

**Audit, & Standards
Governance Committee**

1st June 2023

Accounting Policies / Financial Compliance Report

Relevant Portfolio Holder	Councillor to be confirmed
Portfolio Holder Consulted	-
Relevant Head of Service	Michelle Howell
Report Author: Michelle Howell	Job Title: Head of Finance & Customer Services Contact email: michelle.howell@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Standards and Governance and Committee RESOLVE that:

- 1) The Accounting Policies being used, their source and associated Governance Arrangements be noted.**
- 2) This report come to each Audit, Standards and Governance Committee meeting to alert Members to possible no compliance issues.**
- 3) That progress on the 2020/21 Audit process be noted.**

2. BACKGROUND

- 2.1 From a Governance point of view, the financial frame work under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when.
- 2.2 One of the legislative reporting requirements the Council has not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. Redditch Borough Council (RBC) were also issued with a Section 24 Statement for the same non delivery of the 2020/21 accounts which is understandable given that officers support both Councils via a shared service.
- 2.3 As reported in previous Audit, Standards and Governance Committee meetings in January and March, draft 2020/21 accounts will be presented to the Council's External Auditors once they have completed their work on the data take on balances on the 8th February 2021. An update on this work is contained in this report.

Audit, & Standards Governance Committee

1st June 2023

- 2.4 The 2023/4 budget was approved at Council on the 22nd February 2023. An update on the “budget book”, which will provide more clarity to Officers and Members, is contained in this report.

Council Finance Budget and Policy Framework Procedure Rules

- 2.5 The Council’s Budget and Policy Framework Procedure Rules are set out in Part 10 of the Constitution. This sets out:
- The framework for Cabinet Decisions
 - Decisions outside the budget or policy framework
 - Urgent Decisions outside of the Budget or Policy Framework
 - Virement
 - In-year changes to policy framework
 - Call-in of decisions outside the budget or policy framework

These are all set out in Appendix A. The Constitution is updated via the Constitution Working Group. These rules set out how decisions can be made, by whom and how they can be challenged.

- 2.6 Financial procedure rules are set out in Part 15 of the Constitution. These rules set out:
- Financial Regulation Policy
 - Financial Regulations
 - Financial Guidance for users including:
 - Urgent decisions.
 - Income charging policies.
 - Income collection.
 - Orders for goods, works and services.
 - Payments.
 - Salaries, wages, pensions, travel and subsistence.
 - Imprest accounts.
 - Banking arrangements and corporate credit cards.
 - Preventing financial irregularities.
 - Money laundering.
 - Asset management.
 - Audit.
 - Revenue budget management.
 - Capital budget management.
 - Budgetary control.
 - Virement.
 - Insurance and risk management.
 - Loans, leasing and investments.
 - Trust Funds.

Audit, & Standards Governance Committee

1st June 2023

- Inventories, stocks and stores.
 - Working for third parties and Shared Service.
 - Responsibilities Under the financial procedure rules.
 - Policy for the management of Government Procurement Cards.
- 2.7 These “operational policies” run to 36 pages and are included in Appendix B. They set out how the organisation financially runs its “day to day” business.
- 2.8 Officers, in the autumn of 2022 set out requirements and expectations of the Finance Team and Services in terms of
- Financial Rules and Regulations (Including Virement Limits)
 - Expectations – Finance Staff, Other Staff
 - Financial processes (Finance and Customers)
 - Budget Setting
 - In Year Monitoring of Expenditure
 - Closure of Yearly Accounts
 - Purchasing of Good and Services
 - Invoicing for Goods and Services required
 - Cash Receipting
 - Financial monitoring (Capital and Revenue)
 - Insurance
 - Signoff requirements for reports
 - Training Requirements
- The full set of these “protocols are set out in Appendix C
- 2.9 Significant to this is ensuring that service managers have the requisite financial skills to effectively carry out their financial roles and understand how and where they can get financial support (across the range of finance/Income/payments/cashiers).
- 2.10 All three sets of rules set out the way Members and Officers have to work financially to ensure that the Section151 Officer can properly discharge their duties in respect of stewardship of the Councils assets.

Legislative Requirements

- 2.11 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council. This section lists those key deliverables.
- 2.12 The following are key legislative deliverables and the Councils delivery against them:
- Budget
 - Delivered by 11th March in preceding financial year

Audit, & Standards Governance Committee

1st June 2023

- **Approved in February 2023**
- Council Tax Base – Yearly
 - **Approved in January 2023**
- Council Tax Resolution – Yearly
 - **Approved in February 2023**
- Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken)
 - **Bills distributed in March 2023**

- Closure
 - Draft 2022/23 Accounts delivered to Audit by 30th June
 - 2022/23 Audit Completed by 30th November

- Government Returns
 - VAT – Monthly
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Revenue Outturn Reports – July
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Capital Outturn Reports – July
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Quarterly Revenue Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered)**
 - Quarterly Capital Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered) Q4 delivered on 25th April 2023**
 - Quarterly Borrowing Return
 - **22/23 Quarterly Returns delivered - Q4 delivered on 11th April 2023**
 - Quarterly Council Tax and Business Rates Returns
 - **22/23 Quarterly Returns delivered - Q4 delivered on 7th May 2023**
 - Whole of Government Accounts Returns – August
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - RA – Revenue Budgets – April
 - **2022/23 Delivered on the 5th May 2022 and 2023/24 delivered on 14th April 2023**
 - Capital Estimates Return – **to be delivered by 24th March 2023**
 - Public Works Loans Board Certainty Rate – April
 - **2022/3 delivered on 31st March 2023**
 - NNDR1 Return (Business Rates) – January
 - **Delivered December 2021 for 2022/23 and January 2023 for 2023/24 return**
 - NNDR3 Return (Business Rates) – June and September
 - **Delivered in June 22 for 2022/23**
 - **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 to be submitted to DLUHC by 30th April 2023**

Audit, & Standards Governance Committee

1st June 2023

- Housing Benefit Subsidy Return – Yearly
 - **Sent 29th April 2022**
 - **2022/23 subsidy return was delivered on 28th April 2023**
- DHP Claim – Yearly
 - **Sent 29th April 2022**
 - **2022/23 subsidy return was delivered on 28th April 2023**
- CTB1 (Council Tax Base) – October
 - **Sent October 2022**
- CTR1(Council Tax Requirement) – March
 - **22/23 sent 16 March 2022**
 - **23/24 sent 7 March 2023**
- Policies
 - Treasury and Asset Management Strategies
 - 2023/4 Strategies **delivered as part of the 23/24 MTFP**
 - Half Yearly Report **22/23 delivered as part of the Q1 Monitoring Report**
 - Yearly Outturn Report
 - Council Tax Support Scheme – yearly Delivered in January 2023
 - Minimum Revenue Provision – yearly **23/4 delivered as part of the 23/24 MTFP**

In addition to this list there are other ad-hoc returns required (which was especially the case during C-19)

2.13 At this point, it is also important to include key Council deliverables (financially and risk based)

- Financial Monitoring – **delivered quarterly to Cabinet**
- Risk Management – **delivered quarterly to this Committee and also to Cabinet**
- Financial Controls (still in development)
 - Clearance of suspense accounts
 - Bank Reconciliation
- Over £500 spending.
 - **Updated to February 2023**

2.14 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2020/21 and 2021/22. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council.

Audit, & Standards Governance Committee

1st June 2023

Update on the Statement of Accounts

2.15 The key Closure deliverables for each financial year are set out below:

- Closure 2020/21
 - Agreement of Treatment of Take on Balances – April 23
 - Provision of Draft 2020/21 Accounts to Audit (to begin Audit) April 23. This is dependent on the External Auditors confirmation that they have approved both Council’s take-on balances work. As at the 9th May, the Auditors have:
 - Summarised the Efin monthly transactional reports by cost centre, selected two cost centres per month, and compared the total balance of those cost centres for those months to the Efin system. This provides high level assurance that the monthly transactional reports downloaded by management at the time of transfer are accurate reflections of what was on Efin and that the reports have not been tampered with.
 - Selected 25 transactions from the Efin reports and confirmed to the TechOne system that they had been migrated appropriately.
 - Selected 25 transactions from the TechOne reports and confirmed to the Efin system that they had been migrated appropriately.
 - They have not identified any issues in the testing above.
 - **However, the auditors still need to do further testing to ensure they have the assurance necessary to sign off the data take on balances.**
 - 2020/21 Audit – July to September 23 (estimated)
 - Sign Off of 20/21 Accounts - November 2023
- Closure 2021/22
 - Updated Outturn position – June 2023
 - Draft Accounts to Auditors November 2023
 - Audit of Accounts December to February
 - Sign off of the Accounts – February 2024
- Closure 2022/23
 - Budget Manager Closure Training – **23rd-28th March 2023 – 83 staff attended closure training at the end of March.**
 - Completion of “nuts & bolts” closure – **28th April 2023 – this has been progressing well and the majority of “Nuts and Bolts” items were input by the 28th April.**
 - Provisional Outturn Report – **A draft outturn report will be presented to Cabinet in July. This will show outturn as well as amount in suspense to be cleared.**
 - Draft Accounts to Audit – March 2024

2.16 There has been significant work that has been undertaken with TechOne over the first 2 weeks of April as the financial system was not available for posting until the 13th April due to a number of technical issues, some related to the corrections to the Cash Receipting system in November. This has impacted on the closure timetables.

Audit, & Standards Governance Committee

1st June 2023

- 2.17 Once the External Auditors sign off the data take on balances the draft 2020/21 Accounts will be submitted. The Council has not submitted them yet as if the External Auditors have issues with the data take on balances and the draft accounts had been submitted then this could lead to qualified accounts.
- 2.18 Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete.

Update On 2023/24 Budget

- 2.19 The Councils 2023/24 Budget was approved in February. Budgets are loaded and a draft budget book is now being prepared to assist in Members understanding of budgets.

Summary

- 2.16 This report has set out the policies (local and national) that underpins the Council finances. This report will be delivered to each Audit, Standards and Governance Committee at Bromsgrove to updates it on progress against targets and also alert them to any issues and risks.

3. FINANCIAL IMPLICATIONS

- 3.1 This paper sets out the financial frameworks within which the Council works.

4. LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising as a result of this report, however the frameworks are generally linked to statute or the Council's Constitution.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the District and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

Climate Change Implications

- 5.2 There are no direct climate change implications arising as a result of this report.

**Audit, & Standards
Governance Committee**

1st June 2023

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no direct equalities implications arising as a result of this report.

Operational Implications

6.2 Operational implications have been dealt with as part of the 2023/24 MTFP, quarterly monitoring and the Closedown process.

7. RISK MANAGEMENT

7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – The Council's Budget and Policy Framework Procedure Rules, p. 9

Appendix B - Financial procedure rules, p. 15

Appendix C – Finance Protocols, p. 69

**Audit, & Standards
Governance Committee**

1st June 2023

Appendix A

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1. Definitions

In these Rules:

"Cabinet" and "Leader" have the same meaning as "executive" and "executive leader" in Part II of the Local Government Act 2000; and "plan or strategy" and "working day" have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001.

2. The framework for Cabinet decisions

The Council will be responsible for the adoption of its Budget and Policy Framework as set out in Article 4. Once a Budget or a Policy Framework is in place, it will be the responsibility of the Cabinet to implement it.

3. Process for developing the Framework

The process by which the Budget and Policy Framework shall be developed is:

(a) The Cabinet will publicise, by including in the Work Programme, a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms or will form part of the Budget and Policy Framework, and its arrangements for consultation after publication of those initial proposals. The Chairman of the Overview and Scrutiny Board will also be notified. The consultation period shall in each instance be not less than 4 weeks.

(b) At the end of that period, the Cabinet will then draw up a draft plan or strategy having regard to the responses to that consultation. If the Overview and Scrutiny Board wishes to respond to the Cabinet in that consultation process then it may do so. As the Board has responsibility for fixing its own work programme, it is open to the Board to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Cabinet will take any response from the Board into account in drawing up the draft plan or strategy for submission to the Council, and its report to Council will reflect the comments made by consultees and the Cabinet's response.

(c) Once the Cabinet has approved the draft plan or strategy, the proper officer will refer them at the earliest opportunity to the Council for decision.

(d) In reaching a decision, the Council may:

- (i) adopt the Cabinet's draft plan or strategy, in which case, the Council may make a decision which has immediate effect; or

Audit, & Standards Governance Committee

1st June 2023

(ii) agree minor amendments to the Cabinet's draft plan or strategy, and in which case the Council may make a decision which has immediate effect.

(e) Where the Cabinet has submitted a draft plan or strategy to the Council for its consideration and following consideration of that draft plan or strategy, the Council has significant objections to it, the Council must take the action set out in paragraph (f).

(f) Before the Council

- (i) amends the draft plan or strategy; or
- (ii) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or
- (iii) adopts (with or without modification) the plan or strategy, it must inform the Leader of any objections which it has to the draft plan or strategy and must give to him/her instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

(g) Where the Council gives instructions in accordance with paragraph (f), it must specify a period of at least 5 working days, beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet, within which the Leader may

- (i) submit a revision of the draft plan or strategy as amended by the Cabinet (the "revised draft plan or strategy"), with the Cabinet's reasons for any amendments made to the draft plan or strategy, to the Council for the Council's consideration; or
- (ii) inform the Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

(h) Where the period specified by the Council, referred to in paragraph (g), has expired, the Council must when

- (i) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
- (ii) approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be so submitted; or
- (iii) adopting (with or without modification) the plan or strategy,

take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the Cabinet's reasons for those amendments, any disagreement that the Cabinet has with any of the authority's objections and the Cabinet's reasons for that disagreement, which the Leader has submitted to the Council, or informed the Council of, within the period specified.

(i) Subject to Paragraph (m) below, where, before 8th February in any financial year, the Cabinet submits to the Council for consideration in relation to the following financial year:

- (i) estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32 to 37 or 43 to 49 of the Local Government Finance Act 1992;

Audit, & Standards Governance Committee

1st June 2023

- (ii) estimates of other amounts to be used for the purposes of such a calculation;
- (iii) estimates of such a calculation; or
- (iv) amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992, and following consideration of those estimates or amounts the Council has any objections to them, it must take the action set out in paragraph (j).

(j) Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph (i) (i), or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it must inform the Leader of any objections which it has to the Cabinet's estimates or amounts and must give to him instructions requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the authority's requirements.

(k) Where the Council gives instructions in accordance with paragraph (j), it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet within which the Leader may –

- (i) submit a revision of the estimates or amounts as amended by the Cabinet ("revised estimates or amounts"), which have been reconsidered in accordance with the Council's requirements, with the Cabinet's reasons for any amendments made to the estimates or amounts, to the Council for the Council's consideration; or
- (ii) inform the Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

(l) When the period specified by the Council, referred to in paragraph (k), has expired, the Council must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph (i)

- (i), or issuing a precept under Chapter IV of Part I of the Local Government Finance Act 1992, take into account - (i) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
- (ii) the Cabinet's reasons for those amendments;
- (iii) any disagreement that the Cabinet has with any of the Council's objections; and (iv) the Cabinet's reasons for that disagreement, which the Leader submitted to the Council, or informed the Council of, within the period specified.

(m) Paragraphs (i) to (l) shall not apply in relation to –

- (i) calculations or substitute calculations which the Council is required to make in accordance with section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and
- (ii) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.

(n) In approving the Budget and Policy Framework, the Council will also specify the extent of virement within the Budget and degree of in-year changes to the Policy Framework which may be undertaken by the Cabinet, in accordance with paragraphs 5 and 6 of these Rules

Audit, & Standards Governance Committee

1st June 2023

(virement and in-year adjustments). Any other changes to the Budget and Policy and Framework are reserved to the Council.

4. Decisions outside the Budget or Policy Framework

(a) Subject to the provisions of paragraph 6 (virement) the Cabinet, committees of the Cabinet, individual members of the Cabinet and any officers or joint arrangements discharging Cabinet functions may only take decisions which are in line with the Budget and Policy Framework. If any of these bodies or persons wishes to make a decision which is contrary to the Policy Framework, or contrary to or not wholly in accordance with the Budget approved by full Council, then that decision may only be taken by the Council, subject to paragraph 5 below.

(b) If the Cabinet, committees of the Cabinet, individual members of the Cabinet and any officers or joint arrangements discharging Cabinet functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Section 151 Officer as to whether the decision they want to make would be contrary to the Policy Framework, or contrary to or not wholly in accordance with the Budget. If the advice of either of those officers is that the decision would not be in line with the existing Budget and/or Policy Framework, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 5 (urgent decisions outside the Budget and Policy Framework) shall apply.

5. Urgent decisions outside the Budget or Policy Framework

(a) The Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers or joint arrangements discharging Cabinet functions may take a decision which is contrary to the Council's Policy Framework or contrary to or not wholly in accordance with the Budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:

- i) if it is not practical to convene a quorate meeting of the full Council; and
- ii) if the Chairman of the Overview and Scrutiny Board agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of full Council and the Chairman of the Overview and Scrutiny Board's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chairman of the Overview and Scrutiny Board, the consent of the Chairman of the Council, and in the absence of both the Vice-Chairman of the Council, will be sufficient.

(b) Following the decision, the decision-taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

Audit, & Standards Governance Committee

1st June 2023

6. Virement

(a) In approving its revenue budget each year, the Council will decide the headings (services) into which the Budget is to be divided, and will allocate an amount for expenditure under each heading.

(b) Steps taken by the Cabinet, a committee of the Cabinet, an individual member of the Cabinet, officers or joint arrangements discharging Cabinet functions to implement Council policy shall not exceed those amounts allocated to each budget head. However, the Cabinet shall be entitled to vire across budget heads up to a maximum, and within a limit per individual virement specified each year by the Council under Rule 3 (n). Beyond those limits, approval to any virement across budget heads shall require the approval of the full Council.

7. In-year changes to Policy Framework

The responsibility for agreeing the Budget and Policy Framework lies with the Council, and decisions by the Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers or joint arrangements discharging Cabinet functions must be in line with it. No changes to any policy and strategy which make up the Policy Framework may be made by those bodies or individuals except those changes:

(a) which will result in the closure or discontinuance of a service or part of service to meet a Budgetary constraint;

(b) necessary to ensure compliance with the law, ministerial direction or government guidance;

(c) in relation to the Policy Framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration.

8. Call-in of decisions outside the Budget or Policy Framework

(a) Where the Overview and Scrutiny Board is of the opinion that a Cabinet decision is, or if made would be, contrary to the Policy Framework, or contrary to or not wholly in accordance with the Council's Budget, then it shall seek advice from the Monitoring Officer and/or Section 151 Officer.

(b) In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or Section 151 Officer's report shall be to the Cabinet with a copy to every member of the Council. Regardless of whether the decision is delegated or not, the Cabinet must meet to decide what action to take in respect of the Monitoring Officer's report and to prepare a report to Council in the event that the Monitoring Officer or the Section 151 Officer conclude that the decision was a departure, and to the Overview and Scrutiny Board if the Monitoring Officer or the Section 151 Officer conclude that the decision was not a departure.

**Audit, & Standards
Governance Committee**

1st June 2023

(c) If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or the Section 151 Officer is that the decision is or would be contrary to the Policy Framework or contrary to or not wholly in accordance with the Budget, the Overview and Scrutiny Board may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 10 working days of the request by the Overview and Scrutiny Board. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Section 151 Officer. The Council may either:

- i) endorse a decision or proposal of the Cabinet decision-taker as falling within the existing Budget and Policy Framework. In this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way; or
- ii) amend the Council's Financial Regulations or policy concerned to encompass the decision or proposal of the body or individual responsible for that Cabinet function and agree to the decision with immediate effect. In this case, no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way; or
- iii) where the Council accepts that the decision or proposal is contrary to the Policy Framework or contrary to or not wholly in accordance with the Budget, and does not amend the existing Framework or Budget to accommodate it, require the Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer/Section 151 Officer

Audit, & Standards

Governance Committee

1st June 2023

Appendix B – Financial Procedure Rules

**BROMSGROVE DISTRICT
COUNCIL FINANCIAL
REGULATIONS
INDEX**

1. INTRODUCTION

2. FINANCIAL MANAGEMENT

3. FINANCIAL PLANNING AND RISK ASSESSMENT

4. THE BUDGETARY SYSTEM

- 4.1 General
- 4.2 Preparation of Revenue Budgets
- 4.3 Authority to incur expenditure
- 4.4 Budgetary control
- 4.5 Virement
- 4.6 Supplementary estimates
- 4.7 Treatment of year-end balances

5. ORDERS FOR WORKS, GOODS AND SERVICES

- 5.1 General
- 5.2 Compliance with Environmental and other Policies
- 5.3 Format of orders
- 5.4 Certification of orders
- 5.5 Retention of orders
- 5.6 Corporate purchasing
- 5.7 Security of orders
- 5.8 Verbal orders

6. PAYMENT OF ACCOUNTS

- 6.1 Method
- 6.2 Responsible officer
- 6.3 Certification for payment
- 6.4 Urgent processing
- 6.5 Periodic payments

7. TRAVELLING, SUBSISTENCE AND FLEXIBLE WORKING HOURS

- 7.1 Approved forms
- 7.2 Certification
- 7.3 Payment of Travelling and Subsistence Claims

**Audit, & Standards
Governance Committee**

1st June 2023

8. ADVANCE ACCOUNTS

- 8.1 Provision
- 8.2 Operation
- 8.3 Security
- 8.4 Annual statement of value

9. SALARIES AND WAGES

- 9.1 Responsible officer
- 9.2 New appointments
- 9.3 Approved forms
- 9.4 Certification

10. CONTRACTS FOR BUILDING, CONSTRUCTIONAL OR ENGINEERING WORK

- 10.1 Compliance with Contract Procedure Rules
- 10.2 Register
- 10.3 Certification
- 10.4 Variations
- 10.5 Final certificates
- 10.6 Reporting of excess costs

11. PROCUREMENT OF CONSULTANCY SERVICES

- 11.1 Introduction
- 11.2 Definition of Consultants
- 11.3 Contract Procedure Rules
- 11.4 Grounds for Engaging the Consultants
- 11.5 Competitive Procurement
- 11.6 Alternative Procurement Procedures
- 11.7 Preparation of brief
- 11.8 Variations
- 11.9 EU Public Procurement Considerations
- 11.10 Procurement of Legal Services

12. INCOME

- 12.1 Responsible officer
- 12.2 Paying in
- 12.3 Official receipts
- 12.4 Cashing cheques
- 12.5 Transfer of remittances
- 12.6 Write offs
- 12.7 Money laundering

Audit, & Standards Governance Committee

1st June 2023

13. BANKING AND CHEQUES

- 13.1 Responsible officer
- 13.2 Order and custody of cheques
- 13.3 Signatures

14. TREASURY MANAGEMENT

- 14.1 Responsible officer
- 14.2 Records
- 14.3 Code of practice
- 14.4 **Policy, strategy and reporting**

15. INTERNAL AUDIT

- 15.1 Responsible officer
- 15.2 Internal Control
- 15.3 Rights of access
- 15.4 Standards
- 15.5 Fraud and irregularity

16. INVENTORIES

- 16.1 Responsible officer
- 16.2 Form and control
- 16.3 Write offs
- 16.4 Removal of property

17. LAND HOLDINGS

- 17.1 Responsible officer
- 17.2 Coverage
- 17.3 Security
- 17.4 Acquisitions
- 17.5 Disposals

18. INSURANCE

- 18.1 Responsible officer
- 18.2 Claims
- 18.3 Cover

19. STOCKS AND STORES

- 19.1 Responsible officer
- 19.2 Records
- 19.3 Stocktaking
- 19.4 Write offs
- 19.5 Surplus stocks

20. SECURITY

- 20.1 Responsible officer

**Audit, & Standards
Governance Committee**

1st June 2023

- 20.2 Cash holding
- 20.3 Keys
- 20.4 Identification cards
- 20.5 Information and Communications Technology
- 20.6 Post opening
- 20.7 Breaches of security

21. MANAGEMENT OF INFORMATION

- 21.1 Responsible officer
- 21.2 Data Protection and Freedom of Information
- 21.3 Retention of documents

22. EXTERNAL ARRANGEMENTS

- 22.1 Introduction
- 22.2 External Funding
- 22.3 Work for Third Parties

APPENDIX 1 : LOCAL GOVERNMENT FINANCE ACT 1988 S.114:
Functions of responsible officer as regards reports.

APPENDIX 2 : BROMSGROVE DISTRICT COUNCIL:
Minimum period for retention of “financial” documents.

Audit, & Standards Governance Committee

1st June 2023

1. INTRODUCTION

- 1.1 Bromsgrove District Council's Executive Cabinet is responsible for regulating and controlling the Council's finances and ensuring that sound financial management policies are in place and are adhered to. Part of this process is the establishment and maintenance of financial regulations which set out the Council's financial responsibilities, policies and procedures.
- 1.2 Financial regulations are subject to annual review. This edition of the regulations will apply from August 2006 and supersedes all previous editions.
- 1.3 Where values appear in these regulations, they are the same as the thresholds in the Council's Contract Procedure Rules:
- (i) Value A - up to £14,999;
 - (ii) Value B - over £15,000-£29,999;
 - (iii) Value C - £30,000- £75,000; and
 - (iv) Value D - £75,001 to £144,371.
- 1.4 Additionally, a benchmark value for write offs has been established:
- (i) < £1,000 – Head of Financial Services;
 - (ii) £1,000 - £2,500 – Head of Financial Services & Portfolio holder; and
 - (iii) > £2,500 – Executive Cabinet.
- 1.5 Financial regulations apply to every member and officer of the Council and anyone acting on its behalf. As a modern Council, Bromsgrove encourages innovation, providing this is within the framework laid down by these regulations, and the necessary risk assessment and approval safeguards are in place.
- 1.6 The Executive Cabinet and the Senior Management Team should maintain a written record of occasions where decisions have been taken under delegated powers, in accordance with the Scheme of Delegations.
- 1.7 All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.8 The Senior Management Team is responsible for ensuring that all staff are aware of the

Audit, & Standards Governance Committee

1st June 2023

content of these financial regulations and other internal regulatory documents and that they are complied with.

- 1.9 The Council's statutory finance officer ("S151 Officer") is the Corporate Director (Resources) who works closely with the Head of Paid Service (Chief Executive). To avoid repetition in this document, references to the Corporate Director (Resources) may also be taken to read "Corporate Director (Resources) in conjunction with the Chief Executive Officer" as appropriate.

2. FINANCIAL MANAGEMENT

- 2.1 Financial Management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.
- 2.2 The full Council is responsible for approving the policy framework and budget within which the Executive Cabinet operates.
- 2.3 The Executive Cabinet is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy framework and budget. Executive Cabinet decisions can be delegated to a committee, a portfolio holder, an officer, or any combination thereof.
- 2.4 The Corporate Director (Resources) will for the purposes of Section 151 of the Local Government Act 1972 be the statutory responsible officer for the proper administration of the Council's financial affairs. Other statutory duties arise from the Local Government Finance Act 1988, the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2003.
- 2.5 The Corporate Director (Resources) will be the responsible officer for making reports under Section 114 of the Local Government Finance Act 1988, the text of which is reproduced in Appendix 1. This relates to any unlawful expenditure, unlawful action resulting in a loss, or unlawful entry in the Council's Accounts.
- 2.6 Devolved financial management arrangements exist within the Council, however it remains essential for the Corporate Director (Resources) to retain a corporate overview, especially when matters of major financial impact are being considered. In this context it will be the responsibility of the appropriate Service Business Manager to ensure that the Head of Financial Services (together with other necessary consultees) is consulted at an early stage to ensure that financial implications are fully contained in reports to any Executive Cabinet, committee or full Council meeting.
- 2.7 The Corporate Director (Resources) will be responsible for advising on the financial, organisational and accounting procedures throughout the Council. Service Business Managers will consult with the Corporate Director (Resources) before introducing any accounts, documents or procedures relating to payment of employees, cash, the keeping of stores, the collection of income or any other accounting matters. Policies on the retention and destruction of financial records will be approved by the Corporate Director

**Audit, & Standards
Governance Committee**
(Resources).

1st June 2023

Audit, & Standards Governance Committee

1st June 2023

- 2.8 Service Business Managers will comply with the requirements of the Corporate Director (Resources) to ensure that as far as possible arrangements are made to separate internal financial checks and different officers carry out the following functions:
- (i) provide information regarding sums due to or from the Council and calculate, check, record and examine these; and
 - (ii) in the case of payments, certify documents for payment.
- 2.9 Service Business Managers will submit to the Corporate Director (Resources) as required all information which the latter considers necessary for costing and accounting purposes and will afford to the Corporate Director (Resources) access to all accounts, records and documents. The Head of Financial Services will be responsible for supplying financial information to Service Business Managers in an agreed form and frequency.
- 2.10 The Corporate Director (Resources) will submit the statutory Statement of Accounts of the Council to the Executive Cabinet for adoption by the Council as soon as possible after the end of the financial year and to comply with any statutory requirements.
- 2.11 In the context of performance management, all staff will ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services.

**Audit, & Standards
Governance Committee**

1st June 2023

3. FINANCIAL PLANNING AND RISK ASSESSMENT

- 3.1 The Council will establish a strategic policy framework to incorporate the main issues facing the Council and to match policies with resources. In terms of financial planning, this will involve consideration of the Council's priorities and promises, and commitments and forecasts for three years, including the annual capital and revenue budget. The annual budget may then be seen as the first year of a rolling three year programme.
- 3.2 An essential part of the planning process is the continuous operation of systems for identifying and evaluating all significant strategic and operational risks facing the Council. This must include a risk assessment of the Council's priorities and promises, budget plans, programme options and service plans involving the proactive participation of the Executive Cabinet, Service Business Managers, Middle Managers and all officers associated with the planning and delivery of services. The Corporate Director (Resources) will obtain Executive Cabinet approval of the corporate risk management strategy and will promote and coordinate risk management activity throughout the Council.
- 3.3 The Senior Management Team will submit to the Executive Cabinet annual proposals for schemes for capital and revenue developments, including an indication of the priority of the schemes. All proposals will be submitted in accordance with the Project Management Framework protocol.
- 3.4 Capital and revenue budgets will be considered jointly so that the future impact of current proposals can be assessed, including the extent to which current capital expenditure commits or frees future resources.
- 3.5 The proposals will distinguish between already approved policies and those where expenditure is foreseen but not yet approved.
- 3.6 The Corporate Director (Resources) will report to the Executive Cabinet details of the level of resources required to service these proposals, in the context of the overall financial strategy of the Council, and the accomplishment of strategic objectives.
- 3.7 The Executive Cabinet will consider the provisional programme and make a general determination of amendments to be made following detailed consideration of the estimates.

**Audit, & Standards
Governance Committee**

1st June 2023

4. THE BUDGETARY SYSTEM

4.1 General

4.1.1 The Head of Financial Services will be responsible for establishing, in consultation with Service Managers, a timetable for the preparation of each year's estimates. This timetable will be agreed by the Executive Cabinet in September of each year and will be constructed to ensure that the Council will meet its statutory obligations in respect of setting its local levies. This will allow the Council to meet annually to consider its annual estimates and determine the level of its local tax.

4.1.2 The Head of Financial Services will determine, with consideration of internal and external reporting requirements, the form in which the revenue and capital estimates will be prepared.

4.2 Preparation of Revenue Budgets

4.2.1 Revenue Expenditure

4.2.1.1 Revenue budgets must be prepared within the resource allocation limits prescribed by the Council.

4.2.1.2 Budgets must be prepared in conformity with all instructions on budgeting issued by the Head of Financial Services. It is the responsibility of the Head of Service to ensure that detailed budget preparation takes place, that the amounts included are realistic, and that there has been correct application of budget conventions and procedures.

4.2.1.3 The Head of Financial Services will at all times monitor the preparation of the revenue and capital estimates and will collate the resultant budgets for submission to and consideration by the Executive Cabinet.

4.2.1.4 In addition, the Head of Financial Services will submit a statement of the requirements of the precepting authorities and a recommended level of Local Council Tax for the year.

4.2.1.5 The Executive Cabinet will submit its recommended budget proposals to the Council according to the annually agreed timetable as approved by Executive Cabinet and to comply with any statutory requirements.

Audit, & Standards Governance Committee

1st June 2023

4.2.2 Capital Expenditure

- 4.2.2.1 All capital estimates shall be prepared by Chief Officers and Heads of Service in a form laid down by the Head of Financial Services. Individual schemes shall be required to have a business case identifying the business benefits and full financial consequences of the scheme. Such business cases shall be subject to the approval of Cabinet and the Council before inclusion in the Capital programme and before any related expenditure shall be incurred. The content of the capital programme will be recommended to the Council by the Cabinet.
- 4.2.2.2 Variations to the capital programme shall take place in accordance with procedures laid down by the Cabinet, in so far as they are within the powers delegated to Cabinet, and otherwise in accordance with procedures laid down by Council or with the approval of Council.
- 4.2.2.3 For any capital scheme a report shall be made to the Cabinet setting out specific capital scheme proposals and shall give for each scheme (in accordance with the project management methodology):
- (i) why the scheme is required;
 - (ii) the estimated capital cost(s);
 - (iii) the estimated revenue cost(s);
 - (iv) exploration of alternative options;
 - (v) how the project contributes to the Council's objectives / priorities; and
 - (vi) no detailed design work shall be undertaken prior to the report being approved.
- 4.2.2.4 Design work shall not take place on schemes which are not included within the approved capital programme unless written approval has been obtained from the Chief Executive and the Head of Financial Services. Expenditure shall not be incurred on feasibility studies for any other schemes in excess of amounts to be prescribed from time to time by the Head of Financial Services.
- 4.2.2.5 The acceptance of tenders shall take place in accordance with the Contract Procedure Rules. Once tenders have been accepted, these will become the figure to be included in the capital programme, replacing any previous estimate.
- 4.2.2.6 The financing of the capital programme, whether by borrowing, leasing or other arrangements, shall be determined by the Head of Financial Services in consultation with the Portfolio Holder for Financial Services.

**Audit, & Standards
Governance Committee**

1st June 2023

4.3 Authority to incur expenditure

- 4.3.1 For revenue budgets, provided that Contract Procedure Rules have been complied with and subject to any specific exclusion, the inclusion of any item in the approved revenue budget and set out in detail in the budget book (other than a contingency provision which will be controlled by the Corporate Director (Resources) will constitute authority to incur expenditure. This must be in line with the budget headings (a combination of both subjective and service) as set out in the budget book.
- 4.3.2 For capital budgets, authority to incur expenditure will follow various stages, from initial feasibility through to project implementation, which will ensure that all projects are considered in detail, including both capital and revenue implications. Funding for each stage will be specifically agreed by the Executive Cabinet/Council in accordance with agreed procedures and only when the Council through its budget approval process agrees the allocation of funds will the project be included in the current funded capital programme.
- 4.3.3 Providing Standing Orders, Contract Procedure Rules, Financial Regulations and any Council Instructions for the time being in force have been complied with, inclusion of any items in the approved funded capital expenditure programme shall be deemed to imply:
- (i) sanction for the Service Manager concerned to spend the capital sums provided for projects included in the programme for the current financial year; and
 - (ii) authority for the Service Manager concerned:
 - (a) to take steps to enable land required for the purpose of the programme to be acquired in due time, subject to the Council having approved the financing of the capital programme.
 - (b) to proceed with the preparation of plans and other preparatory work, the acceptance of tenders and the pre-ordering of materials or equipment for which there is a long delivery period in connection with schemes, initial expenditure on which is included in the following financial year(s).
- 4.3.4 Where it appears that any capital project will not be completed within the financial year for which approval has been granted, approval of Full Council must be sought for the carrying-forward of the budget into the next financial year. This requirement does not apply where the planned timescale of the capital project has from the outset encompassed more than one financial year.

Audit, & Standards Governance Committee

1st June 2023

- 4.3.5 Where it appears that any capital project estimate will be exceeded, it shall be the duty of the Service Manager concerned, after joint consultation with the Corporate Director (Resources) and the Head of Financial Services, to inform the Executive Cabinet at the earliest opportunity.
- 4.3.6 Any proposal involving the adoption of a new policy or the variation or extension of existing policy which may or does affect the Council's finances will be submitted initially to the Executive Cabinet for consideration and subsequent approval by full Council. The proposal will include a comprehensive report justifying the project, outline any revenue and capital implications and include the comments of the Corporate Director (Resources). The proposal will take into consideration any provisions for virement in accordance with paragraph 4.5.
- 4.3.7 Expenditure considered essential to meet the sudden needs of an emergency or disaster (referable to section 138 of the Local Government Act 1972) may be incurred on the joint approval of the Chief Executive Officer and Corporate Director (Resources) in consultation with the appropriate Executive Cabinet member(s). It will be reported to the next meeting of the Executive Cabinet.

4.4 Budgetary control

- 4.4.1 Allocated budgets will be cash limited, with budgetary monitoring undertaken by each Portfolio holder under the overall guidance of the Executive Cabinet, such responsibility being devolved on a day to day basis to nominated budget holders for their own areas of activity. Service Managers will be responsible for controlling and achieving income and expenditure within their area, and will take any permitted action necessary to avoid exceeding their budget allocation, alerting the Corporate Director (Resources) and Head of Financial Services to any problems.
- 4.4.2 The Head of Financial Services, in conjunction with nominated budget holders and will ensure as far as practicable that systems are available which will provide such financial information as is required to enable budget holders to satisfactorily monitor budgets. Budget holders will receive monthly statements of expenditure and income showing budget v actual to ensure those with budgetary responsibility are aware of the financial position of their service. Variations to be discussed with nominated accountants and action plans to be in place to manage budgets effectively.
- 4.4.3 The Head of Financial Services will ensure that the appropriate Executive Cabinet member(s) Portfolio holders are provided with budgetary control information relevant to their sphere of responsibility, on a monthly basis and in accordance with agreed policy. Any significant variations should be discussed by the portfolio holder with Heads of Service and budget holders.
- 4.4.4 The Head of Financial Services will report budgetary performance to Performance Management Board on a quarterly basis.

Audit, & Standards Governance Committee

1st June 2023

4.5 Virement

- 4.5.1 The virement rules below cover the transfer of resources between approved budget heading (both subjective and Service area) within the approved budget. Virements do not create additional overall budget liability. Heads of Service are expected to exercise their discretion in managing their budgets responsibly and prudently. Virements will be consistent with the aims, objectives and priorities of the Council and with any changes in policy.
- 4.5.2 Virement will be restricted to extensions of existing policies/ schemes and will not be used for new policies/schemes not previously considered by the Council. Overspend on a particular budget head may be met by virement of budgetary provision from an underspent budget head, subject to the following paragraphs in this section, thereby avoiding the need for supplementary budget approval.
- 4.5.3 Virements between revenue and capital budgets are not permitted.
- 4.5.4 Virements between revenue income and revenue expenditure will not be permitted.
- 4.5.4 Virement amounts up to £5,000 between budget headings as set out in the Council's Budget Book may be carried out by the appropriate Service Manager(s) in consultation with his/her Head(s) of Service and notified to the Head of Financial Services.
- 4.5.5 Virements between £5,001 and £15,000 between budget heading in the Council budget book may be carried out by the Head(s) of Service in consultation with the Head of Financial Services.
- 4.5.6 Virements between £15,001 and £100,000 will be subject to prior approval by the Executive Cabinet.
- 4.5.7 Virements over £100,001 will be subject to prior approval of full Council.
- 4.5.8 There will be no virement into or out of salary costs budgets without the approval of the Executive Cabinet.
- 4.5.9 Virements required due to exercising financial administration of the budgets e.g. setting up of new cost centres to enable more efficient budget monitoring may be carried out by the Head of Financial Service in consultation with or at the request of Heads of Service providing that the original purpose of the budget is remains unchanged and there is no transfer between budget headings.
- 4.5.10 Any exceptions to the above rules must be approved by the Executive Cabinet.

**Audit, & Standards
Governance Committee**

1st June 2023

4.6 Supplementary estimates

- 4.6.1 Any proposal to vary annual estimates by incurring expenditure not provided for in the original estimates and which cannot be met by virement in accordance with Financial Regulation 4.5, will be referred in writing by the appropriate Service Manager to the Head of Financial Services prior to its inclusion in any report to be considered by the Executive Cabinet. Such a proposal will be indicated on the meeting agenda.
- 4.6.2 The Executive Cabinet may approve a request for a supplementary estimate, and request approval of Full Council for use of the Council's general or earmarked balances.
- 4.6.3 All supplementary estimates granted constitute approval to incur expenditure.
- 4.6.4 Any proposed changes to the budgets resulting from new external funding must be discussed and agreed in advance of spending with the Head of Financial Services.

4.7 Treatment of year-end balances

- 4.7.1 Executive Cabinet may approve the carry forward of underspends carried forward for one off items of required funding. These decisions will be taken in the context of the Council's overall net expenditure outturn position, the existing policies and priorities of the Council and Medium Term Financial Plan.

5. ORDERS FOR WORK, GOODS AND SERVICES

5.1 General

- 5.1.1 Orders will only be for Council related work, goods and services and will be placed in accordance with applicable Contract Procedure Rules covering estimates, quotations and tenders.
- 5.1.2 The Senior Management Team will ensure that ordering officers have due regard to the Council's Procurement Strategy, the need to obtain best value (both in regard to current Council functions and also when considering procurement options for future service delivery), and any current requirements to obtain goods/services by electronic means.

Audit, & Standards Governance Committee

1st June 2023

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

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

5.2 Compliance with Environmental and other Policies

5.2.1 All orders placed will take account of the Council's sustainability policies and commitments. These seek to minimise the environmental impact of goods and services. Where appropriate suppliers will be asked to highlight any environmentally significant features of their goods and services such as life expectancy, energy efficiency, source of timber, recyclability.

5.2.2 All orders placed will take into account other Council policies where applicable, for example Equality and Diversity.

5.3 Format of orders

5.3.1 All written orders for goods and services will be issued on printed and consecutively numbered official order forms, the design of which will be subject to the approval of the Head of Financial Services. An official order form should be completed for all purchases and raised at the time of the order.

5.3.2 Orders and copy orders will be completed in sufficient detail to identify accurately the materials, work or service required and will specify where applicable the quotation, contract or other agreement, the price agreed and the approved budget expenditure code against which costs will be charged.

5.3.3 Budget expenditure codes will only be entered by the nominated budget holder, or by an officer with the budget holder's written authority.

5.3.4 Split ordering to avoid having to obtain quotations or tenders is forbidden.

5.4 Certification of orders

5.4.1 Orders will be signed by the appropriate Service Business Manager, nominated budget holder or other authorised senior officer. The Accountancy Section will receive and retain an up to date list of specimen authorised signatures and will be immediately notified of any

Audit, & Standards Governance Committee

1st June 2023

changes.

- 5.4.2 Ordering officers will obtain the countersignature of their line manager before committing any expenditure in which they may have an interest, for example attendance on a training course, booking of accommodation.

5.5 Retention of orders

- 5.5.1 A copy of the signed official order along with any applicable documentation to justify the purchase will be retained by the appropriate budget holder for two years, plus the current year.

- 5.5.2 All copies of any spoilt orders will be retained and marked as “cancelled”.

5.6 Corporate purchasing

- 5.6.1 Each order will conform with the directions of the Corporate Director (Resources) with regard to the use of any corporate purchasing arrangements and the standardisation of goods and materials. Corporate purchasing arrangements may be desirable for IT equipment, mobile phones and office furniture, etc. Contract Procedure Rules must be followed for all corporate purchases.

5.7 Security of orders

- 5.7.1 It will be the responsibility of Service Business Managers to ensure that blank official orders are ordered in accordance with approved procedures and securely held in a locked stationery store. Inclusive official order numbers in pads of 50 will be recorded in a register and maintained by the Central Administration Section.

- 5.7.2 Order pads will only be issued to nominated budget holders who will confirm receipt by signing in the register maintained for the purpose.

- 5.7.3 The budget holder will be responsible for the safe custody and authorised use of all blank official orders once signed for.

5.8 Verbal orders

- 5.8.1 In cases where goods, materials, works or services are required urgently and where delay would cause either loss to the Council or endanger public health or safety, then the order may be placed verbally by an authorised officer. All such orders must be confirmed with a written order clearly marked “confirmation” and in accordance with the budgetary control provisions outlined in 5.3.

**Audit, & Standards
Governance Committee**

1st June 2023

6. PAYMENT OF ACCOUNTS

6.1 Method

6.1.1 Apart from petty cash or other payments from advance accounts, the method of payment will be by cheque, BACS or other instrument drawn on the Council's account.

6.2 Responsible officer

6.2.1 All payments made on behalf of the Council, with the exception of petty cash payments or other payments from advance accounts, will be made by the Head of Financial Services.

6.2.2 The Head of Financial Services will be entitled to rely on (but may challenge) the certification of authorised officers and will be empowered to pay all accounts so certified. Authorised officers should ensure that where appropriate, adequate supporting documentation is retained with the order/invoice in order to provide a satisfactory audit trail to justify the reason for the payment.

6.3 Certification for payment

6.3.1 In this section, references to signing, certifying and authorising relate to both manual and secure electronic means via the Agresso Financial Management System . All accounts for payment will be signed by the appropriate Service Manager, nominated budget holder or other authorised senior officer. Service Managers will ensure that as far as possible a separation of duties exists between the ordering of goods and certification of invoices and that if possible the certification of invoices is carried out by a more senior officer. Each officer certifying an invoice for payment will only certify expenditure against budget heads for which he is responsible, or for which he has delegated authority. The Accountancy Section will be notified of all officers so authorised, will receive and retain a list of specimen signatures and will be notified immediately of any changes.

6.3.2 All invoices received at any office of the Council must be forwarded immediately to the Accountancy Section for registration on the Agresso Financial Management system. Similarly all credit notes must be immediately forwarded to the Accountancy section and not retained within Service areas.

6.3.3 Payments will only be made on proper tax invoices (when applicable) which display the word "invoice" and the VAT registration number. Any payments made on proforma invoices

Audit, & Standards Governance Committee

1st June 2023

must be followed up by the issue of a proper tax invoice.

- 6.3.3 In certifying a payment certifying officers will satisfy themselves that:
- (i) the works, goods or services to which the account relates have been carried out, received, examined and approved, are fit for the purpose and where appropriate comply with predetermined standards;
 - (ii) the relevant Standing Orders have been complied with;
 - (iii) the relevant expenditure has been properly ordered, authorised or incurred, is properly chargeable to the correct expenditure code and is within the relevant estimate provision;
 - (iv) the invoices correspond to delivery notes/goods received notes where appropriate, are arithmetically correct and discounts, allowances, credits and tax are correct;
 - (v) an appropriate entry is made on the hard copy order to prevent possible future duplicate payments;
 - (vi) the account has not previously been passed for payment; and
 - (vii) appropriate entries have been made in inventories and stores records.
- 6.3.5 Payments will only be processed if there are original handwritten initials and signatures in the authorisation boxes (i.e. photocopied signatures are not acceptable).
- 6.3.6 Any copy of an invoice produced prior to payment, for example a file copy, will be scored through and marked to clearly identify it as a copy.
- 6.3.7 To comply with VAT requirements, where it is necessary to amend an invoice, it must either be returned to the supplier, or a credit note/supplementary invoice should be requested prior to payment being made. The use of correcting fluid etc to amend invoices is forbidden.
- ## **6.4 Urgent processing**
- 6.4.1 Certified invoices due for payment but which require payment in advance of normal processing may in exceptional circumstances be processed through the urgent payment system with the approval of the Head of Financial Services.

**Audit, & Standards
Governance Committee**

1st June 2023

7. TRAVELLING, SUBSISTENCE AND FLEXIBLE WORKING HOURS

7.1 Approved forms

7.1.1 All claims for travelling and subsistence payments and adjustments to the staff flexible working hours scheme will be made only on forms approved by the Head of Human Resources and Organisational Development.

7.2 Certification

7.2.1 All travelling and subsistence claims and flexible working hours adjustment sheets will be signed by the appropriate Service Business Manager or other senior officer authorised to do so. The Accountancy Section and Payroll will be notified of all officers so authorised, will receive and retain a list of specimen signatures, and will be notified immediately of any changes.

7.2.2 Certifying officers will normally be the claimant's line manager who will ensure to the best of their knowledge that:

- (i) travelling and subsistence claims relate to journeys made and expenses properly and reasonably incurred whilst carrying out official duties, in accordance with current Personnel policy and procedural guidance; and
- (ii) flexible working credits/debits are accurately recorded on Wintime or local procedures, in accordance with current Council policy.

7.3 Payment of Travelling and Subsistence Claims

7.3.1 Certified claims will be forwarded to the Payroll Section within five working days following the end of the month to which the claim relates for payment through the salaries and wages system.

7.3.2 Payments to Members will be made by the Payroll Section upon receipt of the prescribed form duly completed and submitted within five working days following the end of the month to which the claim relates.

**Audit, & Standards
Governance Committee**

1st June 2023

8. ADVANCE ACCOUNTS

8.1 Provision

8.1.1 The Head of Financial Services will provide advance accounts for appropriate officers of the Council. Advance accounts will be used for the purpose of providing petty cash for incidental purchases. Such accounts will be maintained using the imprest system.

8.1.2 Petty cash floats/imprest will only be raised following the approval of the Accountancy Section who record and reconcile all accounts held. Officers will obtain a holding account code for each imprest/float from the Accountancy Section.

8.2 Operation

8.2.1 Individual payments from advance accounts will be limited to 20% of the value of the account or £50 whichever is the lesser. All payments will have the prior agreement of the account holder and will be supported by a receipted voucher (VAT receipt where appropriate), certified in accordance with Regulation 6.3.

8.2.2 No advances will be used by account holders other than for official purposes.

8.2.3 Staff will be required to ensure any imprests are regularly reimbursed.

8.3 Security

8.3.1 An officer to whom an advance is made will:

- (i) be personally responsible for ensuring the proper use of and safe custody of the money advanced;
- (ii) be able to justify to the satisfaction of the Head of Financial Services the continuing need for an advance account and the level of imprest amount held;
- (iii) be liable to produce upon demand to the Head of Financial Services authorised representative cash or vouchers to the total of the advance together with a certificate of the state of the imprest account; and

Audit, & Standards Governance Committee

1st June 2023

- (iv) on leaving the employment of the Council, be liable to account to the Head of Financial Services for the amount advanced.

8.3.2 The Head of Financial Services will:

- (i) maintain a record of advances made; and
- (ii) examine the vouchers and receipts retained by officers in substantiation of payments and reimburse as often as may be necessary the amounts expended.

8.4 Annual statement of value

8.4.1 An annual statement of value of each imprest will be certified by the appropriate Service Manager or their authorised representative and submitted to the Head of Financial Services.

9. SALARIES AND WAGES

9.1 Responsible officer

9.1.1 The Head of Financial Services will make arrangements to pay all salaries, wages and allowances properly payable by the Council to its employees and Members.

9.1.2 In accordance with agreed procedures, each Service Manager will notify the Head of HR and OD immediately in writing of all matters affecting the payment of salaries, wages and emoluments, and in particular:

- (i) appointments, resignations, dismissals, suspensions, secondments, retirements and redundancies;
- (ii) absences from duty for sickness or other reason apart from approved leave;
- (iv) changes in remuneration other than normal increments and pay awards; and
- (v) any information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

Audit, & Standards

Governance Committee

1st June 2023

- 9.1.3 Each Service Manager will forward a clearance certificate to the Payroll Section within 2 working days of receiving formal notice that an employee's employment will be terminating, to ensure any debts incurred by the employee have been repaid e.g. car loan/lease car, post entry training expenses, leave taken over entitlement etc.

9.2 New appointments

- 9.2.1 Appointments of all employees will be made in accordance with the prevailing policies, regulations, and protocols of the Council and the approved establishment, grades and rates of pay, and within any statutory requirements.

- 9.2.2 Where temporary staff are engaged on a self employed basis, prior advice will be sought from the Head of Human Resources & Organisational Development and Head of Legal and Democratic Services as appropriate, in order to protect the Council from any employment liabilities (for example tax, national insurance) which may arise.

9.3 Approved forms

- 9.3.1 All timesheets, overtime approvals and other pay documents will be in a form as prescribed by the Head of Hr & OD.

9.4 Certification

- 9.4.1 All timesheets, overtime approvals or other pay documents will be signed by a Service Manager or other senior officer authorised to do so. The Payroll and Accountancy Section will be notified of all authorised officers, will receive and retain a list of specimen signatures, and will be notified of any changes.

10. CONTRACTS FOR BUILDING, CONSTRUCTIONAL OR ENGINEERING WORK

10.1 Compliance with Contract Procedure Rules

- 10.1.1 All contracts relating to building, constructional or engineering work made by the Council or on its behalf will comply with the Council's Contract Procedure Rules.

10.2 Register

Audit, & Standards Governance Committee

1st June 2023

- 10.2.1 Service Managers, in consultation with the Procurement Section, will maintain a register of all formal contracts relevant to their activities in a form specified by the Head of Financial Services, and will enter a record of payments to contractors and of all contract fees and related professional fees.
- 10.2.2 The Head of Financial Services will maintain a record of payments made to contractors and tax deducted, including copies of vouchers sent to the Inland Revenue regarding gross payments made to holders of CIS5 and CIS6 tax certificates.

10.3 Certification

- 10.3.1 All contract payments will only be made if a valid contract exists, and only on a certificate issued and signed by the appropriate Service Manager or other senior officer authorised to do so. The Accountancy Section will be notified of all authorised officers, will receive and retain a list of specimen signatures and will be notified immediately of any changes.
- 10.3.2 Where payment is to the holder of a CIS4 registration card, payment will only be made if the card is valid. Tax will be deducted in accordance with legal requirements.

10.4 Variations

- 10.4.1 Contract variations will be authorised in writing by the appropriate Service Manager or his authorised representative in charge of the contract. A note of the financial effects of any variation must be recorded with the contract documentation either before or immediately after the issuing of the instruction.
- 10.4.2 Variation orders issued verbally on site must be confirmed in writing within two working days, see 5.8.1 above.

10.5 Final certificates

- 10.5.1 The final certificate of completion of any contract will not be issued until the appropriate Service Manager has completed a detailed statement of account and all relevant documents. The appropriate Service Manager will be responsible for ensuring the adequate checking of final accounts .
- 10.5.2 The Head of Financial Services will, to the extent considered necessary, examine contract final accounts and will be entitled to make all such enquiries and receive such information and explanations as required in order to be satisfied as to the accuracy of the accounts.

Audit, & Standards Governance Committee

1st June 2023

10.6 Reporting of excess costs

- 10.6.1 If during the course of any contract there are indications that costs are likely to exceed the approved contract sum, the Head of Financial Services and Corporate Director (Resources) will be informed immediately and a report containing an explanation will be submitted to the next Executive Cabinet.
- 10.6.2 All cases where final costs have exceeded the approved contract sum will be reported to the Executive Cabinet following agreement of the final account.

11. Procurement of Consultancy Services

11.1. Introduction

- 11.2 The purpose of these guidelines is to set out the procedures to be followed within the Council for procuring consultancy services.

11.2 Definition of Consultants

- 11.2.1 In these guidelines "consultancy services" means any professional service provided by any person or organisation to the Council including but not limited to;

- Legal services
- Accountancy and Financial Services
- Technical Consultancy Services
- IT Consultancy Services

11.3. Contract Procedure Rules

- 11.3.1 Under the Contract Procedure Rules, a Head of Services is authorised to accept the lowest tender for the supply of services to the Council. Where a Head of Service wishes to accept a tender other than the lowest he/she shall first obtain the consent of the Corporate Director Resources and record the reasons for not accepting the lowest tender.
- 11.3.2 These guidelines take effect subject to the above provision in the Contract Procedure Rules and other guidance contained in the Council's Constitution.
- 11.3.4 In practice this means that before a consultant is engaged, the Head of Service must be satisfied that, inter alia, :

Audit, & Standards Governance Committee

1st June 2023

11.3.4.1 that budget provision is available for the costs of the consultant; and

11.3.4.2 where it is the intention to accept a tender other than the lowest, the Head of Service shall first obtain the consent of the Corporate Director Resources and record the reasons for not accepting the lowest tender.

11.4 *Grounds for Engaging the Consultants*

11.4.1 Consultants may be engaged by the Council in any of the following circumstances:

11.4.1.1 Where there is a lack of in-house skills available (e.g. perhaps through a shortage of staff or where the Head of Service is satisfied that the necessary expertise does not exist in-house)

11.4.1.2 There is a short timescale required for the particular piece of work and existing staff would not be able to accommodate the workload required

11.4.1.3 The nature of the work/outcome sought requires an independent view; or

11.4.1.4 The consultant can do the specific work task to a higher quality standard and more economically than if undertaken in-house.

11.5. *Competitive Procurement*

11.5.1 Whenever practicable a competitive process should be used in the procurement of consultancy services. This is set out in the Contract Procedure Rules. identify the procedures for procurement of services including conditions for any departure from the Contract Procedure Rules.

11.6. *Alternative Procurement Procedures*

11.6.1 When it is not practicable for the use of a competitive procurement procedure and it is proposed to engage a consultant without a competitive process the following applies:

Contract Value less than £75,000

11.6.1.1 Where the estimated value of the contract is less than £75,000 the written approval of the relevant Head of Services should be obtained to the appointment.

11.6.1.2 The written approval should record the reason why it was necessary to appoint a consultant

Audit, & Standards Governance Committee

1st June 2023

without a competitive process, the reason for the selection of the consultant and the likely costs (whether a fixed fee, estimated fee or hourly rate).

Contract value between £75,000 and the Public Services Contract Regulations Threshold

11.6.1.3 Where the likely value of the contract is £75,000 or more then in addition to the Head of Service's consent the consent of the Chief Executive and Head of Financial Services should be obtained.

11.6.1.4 A Pro forma Recording the Reasons for the Decision and allowing for authorised is attached at Annexe 1 to these Guidelines. Officers may wish to use this when this is intended to procure using this method.

11.7 Preparation of brief

11.7.1 Whether it is intended to engage a consultant a brief should first be prepared in as much detail as is practicable at the time. The brief should clear the following:

11.7.1.1 Background to the project

11.7.1.2 Project aims and objectives together with clear specifications of the work to be done

11.7.1.3 Expected outcome or deliverables and quality of work required

11.7.1.4 The project timetable

11.7.1.5 the department's own contribution to the project

11.7.1.6 Day to day reporting requirements

11.7.1.7 Relevant source documents available for inspection

11.7.1.8 Requirements and timetable for submitting proposals by the Consultant

11.7.1.9 The named project manager and telephone number for enquiries

Audit, & Standards Governance Committee

1st June 2023

11.8 Variations

- 11.8.1 During the course of consultancy arrangements they often arises a need to vary the brief of the consultant to respond to circumstances unforeseen.
- 11.8.2 A Variation or series of Variations up to a value of £10,000 may be authorised by the Head of Service.
- 11.8.3 A Variation which either on its own or when aggregated with previous variations exceed £10,000 requires the authorisation of the Head of Service together with the Chief Executive and Head of Financial Services.

11.9 EU Public Procurement Considerations

- 11.9.1 Most consultancy services constitute a service for the purposes of the Public Services Contract Regulations 1993. Where ever the estimated value of the contract exceeds the threshold (which is currently £144,371) the regulations apply and the contract must be let in accordance with the public procurement rules. The Head of Financial Services will advise on the procedures to be followed and in cases of doubt will decide whether a contract falls within the public procurement rules.

11.10 Procurement of Legal Services

- 11.10.1 All legal services (including instruction of Counsel) shall be procured on behalf of the Council by the Head of Legal and Democratic Service.
- 11.10.2 In view of the nature of the procedure for instructing Counsel it is not practicable for the procedures outlined at paragraphs 5 and 6 to be applied. Therefore instruction of Counsel shall be carried out in accordance with such additional procedures as may be advised by the Head of Legal and Democratic Services from time to time

**Audit, & Standards
Governance Committee**

1st June 2023

Annex 1

Pro Forma Approval Form

Authorisation for the Appointment of Consultant

Name of Consultant:

Reason to Use Consultant:

Reason for Choice of Consultant:

Costs of Consultant:

Requested by.....

Approved by

Head of Service

For Contracts with a Value in Excess of £75,000

Approved by.....

Chief Executive.....

Head of Financial Services.....

**Audit, & Standards
Governance Committee**

1st June 2023

12. INCOME

12.1 Responsible officer

- 12.1.1 The Head of Financial Services will be responsible for ensuring that prompt and proper arrangements exist for the collection, custody, control, disposal and accounting of all cash and remittances due to the Council.
- 12.1.2 Budget officers will notify the Head of Financial Services of all sums due to the Council in respect of payment for goods and services or other transactions involving the receipt of money in a manner as prescribed by the Head of Financial Services.
- 12.1.3 All sums due from sundry debtors will be raised promptly by Service Units via the debtors module of the Agresso System (or for revenues related debts via the Academy system). Responsibility for the prompt and thorough recovery of debts rests with the appropriate Debtors officer. Whenever appropriate, payment in advance should be obtained as this improves the Council's cashflow and also avoids the time and cost of administering debts.

12.2 Paying in

- 12.2.1 All money received by an officer on behalf of the Council will be paid into one of the Council's Cash Offices without delay, or if instructed by the Head of Financial Services, direct to the Council's bank account.
- 12.2.2 No deduction will be made from sums due to the Council.
- 12.2.3 Officers paying into a bank account must enter a reference to the debt or the origin of the cash or cheque on the paying in slip.
- 12.2.4 Post-dated cheques will not be accepted by the Council .

12.3 Official receipts

- 12.3.1 All official receipts, forms, tickets, vouchers and similar documents will be ordered, stored and issued in accordance with procedures approved by the Head of Financial Services
- 12.3.2 No receipt given by an officer for money received will be in a form other than an official receipt.

Audit, & Standards Governance Committee

1st June 2023

12.4 Cashing cheques

- 12.4.1 No personal cheques will be cashed out of money held on behalf of the Council.
- 12.4.2 No third party cheques will be accepted by cashiers for the payment of any debt.
- 12.4.3 No Bromsgrove District Council cheques endorsed "Account Payee" will be accepted by cashiers in respect of any outstanding debt unless there are any extenuating circumstances which have been considered and approved by the Head of Financial Services.

12.5 Transfer of remittances

- 12.5.1 Every transfer of money held on behalf of the Council from one member of staff to another will be evidenced by the signature of the receiving officer in a register or proforma maintained for this purpose.
- 12.5.2 Any blank cheques received and those which are not "Account Payee Only" will be crossed with an official stamp immediately on receipt as part of the post opening procedure.

12.6 Write offs

- 12.6.1 It will be the responsibility of Service Managers to promptly notify the Head of Financial Services of the need to write off any debt, giving details of the steps taken to recover the debt and valid reasons for the write off. A "debt" may be classified as:
 - (i) an individual amount for an individual debtor; or
 - (ii) the cumulative amount of several related debts for an individual debtor, (for example all business rates arrears or all outstanding trade refuse payments).
 - (iii) an amount "due to the Council arising through the provision of a service by the Council or by way of a sanction, Council tax or NNDR debts" or an amount held on the Agresso sundry debtors module or the Academy system
- 12.6.1 Authorisation to the write off of an individual debt is detailed in paragraph 1.4.
- 12.6.2 The write off of an individual debt greater than £2,500 will require the authorisation of the Executive Cabinet.

Audit, & Standards Governance Committee

1st June 2023

- 12.6.3 In all cases, due consideration will be given during the write off process to the ongoing provision of the service and any other Council services being provided to the debtor.

12.7 Money laundering

- 12.7.1 For the purposes of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003, the Head of Financial Services will be the Council's Money Laundering Reporting Officer (MLRO) who will receive disclosures of suspected money laundering offences. The Council's Deputy MLRO is the Audit Services Manager.
- 12.7.2 Any payments in excess of £2,500 must be recorded and the details sent to the MLRO weekly.
- 12.7.3 Cash receipts exceeding €15,000 (approx £10,000) for goods or property must be reported immediately to the MLRO who will inform HM Revenue and Customs.
- 12.7.4 All suspicious payments (whatever the value or form of payment – cash, cheque, card, transfer, etc) must be reported immediately to the MLRO.

13. BANKING AND CHEQUES

13.1 Responsible officer

- 13.1.1 The Head of Financial Services will operate bank accounts to carry out the Council's banking transactions at the bank nominated by the Council, and will be responsible for the authorised operation of all bank accounts, bank transfers and the issue of all cheques on behalf of the Council.
- 13.1.2 No account will be opened on behalf of or including the name of the Council except on the authority of a resolution by the Council. Accounts will only be opened when authorised by the personal signature of the Head of Financial Services or other authorised officer.

13.2 Order and custody of cheques

- 13.2.1 Cheques will only be ordered on the authority of the Head of E Government & Customer Services, who will make proper arrangements for their safe custody.
- 13.2.2 Internal transfers of cheques will be recorded and a discharge of liability signature will be

Audit, & Standards Governance Committee

1st June 2023

obtained.

- 13.2.3 Any necessary replacement cheques shall not be drawn until confirmation has been received in writing from the Council's bank that the original cheque has been "stopped".

13.3 Signatures

- 13.3.1 All cheques drawn on the bank accounts of the Council will bear the Head of Financial Services signature. All facsimile signatures will be checked at the time of printing.
- 13.3.2 All cheques and BACS payments exceeding £10,000 will require a second signature. A list of authorised signatures is maintained by the Accountancy Section.

14. TREASURY MANAGEMENT

14.1 Responsible officer

- 14.1.1 All money in the hands of the Council will be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972, the Corporate Director (Resources), who will take all executive decisions on borrowing, lending, repayment and financing in line with current Council policy.

14.2 Records

- 14.2.1 The Head of Financial Services will be the Council's Registrar of bonds and mortgages and will maintain records of any borrowing and lending by the Council.

14.3 Best practice

- 14.3.1 All borrowing, lending and financing will be in accordance with the CIPFA publication "Treasury Management in the Public Services" (2001).
- 14.3.2 Should the Head of Financial Services wish to depart in any material respect from the main principles of this publication, the reasons will be disclosed in a report by that officer to the Council

14.4 Policy, strategy and reporting

- 14.4.1 A long-term treasury management policy statement will be adopted by the Council and thereafter its implementation and monitoring will be delegated to the Head of Financial

Audit, & Standards Governance Committee

1st June 2023

Services.

- 14.4.2 At or before the start of the financial year the Head of Financial Services will report to the Executive Cabinet on the proposed treasury management strategy for the coming financial year.
- 14.4.3 The Head of Financial Services is responsible for ensuring that up to date treasury management practice statements are in place providing written guidance and instruction on routine operational activities.
- 14.4.4 The Head of Financial Services will report to the Executive Cabinet on the activities of the treasury management operation. This will include an annual report on treasury management for presentation by 30th September of the succeeding financial year.

15. INTERNAL AUDIT

15.1 Responsible officer

- 15.1.1 The statutory requirement for internal audit in local government is prescribed by the Accounts and Audit Regulations. The responsibility for maintaining an adequate and effective system of internal audit rests with the relevant body ie: the Council. This responsibility is formally delegated to the responsible officer appointed under Section 151 of the Local Government Act 1972. Accordingly, a system of continuous internal audit, under the control and direction of the Head of Financial Services will carry out an examination of the accounting, financial and other operations in so far as they have financial effects on the Council. Internal Audit effort will be co-ordinated with that of the Council's external auditors.

15.2 Internal Control

- 15.2.1 Internal Auditors are responsible for reviewing and advising on the Council's internal control systems. These systems need to ensure compliance with all applicable statutes, regulations and best practice guidance. Internal controls should also ensure that the risk facing the Council are minimised and that public funds are properly safeguarded and used economically, effectively and efficiently, in accordance with the statutory and other authorities that govern their use.
- 15.2.2 Service Managers are responsible for managing risks and maintaining sound arrangements for planning, appraising, authorising and controlling operations in order to secure continuous improvement, economy, effectiveness and efficiency, and to achieve financial performance targets.

Audit, & Standards Governance Committee

1st June 2023

15.3 Rights of access

- 15.3.1 The Internal Auditors, as the authorised representative of the Head of Financial Services, will have authority:
- (i) to enter any land, building, vehicle or plant owned or used by the Council;
 - (ii) to have access at all times to any record, document, contract or correspondence relating to the affairs of the Council, including those stored by mechanical, electric or electronic means;
 - (iii) to possess or take copies of any record, document or correspondence;
 - (iv) to require such explanations as are necessary from any Council officer concerning any matter under examination; and
 - (v) to require any employee of the Council to produce cash, stores or any other Council property under their control.

15.4 Standards

- 15.4.1 The Internal Audit Section will comply with all legislative requirements and guidelines issued reflecting best audit practice. The results of Internal Audit work will be reported annually and at such other times as are necessary to the Executive Cabinet and Audit Board.

15.5 Fraud and irregularity

- 15.5.1 The Audit Services Manager is responsible for maintaining and promoting the Council's Anti-fraud and Corruption Strategy.
- 15.5.2 Any officer who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the necessary people, their Service Manager, Corporate Director, the Monitoring Officer, or the Head of Financial Services, who will investigate and report as necessary.
- 15.5.3 Any Member who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the Chief Executive Officer, the Monitoring Officer and the Head of Financial Services, who will investigate and report as necessary.
- 15.5.4 Where criminal proceedings might be necessary the Chief Executive Officer in consultation with the Head of Financial Services and the Monitoring Officer will be responsible for deciding whether to refer a matter to the Police.
- 15.5.5 Any Member or officer who suspects that an irregularity concerning the Council's affairs is

Audit, & Standards Governance Committee

1st June 2023

being or has been perpetrated by the Chief Executive Officer or the Head of Financial Services shall immediately inform the Monitoring Officer.

15.5.6 The Council has a whistleblowing policy (Confidential Reporting Code) which aims to:

- (i) provide confidential avenues for employees and others to raise concerns and receive feedback on any action taken;
- (ii) allow employees to take the matter further if they are dissatisfied with the Council's response; and
- (iii) reassure employees that they will be protected from reprisals or victimisation for whistleblowing in good faith.

16. INVENTORIES

16.1 Responsible officer

16.1.1 Service Managers will maintain an inventory of all significant items of plant, vehicles, machinery, equipment, tools, furniture and other movable property under their control.

16.2 Form and control

16.2.1 Inventories will be in a form approved by the Head of Financial Services.

16.2.2 Service Managers will be responsible for ensuring that inventories are continuously updated, and that appropriate action is taken on the discovery of deficiencies and surpluses. Attractive and portable items such as computers and cameras should be marked with security markings as belonging to the Council.

16.3 Write offs

16.3.1 Unserviceable inventory items of little value and items past their useful life will be written off under the written authority of a Service Manager.

16.3.2 Items that are to be written off, other than as a result of fair wear and tear, shall be done in accordance with guidance and limits stated in paragraph 1.4.

16.3.3 Disposal of written off inventory items will be the responsibility of Service Managers in consultation with the Head of Financial Services. This will be by competitive tender, public auction, or such other manner which is most beneficial to the Council.

**Audit, & Standards
Governance Committee**

1st June 2023

16.4 Removal of property

- 16.4.1 The Council's property will not be removed or used other than in accordance with the ordinary course of the Council's business except in cases where specific direction or approval has been issued by the appropriate Service Manager.
- 16.4.2 Loan items of clothing, equipment etc. will be signed for by the recipient and returned when leaving the Council's employment.

17 LAND HOLDINGS

17.1 Responsible officer

- 17.1.1 The Head of Legal and Democratic Services will maintain a terrier of all land and properties owned by the Council and will maintain an asset register of the Council's land and property holdings with a value in excess of £5,000 in accordance with current accounting requirements.

17.2 Coverage

- 17.2.1 The land and property terrier will contain the following details:
- (i) purpose for which held;
 - (ii) location;
 - (iii) extent and plan reference;
 - (iv) purchase details, including date of acquisition;
 - (v) rents receivable/payable and rent review dates;
 - (vi) reference to easements in deeds and
 - (vii) other charges against the property such as repairing and insuring obligations.

17.3 Security

- 17.3.1 The Head of Legal and Democratic Services will keep all title deeds securely and will record all deeds temporarily removed.
- 17.3.2 The Common Seal of the Council will be kept in a safe place in accordance with the relevant section of the Council's Constitution.

**Audit, & Standards
Governance Committee**

1st June 2023

17.4 Acquisitions

- 17.4.1 Any acquisition of land or property by the Council will comply with relevant legislation and current guidelines reflecting best practice.
- 17.4.2 The Head of Legal and Democratic Services and the Head of Financial Services in conjunction with the appropriate Portfolio holder will jointly exercise a delegation to deal with acquisitions under £10,000 and will advise the Local Ward Member before the decision is taken.
- 17.4.3 Routine acquisition of land or property above £10,000 will be authorised by a prior resolution of the Executive Cabinet.
- 17.4.4 For urgent acquisitions of £10,000 land or property, a meeting of the Executive Cabinet will be convened, and the advice of the Head of Financial Services will be sought before any decision is taken. The views of the local Ward Member will be sought.
- 17.4.5 The Head of Legal and Democratic Services will exercise a delegation up to £10,000 to deal with property management issues such as lease renewals and rent reviews. Property management issues and decisions above £10,000 will be taken in conjunction with the appropriate Portfolio Holder.

17.5 Disposals

- 17.5.1 Disposals of Council land or property will comply with relevant legislation and current guidelines reflecting best practice. In particular the Local Government Act 1972 S123 requires that disposals will be for the best consideration that can reasonably be obtained. Detailed guidance is given in Professional Guidance Note No. 2 (Disposals of land interests by Local Authorities) issued by the Valuation Liaison Group.
- 17.5.2 The Corporate Director (Resources) and in conjunction with the appropriate Executive Cabinet member will jointly exercise a delegation to deal with disposals under £10,000.
- 17.5.3 Routine disposal of land of an anticipated market value in excess of £10,000 will require the prior approval of the Executive Cabinet, who will consider a report by the Head of Legal and Democratic Services which will include the financial, legal and other consequences of the proposed disposal. Before reporting to Cabinet the matter must be considered by the Capital Asset Management Group (or such other corporate body as may have responsibility for the Asset Management Plan) and must adhere to the principles enshrined within the prevailing Asset Management Plan.

Audit, & Standards Governance Committee

1st June 2023

- 17.5.3 Terms shall not be finalised without the benefit of a current valuation from a qualified valuer with appropriate expertise. This is particularly important where negotiations are conducted with a single purchaser.
- 17.5.4 Disposals above £30,000 will be subject to the invitation of competitive bids. The land/property will be advertised on a scale and in locations calculated to reach the relevant sectors of the property market. Where land is to be disposed of by:
- (i) auction - it should be subject to a reserve price not less than the valuer's current valuation; or
 - (ii) public tender or sealed offers - Contract Procedure Rules will be applied.
- 17.5.5 Where disposals are related to land where the proposed purchaser already has an existing interest, for example adjacent owner, lessor, tenant, sale by private treaty may be applicable and use may be made of estate agents appearing on an approved list.
- 17.5.6 Where an offer is accepted subject to contract and a higher offer is received before contracts are exchanged, the person who made the former offer shall be given the opportunity to increase it if it is proposed to accept the higher offer.
- 17.5.7 Negotiations with prospective purchasers should take place at the Council House or at the offices of the other party or their agents within normal office hours, with at least two officers present. Signed minutes shall be kept and points agreed confirmed promptly by exchange of correspondence. The progress of negotiations shall be regularly reported to the Head of Legal and Democratic Services and the Capital Asset Management Group.
- 17.5.8 In exceptional circumstances, if urgent disposal of £30,000 land or property is necessary, a meeting of the Executive Cabinet will be convened, and the advice of the Head of Financial Services will be sought before any decision is taken.

18. INSURANCE

18.1 Responsible officer

- 18.1.1 The Head of Financial Services will arrange all necessary insurances for the Council in accordance with agreed policy. A record of all properties and risks covered will be kept, and a review will take place at least annually to ensure that all the insurances remain adequate.

18.2 Claims

Audit, & Standards Governance Committee

1st June 2023

- 18.2.1 The Head of Financial Services will be responsible for dealing with all claims against or on behalf of the Council.
- 18.2.2 The appropriate Service Manager will notify the Head of Legal and Democratic Services and the Head of Financial Services immediately in writing of any loss, liability of damage or any other event likely to lead to a claim, and will provide full supplementary information relating to the claim within 10 working days. Where necessary, the appropriate Corporate Director, having consulted with the Head of Legal and Democratic Services, will inform the Police.

18.3 Cover

- 18.3.1 The appropriate Service Manager will immediately inform the Head of Financial Services in writing, of all new risks, properties or vehicles, and any material alterations to existing risks, properties or vehicles.
- 18.3.2 The appropriate Service Manager will consult the Head of Legal And Democratic Services in respect of the terms of any indemnity the Council is asked to give.

19. STOCKS AND STORES

19.1 Responsible officer

- 19.1.1 Service Managers will be responsible for the care and physical custody of the stocks and stores under their control, and for ensuring that such stocks and stores are not kept in excess of normal requirements.

19.2 Records

- 19.2.1 Stocks and stores records will be kept in a form to be agreed by the Head of Financial Services.

19.3 Stocktaking

- 19.3.1 Stocks and stores will be subject to periodic test checks by officers other than the storekeepers and all stocks and stores will be checked at least annually, to include a review of the level and condition of stock.

Audit, & Standards Governance Committee

1st June 2023

- 19.3.2 A certificate of value will be produced on the last day of each financial year and forwarded promptly to the Head of Financial Services within seven working days.

19.4 Write offs

- 19.4.1 Surpluses or deficiencies will be reported to the Service Manager and appropriate accounting action taken, subject to the approvals detailed in paragraph 1.4.

19.5 Surplus stocks

- 19.5.1 Service Managers will be responsible for the disposal of surplus stocks and stores subject to the agreement of the Head of Financial Services. This will be by competitive tender, public auction, or such other manner which is most beneficial to the Council. Any disposal of a single item of stock in excess of £2,500 will be reported to the Executive Cabinet.

20. SECURITY

20.1 Responsible officer

- 20.1.1 Service Managers will be responsible for the safe keeping and authorised use of all assets under their control.

20.2 Cash holding

- 20.2.1 Maximum limits of cash holdings will be agreed with the Head of Financial Services and will not be exceeded without written permission.

20.3 Keys

- 20.3.1 Keys held by Officers and nominated Members to the Council House property, including safes, cash boxes, strong rooms and computer terminals, security systems and any other secure item or area will be issued by the Head of Legal and Democratic Services to named individuals who will confirm receipt in a register and be responsible for their safe custody. The loss of any key will be reported to the Head of Legal and Democratic Services immediately.
- 20.3.2 The Head of Legal and Democratic Services will be responsible for ensuring that adequate security arrangements exist for keys to other Council owned property.

Audit, & Standards Governance Committee

1st June 2023

- 20.3.3 Service Managers will ensure that officers who leave the Council's employment or cease to be required to hold keys surrender their keys immediately.
- 20.3.4 Service Managers will retain master copies of all keys issued.

20.4 Identification cards

- 20.4.1 The Head of Human Resources & Organisational Development will be responsible for issuing identification cards to all permanent Officers and Members.
- 20.4.2 Service Managers will be responsible for making arrangements for issuing identification cards to temporary staff, visitors, trade workers etc, and ensuring that all personnel return their identification cards when they leave the Council's employment.
- 20.4.3 All Officers and Members will wear their identification cards at all times when on official premises.

20.5 Information and Communications Technology

- 20.5.1 The Head of E-Government & Customer Services will be responsible for the security of corporate data, and ensuring that adequate contingency arrangements exist which protect the Council's interests in the event of an ICT disaster.

20.6 Post opening

- 20.6.1 The Head of Legal And Democratic Services will be responsible for ensuring that secure post opening procedures exist to prevent:
- (i) items of mail being lost or stolen; and
 - (ii) fraudulent documents entering the system.
- 20.6.2 Procedures will be documented and will include:

**Audit, & Standards
Governance Committee**

1st June 2023

- (i) post opening by a minimum of two staff;
- (ii) post receipt / despatch in a secure area;
- (iii) date stamping of post received; and
- (iv) effective and timely document image processing.

20.7 Breaches of security

- 20.7.1 The appropriate Service Manager will immediately report breaches of security to their Corporate Director, who will consider the audit and insurance implications, take appropriate action and refer sufficiently serious cases to the Police.

21. MANAGEMENT OF INFORMATION

21.1 Responsible officer

- 21.1.1 All officers will be responsible for maintaining proper security and privacy of all information under their control including that held in computerised files. Proper consideration will be given at all times to the proper use of passwords to prevent unauthorised access to systems.

21.2 Data protection and Freedom of Information

- 21.2.1 The Head of Legal and Democratic Services will be nominated as Data Protection Officer and will be responsible for ensuring that the Council acts in accordance with the provisions of the Data Protection and Freedom of Information legislation.

21.3 Retention of documents

- 21.3.1 Service Managers will make arrangements for retaining official documents for the periods as listed at Appendix 2

22. EXTERNAL ARRANGEMENTS

22.1 Introduction

- 22.1.1 Officers may represent the Council on partnerships and external bodies, in accordance with the scheme of delegation.

22.2 External Funding

- 22.2.1 The Head of Financial Services is responsible for ensuring that all funding notified by external bodies is received used for the intended purpose and properly recorded in the Council's accounts.

22.3 Work for Third Parties

- 22.3.1 The Executive Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.
- 22.3.2 Service Managers will ensure that:
- (i) any risks are minimised and such work is intra vires;
 - (ii) a register is maintained of all contracts entered into with third parties;
 - (iii) appropriate insurance arrangements are made;
 - (iv) the Council is not put at risk from any bad debts;
 - (v) no contract is subsidised by the Council;
 - (vi) wherever possible, payment is received in advance of the delivery of the service;
 - (vii) the Service Unit has the appropriate expertise to undertake the contract;
 - (viii) all contracts are properly documented; and
 - (ix) appropriate information is provided to the Head of Financial Services for final accounts purposes.

**Audit, & Standards
Governance Committee**

1st June 2023

APPENDIX 1

LOCAL GOVERNMENT FINANCE ACT 1988

Section 114 Functions of responsible officer as regards reports

- (1) On and after the commencement day the person having responsibility for the administration of the financial affairs of a relevant authority under section 151 of the 1972 Act, section 73 of the 1985 Act or section 112, shall have the duties mentioned in this section, without prejudice to any other functions; and in this section he is referred to as the chief finance officer of the authority.
- (2) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the authority, a committee or officer of the authority, or a joint committee on which the authority is represented:
 - (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,
 - (b) 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 on the part of the authority, or
 - (c) is about to enter an item of account the entry of which is unlawful.
- (3) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority 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.
- (3a) It shall be the duty of the chief finance officer of a relevant authority, in preparing a report in pursuance of subsection (2) above, to consult so far as practicable:
 - (a) with the person who is for the time being designated as the head of the authority's paid service under section 4 of the Local Government and Housing Act 1989; and
 - (b) with the person who is for the time being responsible for performing the duties of the authority's monitoring officer under section 5 of that Act.
- (4) Where a chief finance officer of a relevant authority has made a report under this section he shall send a copy of it to:

Audit, & Standards Governance Committee

1st June 2023

- (a) the person who at the time the report is made has the duty to audit the authority's accounts, and
 - (b) each person who at that time is a member of the authority.

- (5) Subject to subsection (6) below, the duties of a chief finance officer of a relevant authority under subsections (2) and (3) above shall be performed by him personally.

- (6) If the chief finance officer is unable to act owing to absence or illness his duties under subsections (2) and (3) above shall be performed -
 - (a) by such member of his staff as is a member of one or more of the bodies mentioned in section 113(3) above and is for the time being nominated by the chief finance officer for the purposes of his section; or
 - (b) if no member of his staff is a member of one or more bodies, by such member of his staff as is for the time being nominated by the chief finance officer for the purposes of this section.

- (7) A relevant authority shall provide its chief finance officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.

- (8) In this section:
 - (a) references to a joint committee are to a committee on which two or more relevant authorities are represented, and
 - (b) references to a committee (joint or otherwise) include references to a sub-committee.

N.B. For the purposes of Section 6 above, the Corporate Director (Resources) will be the nominated officer.

APPENDIX 2

**Minimum period for
retention of “financial”
documents**

Note: the following is based on the CIPFA Financial Information Service list which incorporates the results of a number of local agreements with HM Revenue and Customs.

Type of Document

Retention Period (Years)

Accountancy/Financial

Budgetary monitoring reports	2 + current
Estimate working papers	2 + current
Financial ledgers (incl year end reports)	6
Grant claim records	6
Investment records	6 after maturity
Journals etc	6
Leasing records	2 + current
Statement of accounts indefinitely	Retain
VAT claims	6
VAT records	6

Bank Related Records

Bank paying-in books/slips	6
Bank reconciliation papers	6
Bank statements	6
Cheque books and counterfoils	6
Cheque lists (creditors/payrolls)	2 + current

Cheques - cancelled	2 + current
Cheques – returned	2 + current
Loan records and correspondence	2 + current

Contracts

Contract registers indefinitely	Retain
Final accounts:	
contracts executed under hand	6
contracts issued under seal	12
Successful tenders payment	6 after final
Unsuccessful tenders payment	Until final

Creditor Records

BACS records	6
Copy orders	6
Credit notes	6
Creditor invoices	6
Delivery notes	2 + current
Periodic payment records	6
Petty cash floats & imprest documentation	6

Income Records

Cash receipting reconciliation records	6
Collection and deposit books	6
Correspondence (income)	6
Debtor records (non-current accounts)	6
Miscellaneous income receipts	6
Receipt books & record of books issued	6
Sales records	6

Insurance Records

Insurance claims, correspondence	6
Insurance contracts – expired indefinitely	Retain
Insurance policy documentation indefinitely	Retain
 Miscellaneous Records	
Capital works monitoring reports	2 + current
Car leasing and mileage records lease	6 from end of
Car loans	6
Community Charge records (non-current)	6
Computer system documentation	2 + current
Council Meetings: reports and agendas indefinitely	Retain
Council Tax records (non-current)	6
Departmental files for Building Control, Planning, and Trees (for Latent Damage Act purposes)	16
Flexible Working Hours adjustments	1 + current
Inland Revenue documentation	6
Inventory records	6
Land charges records indefinitely	Retain
Members' statutory registers (non-current)	4
Minutes - Council meetings: reference copy	
Retain indefinitely Mortgages: records/correspondence (non-current)	2+ current
Postal remittance lists	2 + current
Road fund licence records	2 + current
Stock lists	2 + current
Travelling and subsistence claims	2 + current
Vehicle logs	2 + current
Vehicle/machinery leasing records	2 + current

Payroll

BACS records and output	3
Building Society reports	3
Copy payslips	6
Correspondence	6
NI number changes	3
Overtime records	6
Payroll adjustment documentation	6
Payroll reconciliations	6
Part time employees' documentation	6
Pension records	Retain indefinitely
SSP and SMP records	4
Staff transfer and leaver records	6
Starters' forms	2
Tax and National Insurance records	6
Tax code notifications	2 + current
Timesheets	6
Union records	2 + current

Personnel

Personnel files (non-current)	6 + current
Staff contracts (non-current)	6
Unsuccessful candidates' job application forms	1

Appendix C - Service Financial Governance Paper

Introduction

The Balanced Budget and Closure documentation should be read in conjunction to this report. This report sets out requirements and expectations of the Finance Team and Services in terms of

- Financial Rules and Regulations (Including Virement Limits)
- Expectations – Finance Staff, Other Staff
- Financial processes (Finance and Customers)
 - Budget Setting
 - In Year Monitoring of Expenditure
 - Closure of Yearly Accounts
 - Purchasing of Good and Services
 - Invoicing for Goods and Services required
 - Cash Receipting
 - Financial monitoring (Capital and Revenue)
 - Insurance
- Signoff requirements for reports
- Training Requirements

Significant to this is ensuring that service managers have the requisite financial skills to effectively carry out their financial roles and understand how and where they can get financial support (across the range of finance/Income/payments/cashiers).

A. Rules and Regulations

Both Councils have identical financial regulations – these are set out in Appendix A (Redditch is used as the Example). These regulations are split into 5 Main categories:

- Audit, Governance and Standards Committee responsibilities
- Chief Financial Officer (Director of Finance and Resources) responsibilities
- Corporate Management Team responsibilities

The regulations in section A1.1 set out that day to day responsibility for the Council's finances rests with Directors and their Managers as set out in these Financial Procedure Rules.

It is clear from the regulations that Director of Finance and his staff

-
- ***Are responsible for the proper administration of the Council's financial affairs.***
 - ***Under the general direction of Cabinet, are responsible for determining the basis for all accounting procedures and financial records for the Council and for exercising a check over all financial matters.***
 - ***Are responsible for maintaining a continuous review of the Financial Procedure Rules and advising the Audit & Governance Committee and Council of any additions or changes necessary.***
 - ***Are responsible for reporting, where appropriate, breaches of the Financial Procedure Rules or any other element of the Constitution that relates to the proper administration of the Council's financial affairs to the Council and/or Audit, Governance and Standards Committee.***
 - ***Are responsible for issuing advice and guidance to underpin the Financial Procedure Rules***
 - Are entitled to attend a meeting of any body on which Members are represented where matters affecting the financial affairs of the Council are being discussed.
 - Are responsible for maintaining adequate and effective audit arrangements for the Council and for ensuring that audit services complies with the public sector internal audit standards.
 - Are responsible for ensuring, in conjunction with the relevant member of the Management Team, that the Council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.
 - Are responsible for ensuring that any case of fraud or loss or financial irregularity or bribery or corruption discovered or suspected to exist which involves the Council's interest shall be dealt with in accordance with the Council's Anti-Fraud and Anti-Corruption Policy.
 - Are responsible for appointing Senior Officers to be the Council's Money Laundering Reporting Officer and Deputy to the Council's Money Laundering Reporting Officer.
 - Have overall responsibility for making payments on behalf of the Council.
 - Have overall responsibility for the Council's income and collection functions although this will be carried out by Hoople Ltd who will ensure the effective collection and recording of all monies due to the Council.
 - Are responsible for making payments to employees, former employees and Members on behalf of the Council.

Although all functions are important, those highlighted in bold are especially pertinent for this Governance paper which sets out the responsibility of

finance staff. This Governance paper sets out the support that finance staff will give to managers to help them fulfil their financial functions.

Departmental staff (through CMT) need to ensure that:

- All employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
- They consult with the Director of Finance and Resources on any matter within their area of responsibility that is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting the matter to a Cabinet member.
- They supply the Director of Finance and Resources with all information necessary for the proper administration of the Council's affairs.
- They allow the Director of Finance and Resources and his/her authorised representatives access to all documents and records on demand.
- They maintain a sound system of internal control
- They ensure those functions within their Terms of Reference operate within the Council's Financial Procedure Rules.
- They are responsible for informing Cabinet members promptly if the Council's Financial Procedure Rules are not being complied with.

Its is clear from these financial regulations that Service Managers are responsible for delivery of the financial procedures and rules, but that finance department staff should set the rules and regulations out as clearly as possible, and provide training and guidance to ensure that Service Managers can deliver those requirements as effectively as possible. These are set out in more detail in later sections. **If rules are not complied with access to systems will need to be reviewed.**

B. Virement Limits

Budgets for each financial year are set out in the Medium Term Financial Strategy which is approved by Full Council every February. Any changes to those budgets must be approved using the following process. Only Heads of Service, in conjunction with the Financial Services Manager can approve virements below £20k. All virements above this level require Member approval.

All changes to cash limits through Virement changes must be reported in the following monitoring report. All virements must be entered onto the finance system for approval by an authorised Officer.

No virements under £5,000, unless authorised by the Financial Services Manager.

Virement Amount	Approval Required
Below £20,000	Head of Service and Financial Services Manager
£20,000 - £40,000	Director of Finance in consultation with relevant Director and Portfolio Executive Member
Above £40,000	Shall be reported in the budget monitoring report to Executive

C. Financial Processes

There are 6 Main Finance Processes. These cover both Revenue and Capital expenditure including projects. These are:

- Setting a Budget
- Monitoring Expenditure against the agreed Budget
- Closure of a Financial Year
- Raising Expenditure
- Raising Income
- Receipt of Cash through Cash Receipting Systems

Finance procedures are presently being revised and then these will be updated on the ORB. A suit of finance training will be rolled out in the May to July Period to ensure that managers financial acumen across the Council is maintained at the correct level. The upgraded guidance and training is to ensure that managers and staff have finance procedures that are clear and easy to follow. Updated links to this guidance will be issued shortly.

The Financial Procedure Rules apply to every Member and Officer of the Council

- They Promote best value and improves service delivery.
- Set out procedures for employees and members to meet the Council's expected standards
- Demonstrates that controls are in place.

Members and Officers are required:

- to have proper regard to the advice and guidance issued by the Executive Director of Finance.
- to lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.
- to act in accordance with the Council's anti-fraud and anti-corruption policies

Setting a Budget

The annual budget will include:

- Annual capital and revenue budgets
- Proposed contingencies, general reserves, specific reserves
- Council Tax requirement
- Treasury Management Policy and borrowing limits
- Statutory declaration on budget settling

The Cabinet shall (following Management Team proposals), recommend to Council:

- A capital programme for each year, and future indication over a four-year period
- Recommended funding method for each capital project

A capital policy report shall include:

- Estimated cost
- Any phasing of expenditure
- Proposed financing method
- The effect on revenue estimates
- Additional staff required
- An assessment of the need for this scheme and the benefits
- A technical and financial appraisal of the alternative approaches

Finance is responsible for:

- Setting the budget timetable and requirements to deliver an ongoing sustainable budget – see the document “**Balanced Budget Paper**”.
- Rolling forward previous years data, including grants, income and expenditure variations.
- Establishing the financial constraints and “budget envelope” in conjunction with CMT from rolling forward previous budgets and taking account of Government legislation and funding changes (including the settlement).
- Having the above at a detailed level ready for Service input, including detailed Staffing budget makeup, including all changes.
- Drawing up, in conjunction with Services, the detailed Medium Term Financial Plan, including precept amounts and associated strategies, for approval at Council in February. This document will be initially signed off at Corporate Management Team (CMT) before final signoff as in any Council Report. This may be a single or multiple phase process.
- Liaising with the Leader and Cabinet Member for Finance.
- Liaison with Internal and External Audit and Government Departments.

Service Managers are responsible for

- Service leadership by Heads of Service and signed off by CMT.
- Establishing their forward budget based on the financial constraints, legislative requirements, and business plan requirements
- Cost up, with financial support, growth and savings options, to keep within their “budget envelope”
- Complying with the requirements of the “***Balanced Budget Paper***” from a service point of view
- Ensuring all changes to budgets, including Grants, are signed off by the finance department to ensure they are fully accounted for in “in year” and forward budgets. If budgets are changes in year, depending on size, this might also qualify as a key decision and require a report for approval.

Monitoring Expenditure against an agreed budget

Monitoring ensures that the Council and its staff are:

- Following the approved process for all expenditure
- Ensuring that income and expenditure is properly recorded and accounted for
- Ensuring that expenditure is only committed against an appropriate budget
- Monitoring performance levels/levels of service – and take action if needed
- Investigating and reporting significant variances from approved budgets
- Reporting on any new income/grants before they can be spent

Revenue

Revenue budgets, from 2022/23 will be monitored monthly using the Tech One forecasting module. By using the financial system, outputs can easily be consolidated, and this ensures usage of the financial system for all transactions. Reports will be presented to Members as part of the consolidated Finance and Performance Report on a quarterly basis.

Finance is responsible for:

- Ensuring that approved budgets are properly loaded on Tech One and that service managers are properly trained. They will also support service managers with detailed budget queries in their respective service areas.
- Setting up and codes close codes on the Tech One to properly account for income and expenditure.

- Ensuring periods are opened and closed at the appropriate time, reconciliations are kept up to date (including bank reconciliations), overall debt levels are monitored, and that all feeders into the general ledger (interfaces/grants/treasury transactions) have been applied.
- Providing a quarterly list of Purchase Orders for services to check to validate and close where necessary orders to ensure only pertinent information is contained on the ledger
- Ensuring budget managers understand coding requirements
- Actioning journals on behalf of Budget Managers.
- Agreeing the Internal Audit Plan and ensuring its delivery.

Service Managers are responsible for:

- Ensuring that there is a nominated manager for each Cost Centre.
- Ensuring that their managers input updated budget forecasts and comments monthly and this is compiled into the quarterly returns to Members as per the Council timetable
- Informing Finance of changes required for Journals to be actions to rectify the situation in cases of miscoding but,
- Being responsible for their expenditure and income (Sales orders, requisitions, and Interfaces) to be coded correctly.
- Complying with Internal Audit requirements, including providing information, and agreeing and delivering recommendations.

Capital

Capital Budgets will be monitored on a quarterly basis. A similar process will be followed to that of revenue

Closure of a Financial Year/Period

The Council must statutorily produce draft accounts by the end of June for the preceding financial year and these accounts must be approved by External Audit and Audit Committees by the end November (***although this timetable is being reviewed at the moment due to non-compliance across the Country***).

Finance is responsible for:

- Providing a timetable of deliverables for budget managers.
- Providing a detailed timetable to deliver closure and associated weekly progress meetings.
- Drawing up the Detailed Statement of Accounts within the approved timescales.
- Ensuring all codes and suspense reconciliations are completed to the appropriate standard.

-
- Ensuring working papers are drawn up to the correct standard.
 - Ensuring all the appropriate Governance steps, internal and external, are followed

Service Managers are responsible for:

- Delivering the detail requested in the budget manager deliverable timetable (including debtor/creditor schedule,
- In specific areas providing additional information (such as Capital as set out in the detailed guidance notes)

Raising Expenditure

Expenditure can be raised in the following ways

1) Using the Requisition Processes on Tech OneSystem

An order number must be in place for all goods and services or the supplier will not be paid. This

- ensures the cost is covered by an approved budget and budget manager
- allows us to review our budget performance more accurately
- quicker processing of invoices

These processes are in place to maintain the security and integrity of data for transacting business electronically.

The End to End Purchasing process is:

- Creation of the Purchase Order by the Service
 - Description of goods, works or service
 - Coded to the correct budget
 - Authorised by the appropriate budget holder
- Delivery of Goods, Works or Services
- Goods Receipting the Purchase Order following the delivery of the Goods/Service, ensuring all is in accordance with the order.
- Receipt of invoice once received on the Finance system by Finance staff
- Payment of the invoice

Finance are Responsible for:

- Receiving and inputting invoices from suppliers.
- If PO Value does not equal Invoice Value chasing Services in order to amend PO value.
- Review statements to ensure all payments have been made, if invoices not received then chase suppliers for missing invoices (Post or email).
- Delivering 2 Payment runs a week.

-
- Input “One Off” payments from Services, ensuring all the required details have been completed (reject if incorrect).
 - Input payroll payments on “one off” proforma on monthly basis from Payroll Services.
 - Input Utilities Payments.
 - Deliver IR35 Returns.
 - Make CIS payments and deliver monthly return.

Service Managers are responsible for:

- Ensuring they have Appropriate Administrators to raise requisitions, and Budget Managers to approve these using the correct codes (see budget management section).
- Administrators raise requisitions, which are approved by budget managers.
- Administrators approve Goods Receipts GRN (only the administrator of a PO can GRN it)
- If PO Value does not equal Invoice Value service administrators amend PO value, as informed by Finance, amend the PO value and GRN for finance to match the invoice.
- Completion of “one off” payment proforma’s with all the required information if a payment does not need to follow the normal requisition process. This also requires 2 signoffs including the budget manager and an email of approval.
- Property prepares multilevel Utilities spreadsheets for inputting by Payments

2) Government Procurement Cards GPC

These are designed to make it easier and more cost effective for Services to make low value purchases (typically £250 or less).

- The GPC is personal to you, no one else is authorised to use your card.
- You are responsible for the security of the card
- GPC should never be used to pay an invoice
- You need to keep records and receipts for all transactions, and these must be entered online each time you use the card, including filling in the Cost Centre and Account Code information.

A GPC Card may **look** like a debit/credit card – but it’s not. It’s a procurement card. There is a difference!

Controls are in place using these Cards:

- Maximum monthly expenditure

- Individual transaction limit
- Merchant Category Group code blocking
 - Each supplier is classified with a Category Group code. Any number of these codes can be blocked or left unblocked to ensure compliance with business policies

Finance are responsible for:

- Administering the scheme.
- Approving the transaction
- Ensuring reconciliations have been completed

Service Managers are responsible for:

- Allocating appropriate managers to cards
- Ensuring spending is made for the appropriate reasons
- Delivering the monthly reconciliation on individual card transactions, ensuring that the payments are transferred to the right place on the ledger.

3) Faster Payments

These should only be used as a last resort and from the 1st May 2022 will require the Head of Finance and Customer Services approval, they are for immediate payments but they should not be used to override existing purchasing and Government Procurement Card procedures.

Finance are responsible for:

- Administering the scheme.
- Approving the transaction – including the coding
- Ensuring funds are available to enable the transaction to take place

Service Managers are responsible for:

- Completing the “One-Off” Proforma properly and ensuring it is properly signed off
- Ensuring spending is made for the appropriate reasons

4) Creditor Management and Links to Procurement

Finance will ensure that when Services fill in new Creditor forms that they and procurement approve them in a timely manner.

Finance are responsible for:

- Ensuring that procurement have approved the supplier.

- Ensuring the form is correctly filled in – if not it is rejected.
- Adding the supplier to Tech One.
- Informing the person who initiates that the process has been completed.

Service Managers are responsible for:

- Completing the New Supplier Form, ensuring all the correct details have been included including backing information and appropriate signoff

Raising Income

Income comes into the council through a variety of sources. This process sets out the raising of sales orders. Income will also come into the Council through the Cash Receipting System. Those payments might be through web transactions or interfaces and are dealt with in the monthly monitoring section in terms of reconciliations.

Sundry income is delivered via Sales Orders

Finance are responsible for:

- Delivering recurring payments (Once set up by the service departments)
- Setting up Customers on correctly filled in and authorised pro formas from the business
- Chasing of Outstanding debt amounts – through the dunning process.
- Setting up Direct Debits and Payment Plans for outstanding debt
- Reconciling individual debtor accounts and dealing with associated queries
- Preparing write off lists to be approved by the business

Service Managers are responsible for:

- Raising and approving sales orders with the correct coding
- Setting up new suppliers with the appropriate details and authorisation using the Customer pro formas
- Approving debt write offs as advised by the Income Team

Insurance

The insurance team deals with the end-to-end Council insurance process. Small claims are generally dealt with in house if they are less than the policy excess. The main exceptions to this are:

- Personal injury claims always go to Zurich
- Employee injury claims always go to Zurich

- Claims we believe may not go over the excess but require Zurich's services to investigate (Loss adjusters etc)

Finance are responsible for:

- The tendering of the Insurance Contract.
- Liaison with our insurers.
- Management of the Insurance budget.
- In Respect of Claims Handling:
 - Responding to the claimant. Usually via email, requesting further information and with an attached FNOL (First Notification Of Loss) letter.
 - Requesting/collecting information for the claim from the claimant (Photos/receipts/quotes etc) and our council service teams relevant to the type of claim (complaints/inspections reports etc).
 - Collating the information and carry out the investigation into the claim
 - Making a decision on liability
 - If the Council accept liability, the Insurance Team make an offer to settle

Service Managers are responsible for:

- Signposting new claimants to the relevant Council website for them to start a claim. Bromsgrove
<https://www.bromsgrove.gov.uk/council/corporate/submit-a-claim-against-the-council.aspx>. Redditch
<https://www.redditchbc.gov.uk/council/corporate/submit-a-claim-against-the-council.aspx>
- If the service receives an email detailing the claim this must be sent to the insurance email insurance@bromsgroveandredditch.gov.uk
- Incidents involving our vehicles will require an accident report sending to the insurance team, even if a claim is not required
- Ensuring staff do not try to offer advice on the claims process other than where to make the claim.
- Ensuring staff do not try to accept liability to a claimant, this needs to be to the Insurance team if we are liable.
- Ensuring staff do not set any expectations to claimants (even when liability is accepted) such as requesting quicker payments.
- Respond to an information request from the Insurance team in a timely manner.

D. Signoff Requirements for Reports

In the financial regulations there is the requirement in services for:

-
- All employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
 - To consult with the Director of Finance and Resources on any matter within their area of responsibility that is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting the matter to a Cabinet member.
 - To supply the Director of Finance and Resources with all information necessary for the proper administration of the Council's affairs.

This includes projects (such as Towns Fund, Levelling Up, Etc), Committee Reports, and external briefings. Time must be given for the correct consideration of financial aspects of reports and their consequences. **The Committee Service Team recently updated CMT of these requirements and timescales.** If reports are not delivered to these timescales they will not be forwarded on for Members to approve.

Finance should ensure that a nominated representative at the appropriate level has signed of the report and that the financial consequences are fully understood and properly reflected in the report.

E. Financial Training Requirements

This report has highlighted the following financial training requirements:

- Overall Financial
- Budget Management
- Purchasing Process Requirements
- Income Process Requirements
- Cash Receipting Requirements
- Member Financial Training Requirements

A detailed training plan is being designed to ensure all staff with financial responsibilities (Budget Holders, Head of Service, Cashiers, etc) have the knowledge to understand and manage the finances of the council within their area. That includes these Service Protocols.

There will also be financial training for Members so they can understand the Council's financial reports and other financial information, as well as being able to challenge the information provided to ensure the proper running of the Council's. This generally happens in May and June following elections.

BROMSGROVE DISTRICT COUNCIL

**Audit, Standards & Governance Committee
2023**

1st June
