by 30 September of the succeeding financial year.
- 6.5 All investments of money under its control shall be made in the name of the council.

## **FINANCIAL REGULATION C – SYSTEMS AND PROCEDURES**

### **C.1 INTRODUCTION**

- 1.1 Sound systems and procedures are essential for an effective framework of accountability and control.

### **C.2 INCOME**

- 2.1 The recovery and collection of all money due to the council is undertaken in accordance with guidelines issued by the Head of Finance. The guidelines include procedures for issuing accounts, recording income, paying in cash, under and over banking, security and insurance of cash, cash transfers, personal cheques and the supply of receipts and tickets.
- 2.2 Accounts should be issued for sums due to the council, unless alternative arrangements have been agreed with the Head of Finance. Directors must:
- ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered
  - ensure that all money received by the council is paid directly to the council's bank account
  - provide such information as is required to establish income due to the council.
- 2.3 Where accounts have not been issued other appropriate arrangements must be adopted and promptly initiated in line with the guidelines issued by the Head of Finance.
- 2.4 Arrangements for payment of accounts due by instalment are at the discretion of the relevant Director, except for council tax and business rates where there are statutory rights to pay in instalments.
- 2.5 In consultation with Directors the Head of Finance is authorised to write off miscellaneous debt of up to £3,000 where the council has tried all reasonable means of debt collection. Miscellaneous debt for this purpose excludes council tax, non-domestic rates, community charge and any other debt write off specifically delegated to another officer.
- 2.6 In addition, the Head of Finance, in consultation with Directors, is authorised to write-off any amount of miscellaneous debt that cannot be recovered where the debtor: -
- is a debtor in bankruptcy or sequestration (and a suitable claim has been made); or
  - is a company in liquidation, receivership, administrative receivership, dissolution, or has been struck off the register of companies (and a suitable claim has been made); or
  - cannot be traced; or
  - is deceased and there are no funds in the estate; or
  - the debt is prescribed (i.e. outwith the legal time limit for collection).
- 2.7 With regard to council tax, non-domestic rates, and community charge debts that cannot be recovered, the Head of Finance is authorised to write-off: -
- any balances claimed in liquidation, receivership, administrative receivership, dissolution, struck off companies or sequestration where a suitable claim has been made or the debtor cannot be traced or the

- debtor is deceased and there are no funds in the estate, or if the debt is prescribed;
  - council tax, non-domestic rates, and community charge debts up to £3,000 in any one case.
- 2.8 The Director of Customer and Support Services is authorised to write off HRA rent arrears of up to £3,000 where the council has tried all reasonable means of debt collection.
- 2.9 In addition, the Director of Customer and Support Services is authorised to write-off any amount of HRA rent arrears that cannot be recovered where the debtor:-
- is a debtor in bankruptcy or sequestration (and a suitable claim has been made); or
  - cannot be traced; or
  - is deceased and there are no funds in the estate; or
  - the debt is prescribed (i.e. outwith the legal time limit for collection).
- 2.10 Where there are valid social work reasons for so doing, and in accordance with council policy and legislative requirements, the Director of Community Health and Care Partnership is authorised to write off debts of up to £3,000, where the council has tried all reasonable means of debt collection. This debt relates to:
- charges based on the Department of Work and Pensions or National Assistance Act regulations for residential or domiciliary care
  - any other Social Work client contributions calculated through the charging policy.

### **C.3 SALARIES AND WAGES**

- 3.1 The Scheme of Delegation to Officers provides for the appointment of employees. This establishes basic pay. Directors are responsible for authorising any variations to pay, and for ensuring that:
- all documents authorising variations to pay are submitted in accordance with conditions of service, council policies and other statutory provisions
  - the Head of Support Services is advised of the officers authorised to action variations to pay on their behalf; and that this information is also provided to the Head of Finance for audit purposes
  - the Head of Support Services is provided with such information as is required to complete council and statutory returns.
- 3.2 The Head of Support Services is responsible for processing and payment of salaries, wages, compensations and other emoluments to employees or retiring allowances to former employees.
- 3.3 The Head of Support Services is responsible for paying pension contributions to the City of Edinburgh Council and the Scottish Public Pensions Agency, and tax and National Insurance contributions to HM Revenue and Customs.

### **C.4 ALLOWANCES AND EXPENSES**

- 4.1 The Head of Support Services is responsible for:
- submitting a draft scheme of members' allowances to the Council Executive annually prior to the start of the financial year

- administering the scheme of members' allowances in accordance with the relevant statutory provisions and
  - publishing details of payments to individual members by 1 June each year for the preceding financial year
- 4.2 The Head of Support Services is responsible for the reimbursement of travelling and subsistence expenses to officers and elected members. Payment is only made, in the case of officers' expenses, on the instruction of an authorised signatory.
- 4.3 Directors are responsible for ensuring that:
- claims for expenses are submitted in accordance with conditions of service, council policies and other statutory provisions
  - the Head of Support Services is advised of the officers authorised to approve claims and applications on their behalf; and that this information is also provided to the Head of Finance for audit purposes
  - the Head of Support Services is provided with such information as is required to complete council and statutory returns.

## **C.5 ORDERS FOR WORK, GOODS AND SERVICES**

- 5.1 Each Director is responsible for authorising orders within their service. Orders must comply with directions issued by the Head of Finance.
- 5.2 Whenever Directors delegate responsibility for authorisation of orders they must notify the Head of Finance in writing of the officers with delegated authority and provide the Head of Finance with specimen signatures for these officers whenever requested.
- 5.3 Orders for items subject to contract should be placed with the contracted supplier. For construction contracts orders shall only be placed with organisations that hold a relevant construction industry registration certificate.
- 5.4 Official order forms are issued for all work, goods or services to be supplied to the council except for:
- supplies of public utility services
  - periodical payments such as rent or rates
  - petty cash purchases
  - purchases made using debit cards, credit cards or purchase cards, where this has been agreed with the Head of Finance, or
  - other exceptions agreed with the Head of Finance.
- 5.5 Where orders are placed using Pecos, the council's on-line procurement system, Directors must ensure that proper security and control arrangements are implemented in accordance with guidelines issued by the Head of Finance.

## **C.6. PAYMENT PROCEDURES**

- 6.1 Directors are responsible for authorising invoices and CHAPS payment forms within their service. Invoices authorised for payment must be passed for processing without delay to ensure the council's payment terms are complied with.

- 6.2 Whenever Directors delegate responsibility for authorisation of payments they must notify the Head of Finance in writing of the officers with delegated authority and provide the Head of Finance with specimen signatures for these officers whenever requested.
- 6.3 Payment must not be made prior to the receipt of goods without the approval of the Director. Where a payment requires to be made in circumstances where there is no supply of goods or services, e.g. grant payments and refunds, then such payments must be made in accordance with procedures issued by the Head of Finance.
- 6.4 The normal method of payment of money due from the council is by electronic bank transfer such as BACS and CHAPS, cheque or other instrument drawn on the council's bank account. The only exceptions are payments from petty cash and other payments from advance accounts.
- 6.5 All cheques excluding those required for authorised imprest accounts are printed only on the authority of the Head of Finance who makes proper arrangements for their ordering, issuing and safe custody.
- 6.6 Cheques drawn on the council's main bank accounts must bear the facsimile signature of the Head of Finance, or be signed by one of the following officers: Head of Finance, Corporate Finance Manager, Delegated Group Accountant, Revenues and Benefits Manager.
- 6.7 Cheques for over £50,000 drawn on the council's main bank accounts must bear the facsimile signature of the Head of Finance and be signed by one of the following officers: Head of Finance, Corporate Finance Manager, Delegated Group Accountant, Revenues and Benefits Manager.
- 6.8 Where manual amendments are required to be made to the payee name or address on a cheque these must be authorised by the signature of one of the following officers: Head of Finance, Corporate Finance Manager, Delegated Group Accountant, Revenues and Benefits Manager.
- 6.9 CHAPS instructions must be authorised by one of the following officers: Head of Finance, Corporate Finance Manager, Delegated Group Accountant, Revenues and Benefits Manager.
- 6.10 The Head of Finance provides cash advances for service units for the purposes of defraying petty cash and other expenses in accordance with the issued procedures Such accounts are maintained on the imprest system.
- 6.11 Before entering into leasing agreements Directors must consult with the Head of Finance to establish the correct accounting treatment for the lease.

## **C.7 VALUE ADDED TAX**

- 7.1 The Head of Finance is responsible for issuing guidance to Directors on the application of value added tax rules.
- 7.2 Directors are responsible for identifying and accounting properly for both their input and output valued added tax.

## **FINANCIAL REGULATION D – EXTERNAL ARRANGEMENTS**

### **D.1 INTRODUCTION**

- 1.1 Working in partnership with a wide range of other organisations is a key policy and priority of the council. It is essential that appropriate accounting and control arrangements are in place to regulate the operation of all arrangements involving third parties. In relation to funding of external organisations, the council complies with the 'Code of Guidance on Funding External Bodies and Following the Public Pound' issued by the Accounts Commission and COSLA.

### **D.2 PARTNERSHIPS AND JOINT ARRANGEMENTS**

- 2.1 Directors must consider the overall corporate governance arrangements when arranging contracts with external bodies. They must consult with the Head of Finance in respect of financial issues and ensure that financial risks have been fully appraised before agreements are entered into.
- 2.2 Directors are responsible for ensuring that appropriate approvals are obtained in relation to work with external bodies.
- 2.3 The Head of Finance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and provide for effective internal control

### **D.3 BIDS FOR EXTERNAL FUNDING**

- 3.1 To assess the financial implications Directors must consult with the Head of Finance regarding the financial content of all bids and business cases for external funding prior to them being submitted by the council. This applies, for example, to public private partnerships, and challenge and lottery funding.
- 3.2 In accordance with the internal procedures on External Funding Reporting Arrangements, proposals for the use of funding awarded should be set down on a funding pro-forma and submitted to the Head of Finance. The Head of Finance will co-ordinate these submissions for consideration by the Chief Executive and Directors.
- 3.3 The Head of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

### **D.4 GRANTS TO EXTERNAL ORGANISATIONS**

- 4.1 Approval of grants to external organisations must be made within the terms of council policy and in accordance with procedures agreed by committee.