



FINANCIAL PROCEDURE RULES

1. INTRODUCTION

- 1.1** To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.
- 1.2** The Financial Procedure Rules provide clarity about the financial accountabilities of individuals – Members – the District Executive – the Chief Executive – Strategic Directors, the Assistant Director Legal & Corporate Services, the Assistant Director Finance & Corporate Services, other Assistant Directors/ Managers and all other officers of the Council.
- 1.3** The Council has established other internal regulatory documents: these should all be viewed in the context of the Council's Constitution, and are set out in Part 4 of that document. The Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are followed.
- 1.4** It is not possible to draft procedure rules to cover every eventuality or circumstance. Consequently, the principles of sound financial management, proper exercise of responsibility and accountability, as set out in this document should be applied in all circumstances.
- 1.5** The following general principles apply:-
- there should be adequate and understood separation of duties so as to maintain adequate control over all financial transactions and operations;
 - there should be a clear hierarchy of control;
 - there should be adequate training and supervision of staff and there should be adequate management and audit trails;
 - there should be adequate management of risks and additional checks where there are high levels of risk;
- operational financial procedures should be clearly documented, key risks identified, and such documents kept up to date and there should be adequate business continuity plans in place to maintain effective administration of the Council's finances at all times.
- 1.6** Financial Procedure Rules apply to every member and employee of the Council and anyone acting on its behalf.
- 1.7** Executive members and Directors should, where decision-making has been delegated to them, maintain a written record of all decisions. Where decisions have been delegated or devolved to other responsible officers, references to Directors in the rules should be read as referring to them.
- 1.8** All members and employees have a general responsibility for taking reasonable action to provide for the security of assets, funds and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.9** The Assistant Director Finance & Corporate Services is individually responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Audit Committee and then full Council for approval. She/he is also individually responsible for reporting, where appropriate, breaches to the Council, to the District Executive, or the Audit Committee. Strategic Directors and their staff are responsible for promptly notifying the Assistant Director Finance & Corporate Services of any breaches of these Financial Procedure Rules.
- 1.10** The Management Board is responsible for ensuring that all Managers are aware of the existence and content of the authority's Financial Procedure Rules, and other internal regulatory documents and that they are complied with by all employees. Strategic Directors and Assistant Directors shall also ensure that there is an adequate level of understanding of these rules within their teams and that copies are available for reference within their service area or are accessible via other media.



FINANCIAL PROCEDURE RULES

	Section	Description
1. FINANCIAL GOVERNANCE	1.1	Full Council
	1.2	District Executive
	1.3	Chief Executive (Head of Paid Services)
	1.4	Assistant Director Legal & Corporate Services (Monitoring Officer)
	1.5	Assistant Director Finance & Corporate Services (Chief Finance Officer)
	1.6	Chief Executive, Strategic Directors, Assistant Directors/Managers and Budget Holders
	1.7	Executive Members Exercising Budget Responsibility
	1.8	All Other Employees
	2. CASH LIMITS	2.1
2.2		Variation to Structures and Staffing Levels
2.3		Revenue Virement Rules
2.4		Revenue Under/Overspends
2.5		General Capital and Budget Monitoring
2.6		Bidding for Capital Resources
2.7		Purchase & Disposal of Plant & Vehicles
2.8		Capital Receipts
2.9		Capital Virement Rules
2.10		Monitoring the Capital Programme and Capital Projects
2.11		Capital Under/Overspends
2.12		Post Project Appraisals
2.13		S106 Funds
3. FINANCIAL CONTROL	3.1	General
	3.2	Annual Governance Statement
	3.3	South West Audit Partnership
	3.4	IT and Furniture Budgets
	3.5	Operational Leases
	3.6	Treasury Management
4. CONTRACTS	4	General
5. ORDERING	5	Payment of Invoices
	5.1	Corporate Credit Cards
	5.2	Procurement Cards
6. PAYROLL SERVICES	6.1	Appointment of Employees
	6.2	Amendments to Payroll
	6.3	Other Payments
	6.4	Timesheets
7. BANKING ARRANGEMENTS	7.1	General
	7.2	Cash and Cheques Received
	7.3	Money Laundering
	7.4	Payments by Direct Debits
	7.5	Direct Debits and Cheques Paid
	7.6	Handling of Cheques
8. INCOME	8.1	Income Collection
	8.2	Fees and Charges
	8.3	Write-off of Debts



FINANCIAL PROCEDURE RULES

		8.4	Cash Floats and Petty Cash
9.	IMPREST ACCOUNTS	9	
10.	RISK MANAGEMENT AND INSURANCES	10.1	Risk Management
		10.2	Insurances
		10.3	Notification of Loss
		10.4	Review
		10.5	Car Allowances
		10.6	Current Insurance
		10.7	Inventories
11.	STOCKS, STORES, FURNITURE AND EQUIPMENT	11.1	General
		11.2	Write Offs
		11.3	Stock Checks
		11.4	Corrections
		11.5	Disposal of Surplus Furniture and Equipment (including personal computers)
12.	CAR LOANS AND LEASED CARS		
13.	BUILDINGS, LAND AND PROPERTY	13.1	Asset Register
		13.2	Buildings, Land and Property Transactions
		13.3	Condition Surveys
		13.4	Asset Management Plans
		13.5	Custody of Deeds and Documents
		13.6	Security
14.	LOANS POLICY		
15.	EXTERNAL ARRANGEMENTS	15.1	Partnerships
		15.2	External Funding
		15.3	Grants to Outside Bodies
16.	BREACHES OF FINANCIAL REGULATIONS		
Appendix A			Officer contacts for further information



FINANCIAL PROCEDURE RULES

FINANCIAL GOVERNANCE

1.1 Full Council

- a. The full Council is responsible for approving the policy framework and the budget within which the Executive operates. This encompasses any medium and longer term plans for both revenue and capital. The policy framework shall also include approval of each annual revenue and capital budget and setting the Council Tax levy.
- b. It is also responsible for monitoring the budget including compliance with the authority's overall framework of accountability and control. If unallocated revenue balances fall below the risk assessed minimum requirement then full Council shall authorise any further use of those balances. Any use of capital balances greater than 5% of useable receipts in any one year shall be agreed by Council.

1.2 District Executive

- a. The District Executive is responsible for proposing the policy framework and detailed budget to the full Council and for discharging executive functions in accordance with the policy framework and budget agreed by full Council. The detailed budget should include the allocations to the various services and projects, proposed funding, including taxation levels, and minimum required levels of unallocated balances. District Executive can approve the use of unallocated balances subject to balances remaining at the risk assessed minimum requirements. Use of usable capital receipts up to a maximum of 5% of unallocated receipts can be approved in any one year.
- b. Where executive decisions are delegated to a committee of the District Executive, or an individual Executive member (Portfolio Holder), or a member of staff, that delegation will include the financial accountabilities relating to the administration of the budget and spending decisions.
- c. The relevant budget holder will be the employee with responsibility for the relevant service, policy, or project, unless the Executive specifically identifies to whom budget responsibility is delegated eg. to an Executive member.

- d. The Chief Executive, Strategic Directors or District Executive members who have responsibilities for budgets delegated to them will be accountable to the District Executive or full Council, as appropriate, for the use of delegated budgets and should report at least quarterly to their accountable body for the use of those budgets and on the latest budget position.
- e. The District Executive is responsible for ensuring individual Executive members with delegated powers consult with all relevant staff before taking decisions within their delegated authority, so that all implications, including financial implications are taken into account in the decision. The procedure for doing this is fully explained in The Decision Making Procedures folder.
- f. The District Executive will follow general good practice and comply with sound principles of accountability and effective management by delegating management and operational control normally to the Strategic Directors, Assistant Directors/Managers and other suitable officers wherever feasible and practical.
- g. It is the responsibility of the Executive or Executive member with delegated budget responsibility to consult with the Assistant Director Finance & Corporate Services over the availability of funds before committing the authority to expenditure.

The Statutory Officers

1.3 The Chief Executive

The Chief Executive is the Council's Head of Paid Service, and is responsible for the corporate and overall strategic management of the authority as a whole. This includes responsibility for establishing a framework for management direction, style, and standards and for monitoring the performance of the authority.

1.4 Monitoring Officer

- a. The Assistant Director Legal & Corporate Services is the Council's Monitoring Officer and is responsible for promoting and maintaining high standards of conduct, including financial conduct.



FINANCIAL PROCEDURE RULES

- b. The Monitoring Officer in conjunction with the Chief Finance Officer is responsible for advising the Executive, full Council, Audit and Scrutiny Committee about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- c. Actions that may be contrary to the budget include:
- initiating a new policy with additional unfunded budgetary implications;
 - committing expenditure in future years above the current year budget level or medium term plan;
 - incurring virement without approval or outside any limits set by Council;
 - causing total expenditure to increase above that stated in the budget approved by Council.
- g. Secure effective systems of financial administration and to provide appropriate financial information to enable budgets to be monitored;
- h. Manage the cash and investments of the Council in accordance with the relevant CIPFA Code of Practice and the Council's Treasury Management Strategy Statement and the Treasury Management Practices;
- i. Ensure that financial management arrangements are in line with the Council's policy objectives, the Council's overall governance arrangements and comply with any internally or externally set financial management standards;
- j. Advise the Council on the setting of its revenue and capital budgets and the adequacy of its reserves to meet possible future commitments and contingencies. It is the responsibility of the Assistant Director Finance & Corporate Services to advise the District Executive on the setting of budget guidelines, to ensure budget estimates reflect agreed service levels and any guidelines set by the District Executive, and to liaise with budget holders throughout the budget preparation process;

1.5 Chief Finance Officer

The Assistant Director Finance & Corporate Services is the Council's Chief Finance Officer or Section 151 Officer, and is responsible for the proper administration of the Council's financial affairs and shall:

- a. Advise the Council on insurance and financial risk;
- b. Advise the Council on effective systems of internal control;
- c. Ensure that there is an effective system of internal financial control;
- d. Advise the Council on anti-fraud and anti-corruption strategies and measures;
- e. Present each year's Statement of Accounts to the Audit Committee subsequent to external audit and submit to the appropriate departments of central government any associated grant claims. This includes responsibility for selecting and consistently applying accounting policies, determining accounting procedures and records, and ensuring compliance with relevant Accounting Codes of Practice;
- f. Ensure that there is an effective internal audit function and assisting managers to provide effective arrangements for financial scrutiny;
- k. Discharging statutory duties under Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Accounts and Audit Regulations 2003, and the Local Government Act 2003;
- l. Advise the District Executive and full Council on prudent levels of reserves for the Council and on the robustness of the Revenue and Capital Budgets;
- m. Advise the District Executive, the Chief Executive, the Strategic Directors, and Assistant Directors/ Managers on all taxation issues that affect the Council;
- n. Ensure the effective billing, collection and recovery of all sums due to the Council, in accordance with the Debt Recovery Policy.

1.6 Chief Executive, Strategic Directors, Assistant Directors and Budget Holders



FINANCIAL PROCEDURE RULES

- a. All budgets agreed by the Council will be delegated for management purposes to a named employee of the Council. Each named employee shall:
- b. Ensure that the financial content of all reports, forms and procedures is approved by the Assistant Director Finance & Corporate Services (or a named representative within the Financial Services Team);
- c. Report any irregularities concerning the Council's financial affairs to the Assistant Director Finance & Corporate Services or Group Auditor at the earliest possible opportunity. The provisions of the Council's Whistle Blowing Policy shall also be followed where relevant;
- d. Ensure that there are sufficient funds available in their cash limited budget **before** commitments are entered into;
- e. Consult with the Assistant Director Finance & Corporate Services **prior** to submitting to the District Executive or any Committee any report that may have financial implications;
- f. Ensure that the Council's Standing Orders, Procurement Rules, and Human Resources Rules and procedural notes are complied with together with all applicable statutes, regulations, and best practice;
- g. Monitor and control expenditure against budget allocations and report to the District Executive quarterly in conjunction with the Assistant Director Finance & Corporate Services on variances and the action being taken to address them;
- h. Maintain systems of control that facilitate the achievement of the Council's objectives by using resources economically, efficiently, and effectively and by safeguarding the authority's assets and interests;
- i. Review and appraise their operations so as to achieve continuous improvement;
- j. Liase with the Council's external auditor and any other inspectorate with statutory rights of access.
- k. All compensation payments shall be authorised in accordance with the limits set in the Constitution (see Scheme of Delegation). The relevant Director to report

to the Management Board annually on the number and value of payments made.

- l. Maintain systems, procedures and sufficient resources to ensure that collection and recovery of all sums due to the Council follow the Debt Recovery Policy.

1.7 Executive Members Exercising Budget Responsibility

Where an Executive Member exercises budget responsibility they shall comply with the provisions of section 1.6 above and all related Financial Procedure Rules.

1.8 All Other Employees

All other employees of the Council have a responsibility to:

- a. Report any irregularities concerning the Council's financial affairs to the Assistant Director Finance & Corporate Services or the Group Audit Manager-SWAP at the earliest possible opportunity. The provisions of the Council's Whistle Blowing Policy and the Anti Money Laundering Policy shall also be followed where relevant;
- b. Ensure that the Council's Standing Orders, Financial Procedure Rules, Procurement Procedure Rules and procedural notes are complied with.

2 CASH LIMITS

2.1 General and Budget Monitoring

- a. Delegation of cash limits shall be in accordance with the Scheme of Delegation.
- b. Delegation of cash limits is to the Chief Executive, Strategic Directors or Assistant Directors. The Chief Executive and each Strategic Director or Assistant Director should prepare a full list of delegations at the beginning of each financial year and submit this to the Assistant Director Finance & Corporate Services. Any Assistant Directors, the Chief Executive, or Strategic Director when delegating budgets shall ensure that the delegation is made to a suitable officer and that she/he has been given the appropriate training necessary. Directors shall not delegate responsibility for employee budgets to other officers.



FINANCIAL PROCEDURE RULES

- c. Accountability for appropriate budgets shall be held at Chief Executive, Strategic Director, or Assistant Director level.
 - d. Cash limits can only be varied in accordance with these Financial Procedure Rules. Support service recharges will not be included in cash limits. These costs will be shown as "below the line" and will be managed as cash limits by the relevant support service Assistant Directors.
 - e. Budget monitoring is the responsibility of each Strategic Director or Assistant Director. Where there is likely to be a significant variation between the budget and actual expenditure the Assistant Director Finance & Corporate Services shall be notified as soon as possible including an action plan to rectify the situation where appropriate.
 - f. Budgets must be managed and monitored at nominal code level. (The nominal code describes what the money is being spent on) Virements must be requested where insufficient funds are available at nominal level. Virements are required where the variance is greater than £1,000.
 - g. Budget monitoring reports shall be considered monthly by Management Board and quarterly by the District Executive.
 - h. Centrally recharged support services are the responsibility of the appropriate Strategic/Assistant Director, who will provide a clear analysis of the services being recharged. No virements can be made between support service recharges and other cash limits.
 - i. The Council has a statutory responsibility to produce a Statement of Accounts and all budget holders shall comply with the accounts closedown timetable produced by the Assistant Director Finance & Corporate Services.
- proposing restructures shall liaise with both Finance and Human Resources to agree overall cost implications and HR process and procedure. Directors shall ensure they have included the cost implications of the Council's severance scheme, and that these costs are verified by the Assistant Director Finance & Corporate Services. The restructure shall be calculated at the top of the grade, include all potential redundancies and/or early retirements and salary protections, and then be compared to the previous structure. Where there are any actual or potential additional costs associated with restructuring proposals that may commit the Council to increased expenditure in future years, agreement shall first be sought from the Management Board and District Executive outlining the method of financing.
- b. Directors shall not enter into or change a contract of employment, including the grading of a post without prior consultation with the Human Resources Manager.
 - c. Directors shall adhere to the Council's personnel policies and personnel delegations, including the proper use of appointment procedures, systems for determining remuneration and the method used to make payments to employees.

2.2 Variations to Structures and Staffing Levels

- a. Within the total cash limit approved by the Council each year, the Strategic Directors or Assistant Directors shall be entitled to vary the numbers and composition of their workforce in order to meet service requirements, **provided such variations do not commit the Council to increased expenditure in future years and subject to Management Board approval.** Directors

2.3 Virement Rules

- a. Full Council is to approve the detailed budgets for each Service as defined in Appendix B (Detailed Budget Analysis) of the Annual Budget Report. There are separate totals of income and expenditure for each service.
- b. District Executive have delegated authority to approve virements between services within the overall net budget total and have agreed the following flexibilities and freedoms:-

Directors/Managers

- c. Strategic/Assistant Directors & Managers, can increase their expenditure by up to £10,000 in one financial year for goods purchased for resale with a matching increase in income budgets **provided that** the Assistant Director Finance & Corporate Services approves the proposal in advance.
- d. Strategic/Assistant Directors & Managers can increase their income on services by up



FINANCIAL PROCEDURE RULES

to a maximum of £10,000 in one financial year. This is **provided that** the Assistant Director Finance & Corporate Services approves the fully costed proposals.

- e. Strategic/Assistant Directors & Managers can authorise any budget virement within each individual service of their responsibility (as defined by Appendix B), except the 'employees' budget, **provided that** the Assistant Director Finance & Corporate Services is notified in advance.
- f. Strategic/Assistant Directors can authorise any budget virement to or from the 'employees' budget **provided that** Assistant Director Finance & Corporate Service's approval is obtained in advance.
- g. Strategic/Assistant Directors can increase their budgets in respect of 100% externally funded staff provided that HR has agreed the contract terms and that the Assistant Director Finance & Corporate Services is notified in advance. Any additional once off costs associated with that member of staff shall be financed at the outset and provision made for possible redundancy costs.
- h. Strategic/Assistant Directors & Managers can approve virements between services within their areas of responsibility up to a maximum of £25,000, provided that the Assistant Director Finance & Corporate Services is notified in advance.

Practical examples of the virement rules are shown in the following table:

From	To	£	Approval	Reason
Ham Hill cost centre for printing	Ham Hill Cost centre for tools	50k	Director/ Manager and Assistant Director Finance & Corporate Services.	Within an individual cost centre any amount allowed.
Ham Hill cost centre for printing	Octagon cost centre for printing	20k	Director and Assistant Director Finance & Corporate Services, reported to DX.	Within an overall Directorate, up to £25k allowed.
Ham Hill	Procure	15k	Portfolio	Different

cost centre for printing	ment cost centre for printing		holder and Assistant Director Finance & Corporate Services, reported to DX.	services but within same portfolio up to £25k allowed.
Ham Hill cost centre for printing	Legal Cost centre for court costs	3k	Written Approval by DX.	Different services different portfolio.

- i. Movements to and from specific reserves and earmarked balances can be actioned by the relevant Assistant Director/Manager provided that the use is for the purpose previously agreed by Members. All such transfers shall be reported to District Executive for noting.
- j. All budget virements properly approved shall be actioned in Cedar (the Council's financial ledger) only by the Financial Services Team.

Elected Members

- k. Portfolio Holders can approve virements between services within their areas of responsibility, up to a maximum of £25,000 per virement, **provided that** all such approvals are agreed with the Assistant Director Finance & Corporate Services and reported to the District Executive for noting.
- l. Area Committees can approve virements between their reserves and budgets up to a maximum of £25,000 per virement, **provided that** all such approvals are reported to the District Executive for noting. (in accordance with the constitution)

2.4 Revenue Under/Overspends

- a. Assistant Directors/ Managers shall ensure that budgetary control is maintained.
- b. District Executive can approve an overspend of a maximum of £25,000 to be carried forward to the following financial year.
- c. Where overspendings occur on delegated budgets that cannot be covered by savings



FINANCIAL PROCEDURE RULES

or under-spending elsewhere they **shall** be reported to the District Executive and earmarked from balances. All service overspend over £50,000 shall be fully explained within the budget monitoring process to District Executive with a recovery action plan where appropriate.

- d. Assistant Directors/ Managers can request that specific underspendings (within a minimum of £5,000 for any specific purpose) to be carried forward to the same budget heading in the following year. This will be subject to approval of the District Executive as corporate needs require.

2.5 Capital General and Budget Monitoring

- a. A five-year Capital Programme is to be prepared and reviewed annually to confirm the Capital Budget for each financial year.
- b. The Assistant Director Finance & Corporate Services will be responsible for compiling the Capital Budget and the 5-year Programme including the associated capital financing, in consultation with Management Board and Assistant Directors/ Managers for consideration by the District Executive prior to submission to full Council. The programme will include:
- committed schemes that are in the process of completion;
 - schemes for replacement/maintenance of existing assets;
 - new starts for the following years;
 - receipts from expected sales of assets and;
 - external contributions expected.

- c. District Executive will set cash limits for the Capital Budget provisionally in December, based on resources available. New starts for the following year shall be submitted to District Executive for approval in accordance with the annual budget setting timetable. New schemes that are for urgent works, outside of the timetable will be considered by the Management Board and reported to District Executive (with proposed funding), together with proposals for funding of those works including the revenue implications.

- d. The Capital Programme will be monitored quarterly by District Executive and the appropriate Area Committee, where monitoring has been delegated. All Area Development Managers and the Assistant Director Finance & Corporate Services shall ensure that the area capital programmes should be reported in the same format as the district capital programme.
- e. The Assistant Director Finance & Corporate Services in consultation with Responsible Officers and the Management Board will prepare the quarterly monitoring reports to the District Executive and Area Committees.
- f. All schemes must follow the process below 2.6 even when the scheme is fully externally funded.

2.6 Bidding for Capital Resources

- a. Schemes where appropriate shall have completed a feasibility study before submission to Area Committees or District Executive. All schemes requiring Feasibility Funds require approval by Management Board and then District Executive.
- b. There is a de-minimus value of £10,000 for each Capital Scheme, £250 for Capital Grants, and £10,000 for capital receipts.
- c. During the annual budget setting process, decisions will be made on which new schemes are to be included in the following year's Capital Budget and 5 year Programme. Capital Investment Appraisal forms, through the project management methodology, can be submitted to the Assistant Director Finance & Corporate Services at any time during the year but will be considered by Management Board in September each year for onward approval by District Executive and full Council.
- d. Proposals shall be clearly linked to the Council Plan and any relevant Service Plans. All appraisals shall first be approved by the Project Resource Group and submitted on the appropriate forms. The Project Resource Group shall ensure that all proposals:
- are allocated a unique reference number;
 - the expected outcomes are clear;
 - include any revenue implications;



FINANCIAL PROCEDURE RULES

- include the estimated staff resources required to carry out the project;
- a risk assessment is made of the project;
- allocate the type of project and therefore the requirements placed upon that project until completion;
- have a source of finance identified. Where the approved expenditure is dependent on a specific capital receipt the scheme cannot start until the income has been received unless District Executive approval has been obtained;
- Include the details of "Whole Life Cost" of the asset.

"Save to Earn" schemes may be submitted using a "Save to Earn" Scheme Investment Appraisal form and can be submitted to the Assistant Director Finance & Corporate Services at any time during the year. Any "Save to Earn" scheme shall show that the income generated or the costs saved from the scheme at least equal the loss in revenue interest from the capital sum spent. The risks involved and break-even point shall be clearly laid out before being considered by District Executive. Any loss in revenue before the scheme can generate income shall be clearly outlined and sourced by the Responsible Officer.

- e. Any ICT bids for replacement IS systems shall be approved by the Management Board and the District Executive. Comments and recommendations shall be included from the relevant Assistant Director or Strategic Director and then cleared by Financial Services. The District Executive can approve both the capital and revenue implications of each capital scheme within the budget set by full Council.

f. Infrastructure Projects must follow the process agreed and all proposals must:-

- include clear expected outcomes;
- provide a business case to include the capital and revenue implications and a profile of spend and income;
- Include the estimate of staff resource to carry out the project;

- Include a risk assessment.

- g. The capital investment appraisal form shall disclose any revenue consequences. If these cannot be absorbed by the service a request shall be made to District Executive for additional resources.
- h. Each approved scheme will be the responsibility of a named Responsible Officer, who shall monitor the scheme's progress and report accordingly.
- i. Internal borrowing is delegated to the Assistant Director – Finance and Corporate Services for assets purchased by the authority and recharged to services within the approved budget.

2.7 Purchase & Disposal of Plant & Vehicles over £10,000

- a. When an Assistant Director/Manager judges that a vehicle or item of plant is required they shall outline in writing to the Strategic Director (Operations & Customer Focus) their request, detailing:
- The need for the vehicle or plant;
 - Whether it replaces redundant vehicles or plant;
 - The registration number/description of the redundant item, likely income and a proposal for disposal;
 - The value of the purchase;
 - funding source
 - A business case, if appropriate.
- b. The Assistant Director/Manager shall review at six monthly intervals the leases of vehicles and plant held within their service and reports any action necessary to the Strategic Director (Operations & Customer Focus).
- c. Once authorised by the Strategic Director (Operations & Customer Focus), the request to purchase/dispose shall be passed to the Assistant Director Finance & Corporate Services. The Assistant Director Finance & Corporate Services shall ensure that there is sufficient budget as outlined and calculate whether a lease or purchase through internal borrowing is the best financial option.



FINANCIAL PROCEDURE RULES

Assistant Directors/ Managers shall ensure that Financial Procedure 3.5 Operational Leases is complied with. This also includes the written advice of the Procurement & Risk Manager.

- d. During the annual budget cycle each Assistant Director/ Manager shall list the items currently leased and replacement programme to the Assistant Director Finance & Corporate Services to ensure that sufficient funding is available each year.

2.8 Capital Receipts

- a. All Assistant Directors/ Managers shall inform the Assistant Director Finance & Corporate Services of all expected capital receipts as soon as they are identified. Where an asset is to be sold the Assistant Director Environment shall be consulted and a sale of asset pro forma submitted to District Executive for approval where the value is more than £10,000.

2.9 Virement Rules – Capital

- a. All contributions made from revenue budgets to capital budgets (other than those purely made for accounting adjustments such as accounting for leases) shall be approved by the relevant committee and authorised on the appropriate form by the Assistant Director Finance & Corporate Services or nominated representative.
- b. The Assistant Director Finance & Corporate Services (or nominated representative) will consult with Responsible Officer in order to prepare a quarterly monitoring statement for reporting to District Executive and the appropriate Area Committee. If, during the progress of approved schemes, it appears to the Assistant Director Finance & Corporate Services that there is a significant variation then virement can (subject to District Executive approval) be made **from** another scheme within the Corporate or Area totals. All such proposed virements shall be reported to the District Executive for approval.

2.10 Monitoring the Capital Programme and Capital Projects

- a. Where Responsible Officers require schemes to be re-phased between years they shall notify the Assistant Director Finance &

Corporate Services at least quarterly so that the overall financing of the Capital Programme can be maintained and investment income maximised.

- b. Progress on each project and funding projections must be submitted to the Assistant Director Finance & Corporate Services quarterly. This must include any slippage in the project timetable and spend with the actions being taken if necessary to bring the project back in line.
- c. Projects should be managed and monitored using the Council's Project Management Methodology and regular reports made to each Project Sponsor for monitoring purposes.
- d. Any projects amended between approval and implementation must be resubmitted to the District Executive for approval. This includes projects that have received further external financing to meet additional costs over a demimus of £10,000.

2.11 Capital Under/Overspends

- a. Underspends against budgets will be carried forward in the following year if the project has commenced before the year-end. District Executive or the appropriate Committee will decide at the year end whether projects that have a delayed start date of more than one year can continue.

2.12 Post Completion Appraisals

- a. On completion of a project the Responsible Officer will prepare a report in consultation with the Assistant Director Finance & Corporate Services (or nominated representative) stating how the project has performed against its set objectives. This will be reported as part of the outturn report to District Executive each year.

2.13 S106 Funds

- a. All S106 funds over £10,000 will be included **if appropriate** in the capital programme once received and included within a quarterly monitoring statement for reporting to District Executive.

3. FINANCIAL CONTROL

3.1 General



FINANCIAL PROCEDURE RULES

- a. All accounting systems, procedures and records shall be subject to the approval of the Assistant Director Finance & Corporate Services. Changes to existing systems and the introduction of new systems shall also be approved by the Assistant Director Finance & Corporate Services.
 - b. All accounts and reports shall be prepared in accordance with these Financial Procedure Rules and in conformity with any Government Regulations and CIPFA Codes of Practice and any other professional guidance held to represent best practice.
 - c. The Chief Executive, Strategic Directors, and all Assistant Directors/ Managers are responsible for specifying the budget requirements for their cost centre in accordance with the cash limit rules and the timetables established by the Assistant Director Finance & Corporate Services. Directors & Managers should seek the advice of the Assistant Director Finance & Corporate Services, or nominated representative, to ensure that budgets are compiled in accordance with the financial policies agreed by the Council.
 - d. The Directors & Managers are responsible for the proper operation of financial processes within their group of services.
 - authority to enter any Council premises or land;
 - authority to access all Council records, documents and correspondence;
 - receive explanations from employees and members on any matter that they are reviewing or investigating.
- c. Such authority will not be used unreasonably.
 - d. All thefts and break-ins to Council property shall be reported to the South West Audit Partnership Ltd at the earliest possible opportunity.
 - e. Where officers enter into agreements with partners that involve financial contributions from the Council, those agreements shall give the South West Audit Partnership Ltd authority to examine the financial accounts of the partner.

3.2 Annual Governance Statement

South Somerset District Council is required to publish an annual Governance Statement at the end of each financial year. The Chief Executive, Strategic Directors and Assistant Directors/Managers shall annually sign and evidence that the internal controls within their service area are regularly monitored and reviewed.

3.3 South West Audit Partnership Ltd

- a. The general standards for Internal Audit shall be those of the Institute of Internal Auditors (IIA) in conjunction with Public Sector Internal Audit Standards (PSIAS). The South West Audit Partnership Ltd Manager shall compile an Annual Audit Plan to be approved by the Audit Committee.
- b. To assist in the objectivity and independence of the South West Audit Partnership Ltd, all audit employees have:

3.4 IT and Furniture Budgets

All IT purchases, stationary, and furniture budgets are held and controlled through the Procurement & Risk Manager. The manager has produced a specific procedure for new or the replacement of such items. Purchase of IT equipment and furniture shall follow the procedure as set by the Procurement & Risk Manager including consultation with the relevant Director.

3.5 Operational Leases

- a. The Assistant Directors/Managers may enter into an operational lease for equipment provided that the Assistant Director Finance & Corporate Services has confirmed in writing that the method of finance is appropriate for the asset concerned. Procedure 2.7 Purchase and Disposal of Plant & Vehicles over £5,000 shall be followed where appropriate. Assistant Directors/Managers may not enter into a lease without first taking written advice from the Procurement & Risk Manager. The Assistant Directors/Managers shall ensure that charges arising from such arrangements can be met from the delegated cash limit for current and future years.
- b. Virements from capital to revenue budgets cannot occur. The Assistant Director



FINANCIAL PROCEDURE RULES

Finance & Corporate Services will advise on whether expenditure is revenue or capital.

3.6 Treasury Management

- a. The Council has adopted the CIPFA Code of Practice for Treasury Management in Local Authorities, and prepared a written statement of Treasury Management Practices, which include the main principals that the Council follows and detailed schedules of operational procedures.
- b. A Treasury Management Strategy Statement setting out the main principles shall be adopted by the Council once reviewed at the beginning and middle of each year by the Audit Committee.
- c. The Council has set a range of Prudential Indicators as required by the Prudential Code. These shall be reviewed regularly and any revisions shall also be subject to Council approval.
- d. All executive decisions on borrowing, investment or financing shall be delegated to the Assistant Director Finance & Corporate Services, or to nominated finance employees in accordance with Treasury Management practices. All employees are required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities and the Council's Treasury Management Strategy Statement and comply with the Treasury Management Practices.
- e. The Assistant Director Finance & Corporate Services will provide an activity monitoring report at least three times per annum to the Audit Committee (including the mid year review of the Treasury Management Strategy Statement). In addition to this provide an annual report on Treasury Management activity in the previous year by no later than 30th June to the Audit Committee and by the 30th September to full Council.
- f. All investments shall be made in the name of the Council or its approved nominees.
- g. All financial balances in the possession of the Council shall be controlled by the Assistant Director Finance & Corporate Services.

4. CONTRACT

4.1 General

All employees shall comply with the Procurement Procedure Rules. The rules are available through the Procurement Team.

5. PAYMENT OF INVOICES

- a. The Assistant Director Finance & Corporate Services shall make arrangements for the payments of all monies due from the Council, which shall comply with statutory provisions in force.
- b. Invoices to be paid shall not be made out by employees of the Council, except in any case or category of case agreed by the Assistant Director Finance & Corporate Services in advance. Employees shall not add any item to an invoice and only invoices that are in permanent ink or print shall be accepted. Copy invoices shall be clearly marked by the employee who authorises payment with a certification that the invoice has not previously been paid.
- c. Where an order has been raised for goods and services (see Procurement Procedure Rules) the invoice must be matched with the order. In most circumstances, it is appropriate for an official order to be raised. Any exceptions to this should be documented.
- d. All suppliers shall be asked to quote on all invoices the name of the group and section, the order number and the place where the work was done or goods delivered.
- e. Any amendments to invoices shall be made in ink and the reason clearly stated. If the invoice bears VAT then amendments are not acceptable and the invoice shall be returned to the supplier or a credit note obtained.
- f. No payment is to be made on the basis of a supplier's statement of account.
- g. The Chief Executive, Strategic Directors and Assistant Directors/Managers (or other delegated employees) shall be responsible for the verification and certification of all payments from their own budgets only. Certification means a manual signature or a computerised authorisation as required by the Council's Cedar Financial Management System. The certification by, or on behalf of the Assistant Directors/Managers shall be regarded as an assurance that:



FINANCIAL PROCEDURE RULES

- value has been received and accounted for in the opinion of the Chief Executive, Strategic Directors and Assistant Directors/ Managers;
 - expenditure complies with the Procurement Procedure Rules and Financial Procedure Rules in force at the time;
 - the document presented to support the payment is correctly priced and the invoice has not been previously passed for payment;
 - all trade and prompt payment discounts have been deducted (where appropriate);
 - VAT has been properly accounted for in accordance with the HM Revenues and Customs regulations applicable at the time.
 - Expenditure and income is posted to the appropriate nominal codes on Cedar to ensure that the financial system reflects the correct nature of the expenditure/income incurred.
- h. Where the same person raises the order and authorises the payment, a second person shall input details of the transaction into the Council's Cedar Financial System.
- i. The Chief Executive, Strategic Directors and Assistant Directors/Managers can authorise any payments within their area of responsibility, and are allowed to delegate payments of up to £100,000 to their supporting officers by the process described in (i).
- j. A list of those employees authorised to certify all types of expenditure (including those authorisers via the Council's Cedar Financial System) shall be prepared and signed by the Strategic Directors or each Assistant Director/Manager and copies forwarded to the Assistant Director Finance & Corporate Services together with specimen signatures and initials. The lists shall be kept fully up to date by the Strategic Directors and Assistant Directors/Managers and all changes notified as soon as possible.
- k. Where invoices are authorised on line via the Council's Exchequer Services the Assistant Directors/Managers shall ensure the due date is in accordance with the invoice terms or the Council's payment policy. This requires that all undisputed invoices for goods and services supplied should be paid within 10 working days of their receipt by the Council.
- l. Invoices shall be kept for 6 months at the various locations and then forwarded to the Exchequer Team for CD conversion. The Exchequer Team will retain the CD copy in a secure and accessible manner.
- m. The CDs will be retained by the Exchequer Team for 6 years from the date of the invoice and then destroyed.
- n. As soon as possible after 31 March each year, Assistant Directors/Managers shall notify the Financial Services Team of all outstanding expenditure relating to the previous financial year. When such expenditure is subsequently certified for payment it shall be identified as required by the Assistant Director Finance & Corporate Services.
- o. The Assistant Director Finance & Corporate Services shall publish detailed closedown procedures each year.

5.1 Corporate Credit Cards

The Assistant Director Finance & Corporate Services and the Chief Executive are required to authorise the issue of a corporate credit card. The card shall only be used for business purchases. Receipts for all transactions shall be passed to Financial Services for reconciliation to the monthly statements.

5.2 Procurement Cards

The issue and use of a procurement card shall be in accordance with the Procurement Card Rules. These Rules are available from the Procurement Team.

6 PAYROLL SERVICES

6.1 Appointment of Employees

The appointment of all employees shall be made in accordance with the procedures set out in the Employment Policies and Procedures Manual. The Assistant Directors/Managers shall complete a replacement post form signed off by the appropriate accountant and Director/Chief Executive to ensure that there is sufficient budget provision and necessity for the post.



FINANCIAL PROCEDURE RULES

6.2 Amendments to Payroll

The Strategic/Assistant Directors shall notify the Human Resources Manager as soon as possible, in the prescribed form, of:

- all appointments, promotions, resignations, retirements, dismissals and suspensions from duty;
- all transfers between services within the control of the Strategic/Assistant Directors;
- all periods of sickness and absence, except normal annual leave;
- all changes in remuneration of employees, except normal increments;
- all payments for compensation and any other emoluments to any employee;
- such other information as may be required by the HR Manager in connection with the calculation and payment of pay related expenditure.
- All leavers should be immediately reported to the ICT Manager to enable their access to be cancelled on the financial system.
- The Strategic/Assistant Directors are also required to contact the ICT Manager and the Revenue and Benefits Manager to identify if there is any outstanding debt owing to the Council. If this is the case, the Strategic Director or Assistant Director shall then instruct payroll to deduct any debt from the last salary payment.
- The Financial Systems support team will circulate at least once a year an up to date list of Cedar users and access levels to the Strategic/Assistant Directors, who will be required to sign and return this list, noting any amendments.

6.3 Other Payments

- a. All travelling, subsistence, financial loss, and any other reimbursements to employees shall be paid through the payroll system and in accordance with the detailed arrangements required by the Assistant

Director Finance & Corporate Services and approved by the Council. In special cases a payment can be made through BACS.

- b. All travelling claims from both Officers and Members shall be submitted on the appropriate form monthly to payroll by the 5th working day of the month, together with appropriate VAT receipts to cover the mileage claimed. All high mileage claims over 300 miles per month shall be submitted monthly, claims under 300 miles per month shall be submitted at least quarterly.
- c. Valid insurance (showing cover for business use) must be provided before new starters to the authority can claim mileage and then annually to payroll. Travel payments will cease until this information is provided.
- d. All payments for allowances, travel and subsistence etc. to elected members shall be paid through the payroll system and in accordance with the detailed arrangements required by the Assistant Director Finance & Corporate Services and approved by the Council.

6.4 Time Sheets

- a. All timesheets and records for overtime, expenses etc. shall be in a form approved by the Assistant Director Legal & Corporate Services. All claims shall be submitted at least quarterly. Any claims submitted outside of this time limit (without the approval of the Chief Executive) will not be paid.
- b. The standard procedure for employees leaving the Council, or transferring to another post shall be followed in all cases. These procedures are laid down in the **Employment Policies and Procedures Manual**.

7 BANKING ARRANGEMENTS

7.1 General

- a. All arrangements with the Council's bankers concerning the Council's bank accounts and partnership accounts which the Council manages on behalf of any partnership, and the issue and deposit of cheques shall be made through the Assistant Director Finance & Corporate Services.



FINANCIAL PROCEDURE RULES

- b. The Assistant Director Finance & Corporate Services shall be authorised to operate such subsidiary bank accounts as deemed necessary. All amendments/ changes to these arrangements shall be reported to the District Executive.
- c. Any overdraft on the Council's bank accounts shall be kept within the limits set out in the Treasury Management Strategy Statement. Bank accounts shall be reconciled by the Assistant Director Finance & Corporate Services at intervals no longer than one month and kept up to date.

7.2 Cash and Cheques Received

- a. All monies received on behalf of the Council shall, without delay, be banked in the Council's name in accordance with the instructions of the Assistant Director Finance & Corporate Services. Post dated cheques will not be accepted.
- b. There shall be separation of duties between receiving and paying out monies. Employees who collect cash shall not be involved in the maintenance of cash and deposit books or other financial records in respect of that cash. This requirement can only be accepted on the written approval, in advance, of the Assistant Director Finance & Corporate Services.
- c. Post that may contain income shall be subject to control by not less than two persons from the point of delivery through to the receipt of a signature at the cash desk. The Assistant Director Finance & Corporate Services will issue detailed written instructions for the handling of postal income and these instructions shall be adhered to at all times.
- d. Where a person or body claims to have made a payment which has not been credited to their account, the Senior Cashier, or in his/her absence another senior employee, shall follow the agreed procedure immediately.
- e. All copies of cancelled receipts shall be retained for inspection.
- f. Assistant Directors/Managers are responsible for ensuring the control, monitoring and regular banking of daily

receipts arising from cash collection points under their control. The Assistant Director Finance & Corporate Services will provide detailed procedure notes which shall be adhered to at all times.

7.3 Money Laundering

- a. The Council has a nominated officer in respect of Money Laundering (MLRO). The MLRO is the Assistant Director – Finance and Corporate Services.
- b. Any transaction involving an unusually large amount of cash should cause questions to be asked about the source. This may particularly be the case where cash paid exceeds the amount needed to pay the transaction and a refund is requested but not in cash form. Any suspicious transaction in cash over £10,000 should be directly reported to the Money Laundering Responsible Officer and Money Laundering procedures followed.
- c. Any property or assets purchased from this Council shall be properly traced to the source of funds. Any suspicious transaction shall be reported to the Money Laundering Responsible Officer.

7.4 Payments by Direct Debit

- a. All agreements with banking organisations regarding direct debits shall be approved by the Assistant Director Finance & Corporate Services.
- b. Any telephone lines used to transmit confidential banking information regarding the Council's customers shall meet security standards approved by the ICT Manager. The ICT Manager shall ensure that direct debits requested from banks are made on the dates specified by the Senior Cashier.

7.5 Direct Debits and Cheques Paid

- a. All cheques and direct debit mandates drawn on bank accounts of the Council shall:
 - be signed only by the Assistant Director Finance & Corporate Services or other employee authorised by the District Executive to sign on behalf of Assistant Director Finance & Corporate Services;



FINANCIAL PROCEDURE RULES

- bear the name of the Assistant Director Finance & Corporate Services as produced by the Council's computers where this has been specifically agreed by the Assistant Director Finance & Corporate Services.
- b. The Assistant Director Finance & Corporate Services shall arrange for such safeguards as are deemed necessary and practicable, including the separation of duties, so that as far as possible the following procedures are the responsibility of separate employees:

- the checking of creditors' accounts;
- the control of cheques;
- the preparation of cheques;
- the signature of cheques;
- authorisation procedures for electronic payments (BACS, CHAPS);
- the entry of the cash account;
- the reconciliation of bank balances.

7.6 Handling of Cheques

The list of outstanding cheques shall be examined at least monthly by the Exchequer Services and reasons sought for cheques that have not been cashed. Cheques, which have not been cashed six months after the date of issue, shall be cancelled.

8 INCOME

8.1 Income Collection

- a. Arrangements for the collection of all monies due to the Council shall be subject to the control or approval of the Assistant Director Finance & Corporate Services.
- b. Assistant Directors/ Managers shall maintain such information in connection with the work done, goods supplied or services provided so that a correct record of all sums due is maintained. Wherever possible income due should be collected in advance. Assistant Directors/Managers, shall ensure that individual sundry debtors are raised as soon as possible but no later than **five** working days from the delivery of goods or provision of services, unless specified terms have been agreed by the Assistant Director Finance & Corporate Services.

- c. Monthly and where appropriate quarterly accounts should be produced five working days after the month or quarter's end. Assistant Directors/Managers shall record promptly, within the Council's Sundry Debtor System, all money due to the Council. The records shall include details relating to contracts, leases and other agreements and any arrangements entered into which involve the periodic receipt of money by the Council.

8.2 Setting Fees and Charges

In line with the budget setting timetable all fees and charges shall be reviewed annually by each Strategic Director and Assistant Director/Manager in consultation with the Assistant Director Finance & Corporate Services. All changes to such charges shall be agreed in advance with the Assistant Director Finance & Corporate Services and recorded annually within the Fees and Charges Register. The Register will be published on the Council's website and it is the responsibility of each Strategic Director and Assistant Director/Manager to notify the Assistant Director Finance & Corporate Services of any changes made in addition to the annual review.

8.3 Writing Off of Debts

- a. Any debts written off shall be in accordance with procedures approved by District Executive. Debts of less than £100 can be written off with the approval of the Finance Manager (Deputy S151 Officer). Debts over £100 (including cumulative invoices) but less than £20,000 can be written off with the approval of the Assistant Director Finance & Corporate Services; Write off of debts over £20,000 shall require approval of the Portfolio Holder- Finance & Spatial Planning after liaising with the relevant Ward Member **where appropriate**. The Assistant Director Finance & Corporate Services is responsible for reviewing these procedures annually with the Portfolio Holder- Finance and Spatial Planning and advising District Executive of any recommended amendments.
- b. The Assistant Director Finance & Corporate Services shall promptly create and submit debtors' accounts in accordance with the information recorded by Assistant Directors/Managers, on the Sundry Debtor System. The recovery of all debts shall be in accordance with the procedures laid down



FINANCIAL PROCEDURE RULES

by the Assistant Director Finance & Corporate Services in the Debt Recovery Policy. It is the responsibility of Assistant Directors/Managers to adhere to those debt recovery procedures and to respond promptly to the monthly aged debt report.

- c. Assistant Directors/Managers shall be responsible for accounting for VAT on income, fees and charges in accordance with the Regulations of HM Revenue and Customs. The Assistant Director Finance & Corporate Services shall advise those managers of any changes to the Regulations.

8.4 Cash Floats and Petty Cash

Where cash floats, petty cash or cash remittances are held, Assistant Directors/Managers shall ensure that cash holdings and receipts should be regularly reconciled and recorded to evidence monitoring and minimise the risk of cash differences.

9 IMPREST ACCOUNTS

The Senior Cashier is responsible for the arrangements for imprest accounts. Guidance notes will be issued and employees in control of Imprest Accounts shall follow the correct procedures at all times. Assistant Directors/Managers shall ensure that all monies authorised for reimbursement in an Imprest Account are accounted for in accordance with the guidance notes.

10 RISK MANAGEMENT AND INSURANCES

10.1 Risk Management

- a. The Assistant Director Finance & Corporate Services will prepare the authority's risk management policy statement and strategy for the approval of the District Executive and review the effectiveness of those arrangements. Systems will be developed to identify and evaluate all significant risks to the authority by all associated in the planning and delivery of services.
- b. A computerised central risk register will be maintained by the Procurement & Risk Manager. All risks identified in respect of the activities of the Council will be recorded on the register.

- c. The Strategic/Assistant Directors are responsible for managing all risks in respect of their service. The Assistant Director/Manager will nominate a named officer (or officers) who will be responsible for maintaining risk data and profiles, on the computerised central risk register for their service.

- d. Risks will be identified by:

- Programmed Control and Risk Self Assessments sessions facilitated by the South West Audit Partnership;
- Audit reviews;
- The Strategic/Assistant Directors as part of their responsibilities for maintaining accurate risk records.

- e. The South West Audit Partnership in conjunction with the Strategic/Assistant Directors will devise Action Plans to actively manage risks, following all control and risk self assessment sessions. The Strategic/Assistant Directors will be responsible for ensuring that all actions identified, in respect of any risk, are dealt with in accordance with the timetable specified.

- f. The Procurement & Risk Manager will provide reports, providing details of the Council's current risk status, to the Management Board biannually and to the Audit Committee annually.

10.2 Insurances

- a. The Assistant Director Finance & Corporate Services shall make arrangements for approved insurance cover, maintaining adequate records and negotiating claims with the Council's insurers.
- b. The Strategic/Assistant Directors shall advise the Insurance Officer of the extent and nature of all new risks where insurance may not exist or may be inadequate.
- c. The Assistant Director Finance & Corporate Services can authorise payments of small claims from self insured funds of up to £2,000.

10.3 Notification of Loss



FINANCIAL PROCEDURE RULES

- a. The Strategic/Assistant Directors/**Managers** shall notify immediately the Insurance Officer, in writing, of any loss, liability or damage or any event likely to lead to a claim in connection with their areas of responsibility.
- b. All employees of the Council shall be included in a fidelity guarantee policy.

10.4 Review

The Assistant Director Finance & Corporate Services shall review insurance cover annually.

10.5 Car Allowances

Recipients of car allowances shall provide Payroll with copies of policies or premium receipts as may be necessary to ensure adequate cover against any liability of the Council arising from official use of their vehicle.

10.6 Current Insurance

The Insurance Officer shall keep all Strategic/Assistant Directors notified as to the nature and extent of the various risks that are covered or left exposed.

10.7 Inventories

Assistant Directors/Managers shall be responsible for ensuring proper maintenance of inventories of furniture, equipment and the means for prompt and efficient identification of each item for the purposes of insurance claims or claims under suppliers' guarantees. The information shall be recorded in the format specified by the Assistant Director Finance & Corporate Services.

11 STOCKS, STORES, FURNITURE AND EQUIPMENT

11.1 General

Assistant Directors/Managers shall be responsible for the care and physical control of all stocks, stores, furniture, plans and equipment in their custody. Records shall be maintained in a form specified by the Assistant Director Finance & Corporate Services.

11.2 Write Offs

Any items of stocks, stores, furniture or equipment to be written off shall require the certification of the Director or an employee nominated by the Assistant Directors/Managers. The certification shall be in writing and details notified to the Assistant Director Finance & Corporate Services as soon as possible.

11.3 Stock Checks

All stocks of goods held as stores, or for resale, shall be subject to stock check quarterly. Assistant Directors/Managers, shall certify a certificate of the value held at 31 March each year at cost and the certificate forwarded to the Assistant Director Finance & Corporate Services within 10 days of the year end. The de minimus level for year end stock certificate being returned to Financial Services is £1,000.

11.4 Corrections

Correction of deficiencies and surpluses on stocks and stores accounts shall be in accordance with the procedures laid down by the Assistant Director Finance & Corporate Services, and adjustments exceeding £1,000 shall be reported to the appropriate Committee.

11.5 Disposal of Surplus Furniture & Equipment (including personal computers)

- a. Prior to disposal the Assistant Director/Manager shall offer the surplus furniture or equipment to other services within the organisation at no cost. Only when there is no organisational need to retain the equipment can it be sold.
- b. If there is no established organisational need disposal of unwanted furniture is the responsibility of the Assistant Director/Manager. In order to ensure a consistent approach, and that the Council receives value for money from disposal, the Procurement & Risk Manager shall co-ordinate disposal of furniture, equipment, personal computers and related items.
- c. The Assistant Director/Manager who wishes to dispose of surplus furniture and equipment shall advise the Procurement &



FINANCIAL PROCEDURE RULES

Risk Manager. If it is reusable it will be sold. An advertisement shall be placed on the Bulletin Board and sealed bids submitted. The highest bid will be accepted and the income credited to the appropriate cost centre.

- d. All redundant personal computers and related items shall be returned to the ICT Service who will offer the equipment to other units/sections of the Council or to be disposed of securely.
- e. Assistant Directors/Managers shall amend inventories to reflect disposals and acquisitions.
- f. Disposal of mobile telephones belonging to SSDC shall be agreed through the Procurement & Risk Manager.

12 CAR LOANS AND LEASED CARS

All loans and leases for the provision of motor vehicles shall be administered in accordance with the scheme approved by the District Executive.

13 BUILDINGS, LAND AND PROPERTY

13.1 Asset Register

The Assistant Director Finance & Corporate Services shall maintain a full and accurate register of all Council fixed assets for the purpose of calculating capital charges in accordance with relevant Codes of Practice.

13.2 Buildings, Land and Property Transactions

- a. No arrangements shall be made for the acquisition or disposal of land and buildings where the value is estimated to exceed £10,000 (with the exception of transfers of housing or parking land to Registered Social Landlord (RSL)), without first gaining the approval of the District Executive and meeting any requirements stipulated by the District Executive. If the proposal is not within the approved Capital Budget, the District Executive will make a recommendation.
- b. A Capital Investment Appraisal form for acquisitions and an Asset Sale Appraisal Form for disposals shall be completed and submitted to the appropriate Committee.

- c. Requests for the transfer of land or property valued at under £100,000 transferred at less than best value to an RSL for social housing or parking associated with social housing purposes should be made through an Asset Sale Disposal Form and follow the agreed policy for such a disposal. Approval is required of the Assistant Director Finance & Corporate Services and the Portfolio Holder – Strategy and Policy. Any transfers outside of the agreed policy or where land/property is valued at £100,000 or more shall seek District Executive approval.
- d. All arrangements for the acquisition and disposal of land and buildings shall be in accordance with Council Asset Management Strategy, and be conducted by the Assistant Director Finance & Corporate Services (or designated representative), including all negotiations and the preparation and certification of valuation certificates (which certification shall be carried out by properly qualified persons designated by the Assistant Director Finance & Corporate Services).
- e. All disposals made under the Community Asset Transfer Policy must be approved through District Executive.
- f. Receipts generated from the sale of assets where the value is £10,000 or more shall be set aside to replace any loss in revenue income before the receipt becomes available for other purposes. The net proceeds after also deducting costs will then form part of the overall available capital receipts and be distributed in accordance with the Council's overall corporate priorities. Where the net receipt is less than £10,000 the proceeds will be credited to the appropriate revenue budget.
- g. The Assistant Director Finance & Corporate Services (or designated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Strategic Director, Assistant Director, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £50,000 annually and is in accordance with the District Valuer (or other properly qualified professional) valuation:-



FINANCIAL PROCEDURE RULES

- the agreement of all monthly tenancies;
 - the agreement of all licences;
 - the conducting and agreement of all rent reviews;
 - the agreement of all lease renewals;
 - the agreement of lettings;
 - the agreement of all easements and wayleaves;
 - the agreement of all changes of use;
 - the agreement of all compensation claims where there is budgetary provision;
 - the agreement of all releases/variations of covenants.
- h. In respect of a disposal at less than best consideration (with the exception of transfers of land valued under £100,000 to RSLs), the relevant Strategic Director, Assistant Director, or Portfolio Holder shall, in conjunction with the Assistant Director Finance & Corporate Services report to the District Executive, requesting approval to proceed with the disposal in such circumstances where either the use of a specific, or general disposal consent is required, or a Qualifying Meeting (as defined in the General Disposal Consent of 1998) is required, before the disposal can be completed, or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable.
- i. The Assistant Director Finance & Corporate Services (or designated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Strategic Director, Assistant Director, or Portfolio Holder, where the value of the compensation claim in each case does not exceed £50,000 and is in accordance with the District Valuer (or other **properly qualified** professional) valuation.

13.3 Condition Surveys

The Assistant Director Environment shall ensure that condition surveys of all buildings and property assets in which the Council has a proprietary interest are carried out at least once every 5 years. Survey details are to be recorded in appropriate systems and work programmes prepared in accordance with priorities set out in the Property Repairs and Maintenance Policy.

13.4 Asset Management Plans

- a. The Assistant Director Finance & Corporate Services **and the Assistant Director – Environment** shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must **detail the actions to be monitored by the Strategic Asset Steering Group.**
- b. The Assistant Director Finance & Corporate Services shall maintain records and systems that enable the Council to ensure that the best use is made of all properties. The Assistant Director Finance & Corporate Services shall advise the Council on alternative uses of land and property as best serves the Council's interests at the time.
- c. The Assistant Director Finance & Corporate Services shall, in consultation with the Assistant Director Legal & Corporate Services, ensure that all leases are kept up to date and rents due are revised at the appropriate time.

13.5 Custody of Deeds and Documents

The Assistant Director Legal & Corporate Services shall have custody of the title deeds and other agreements under seal or hand of all land owned by the Council (together with all deeds and documents held as security for any monies owed to the Council) and are responsible for their safe-keeping.

13.6 Security

- a. The Strategic/Assistant Directors shall be responsible for ensuring the proper security at all times for buildings, stocks, stores, furniture, equipment, cash and information held on files. The Strategic/Assistant Directors shall consult with the Assistant Director Environment in any instance where security is thought to be defective or where it is considered that special security



FINANCIAL PROCEDURE RULES

arrangements may be needed, or where circumstances suggest the possibility of any irregularity.

- b. The Strategic/Assistant Directors shall ensure that there are appropriate arrangements for the control of all door, safe and cabinet keys held within their areas of responsibility. There shall be independent control of all receipt forms, cheques, tickets, store notes, order forms or similar documents and it shall be the responsibility of the appropriate Strategic Director or Assistant Director to ensure that all such items are serially numbered and controlled in accordance with arrangements agreed with the Group Auditor-SWAP.

14 LOANS POLICY

- a. The Council should only provide small loans to outside bodies where alternative forms of borrowing are not available or at prohibitive costs. The loans will only be made to outside bodies that operate from within the South Somerset District geographical area and are either registered charities, public sector, or not for profit organisations.
- b. All loan agreements will either be charged on the property to which they relate (like a mortgage) or a guarantee will be required from a surety which could be an individual, group of individuals or body.
- c. The maximum repayment period will be 10 years and all loans will be repaid on a repayment basis so that the loan is repaid across the loan period at instalment rates approved in advance. (ie in the same way as mortgage repayments)
- d. Loans will be given at the appropriate PWLB rate for the period of the loan. The maximum amount of a loan to an outside body shall be £150,000.
- e. Approval of loans shall be by District Executive and a full appraisal submitted which shall include details of the security offered. In order to qualify for a loan the outside body shall also submit a Business Plan to the Assistant Director Finance & Corporate Services covering the period of the loan.
- f. For small loans of £5,000 or less the approval procedure may be delegated to the area portfolio holders, in consultation with the Area Development Managers. The

interest rate will be the relevant PWLB rate and the loans should be guaranteed by the Town or Parish Council, or similar trustees.

- g. Any loans agreed outside of the loans policy shall be agreed by full Council

15 EXTERNAL ARRANGEMENTS

15.1 Partnerships

- a. In leading the community and entering into partnerships the Council will seek to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area.
- b. The main criteria for SSDC entering into a partnership are:-
- to provide improvements in service delivery;
 - to provide efficiency in the costs of service provision;
 - to share risk;
 - to achieve specific corporate priorities.
- c. A partner is defined as a formal working arrangement involving one or more independent bodies, from any sector, who pool resources and share responsibility for agreeing and then delivering a set of planned actions and outcomes. A formal agreement is made by all partners to work together for specific outcomes.
- d. Partners may participate by;
- acting as a deliverer or sponsor, solely or jointly with others;
 - acting as a funder or part funder;
 - being the beneficiary group (or part thereof) of the activity undertaken in a partnership.
- e. The District Executive is responsible for determining and agreeing all key partnerships. Directors are responsible for agreeing all substantial and minor partnerships. At inception a review period must be agreed and any associated delegation arrangements approved by District Executive if a key partnership or by the appropriate Director if a substantial or minor partnership.



FINANCIAL PROCEDURE RULES

- f. All partnerships must be reviewed annually and reported by the appropriate Assistant Director to the relevant committee (either District Executive or Area Committee). All partnerships must be included within the Partnership Register and updated annually by the appropriate Assistant Director.
- g. The Strategic/Assistant Directors and Portfolio Holders shall consider and make provision for any overall corporate governance issues and shall ensure account is taken of any legal issues when arranging contracts with external bodies. They shall ensure that risks have been fully appraised before agreements are entered into with external bodies.
- h. The governance arrangements of all key and significant partnerships require approval of the members of Corporate Governance Group.
- h. All key partnerships have a requirement to produce, maintain, and monitor a shared risk register.
- i. The same high standards of conduct that apply throughout the authority shall be maintained in partnerships, and representatives to partnerships should exercise these same high standards.
- j. The Assistant Director Finance & Corporate Services shall ensure that accounting arrangements to be adopted in relation to partnerships and joint ventures are satisfactory.
- k. Regular monitoring arrangements must be in place. For key partnerships monitoring must be reported regularly to the District Executive and other partnerships (substantial and minor) to the Area Committees. This can be carried out through the quarterly budget monitoring reports as a minimum.
- l. Strategic/Assistant Directors and Portfolio Holders are responsible for ensuring that appropriate Council approvals are obtained before concluding negotiations in relation to work with external bodies.

15.2 External Funding

The Assistant Director Finance & Corporate Services in consultation with the relevant

Strategic Director, Assistant Director/Manager, or Portfolio Holder is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Each Strategic Director, Assistant Director, and Portfolio Holder is responsible for informing the Assistant Director Finance & Corporate Services promptly about such funding. Where such income is receivable against a grant claim the relevant Strategic Director, Assistant Director, or Portfolio Holder shall provide written confirmation to the Assistant Director Finance & Corporate Services that all output and other grant requirements have been properly and fully met.

15.3 Grants to Outside Bodies

- a. The District Executive or relevant Area Committee shall approve all grants and other assistance to external bodies, except where such annual assistance in total is less than £1,000 in value to any one body and there is budgetary provision for such assistance. It must not form a commitment of future year's annual budget unless it matches the criteria as set within the Community Grants Policy (4) in respect of those bodies with approved three-year SLA agreements. Where the total value per annum to any one body is below £1,000 the relevant Strategic Director, Assistant Director, or Portfolio Holder may approve such assistance subject to the requirements of these Financial Procedure Rules being met. Where the total value per annum to any one body is below £1,000 the relevant Strategic Director or Assistant Director may delegate the approval to the appropriate designated officer, again subject to the requirements of these Financial Procedure Rules being met.
- b. The District Executive Committee may approve a framework for the administration of any specified class of grant and assistance under that committee's control over the value of £1,000 by a relevant Strategic Director for the efficient conduct of business, subject to the agreed framework and meeting the other requirements of these Financial Procedure Rules.
- c. Reports to the District Executive Committee or Area Committees (and decisions taken under the provisions of (a) above) seeking approval to assist an outside body by grant or other assistance in kind shall provide



FINANCIAL PROCEDURE RULES

assurance that the following requirements have been met or will be met, and ensure that the Council's interests are protected before any grant or assistance is actually made:

- the receiving body has been properly identified, has suitable lead parties, a defined work area/purpose, and suitable trust documents/constitution;
- any conflicts of interest have been declared and properly managed;
- any risks to such agreements and the Council's interests are being adequately and appropriately managed;
- it will be possible to confirm the proper use of the Council's assistance;
- the assistance contributes to the delivery of the Council's services or achievement of the Council's corporate objectives;
- the extent and purpose of the assistance have been properly identified;
- arrangements for the repayment of any loans have been made;
- arrangements to gain repayment /recovery for the value of the assistance are in place in the event of default by the recipient;
- any specific conditions relating to the assistance are identified;
- monitoring arrangements are to be set in place to ensure the assistance is used for the purpose approved;

- the recipient will provide evidence to the Council demonstrating proper accounting for, and use of the assistance, including, for assistance over £1,000 in value, access to the accounts of the body for Assistant Director Finance & Corporate Services, or designated representative and to supporting information, documents and evidence;
 - a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance.
- d. Full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance and by whom, and any other relevant transaction information.

16 BREACHES OF FINANCIAL REGULATIONS

- a. Where a failure to comply with these regulations is identified the matter should be brought to the immediate attention of the Assistant Director Finance & Corporate Services and the Group Auditor.
- b. A report shall be made to the Assistant Director Finance & Corporate Services for minor breaches and to the District Executive where the Assistant Director Finance & Corporate Services and the Group Auditor consider the matter to be of significance.



FINANCIAL PROCEDURE RULES

Appendix A

Guidance on Interpretation –Officer Contacts

Section Ref.	Financial Regulation	Contact Officer
1	FINANCIAL GOVERNANCE	
1.2(e)	Decision Making Procedures	Assistant Director Finance & Corporate Services Member Services Manager
2	CASH LIMITS	
		Assistant Director Finance & Corporate Services
3	FINANCIAL CONTROL	
3.1	General	Assistant Director Finance & Corporate Services
3.2	Statement of Internal Control/Statement of Governance	Assistant Director Finance & Corporate Services
3.3	South West Audit Partnership	Group Auditor-SWAP
3.4	IT and Furniture Budgets	ICT Manager/Procurement & Risk Manager
3.5	Operational Leases	Assistant Director Finance & Corporate Services/Procurement & Risk Manager
3.6	Treasury Management	Principal Accountant – Exchequer
4	CONTRACTS	
4.1	General	Procurement & Risk Manager
5	PAYMENT OF INVOICES	
5	Payment of Invoices	Principal Accountant – Exchequer
5.1	Corporate Credit Cards	Assistant Director Finance & Corporate Services
5.2	Procurement Cards	Procurement & Risk Manager
6	PAYROLL SERVICES	
6.1	Appointment of Employees	HR Manager
6.2	Amendments	HR Manager
6.3	Other Payments	HR Manager
6.4	Timesheets	HR Manager
7	BANKING ARRANGEMENTS	
7.1	General	Assistant Director Finance & Corporate Services
7.2	Cheques/Cash Received	Principal Accountant - Exchequer
7.3	Money Laundering	Group Auditor-SWAP
7.4	Direct Debits (received)	Assistant Director Finance & Corporate Services
7.5	Direct Debits and Cheques Paid	Assistant Director Finance & Corporate Services
7.6	Handling of Cheques	Principal Accountant - Exchequer
8	INCOME	
		Assistant Director Finance & Corporate Services
9	IMPREST ACCOUNTS	
		Assistant Director Finance & Corporate Services
10	RISK MANAGEMENT AND INSURANCES	
10.1	Risk Management	Procurement & Risk Manager
10.2	Insurances	Insurance and Accounting Technician



FINANCIAL PROCEDURE RULES

10.3	Notification of Loss	Insurance and Accounting Technician
10.4	Review	Insurance and Accounting Technician
10.5	Car Allowances	Insurance and Accounting Technician
10.6	Current Insurance	Insurance and Accounting Technician
10.7	Inventories	Insurance and Accounting Technician
11	STOCKS, STORES, FURNITURE AND EQUIPMENT	
11.1	General	Assistant Director Finance & Corporate Services
11.2	Write Offs	Assistant Director Finance & Corporate Services
11.3	Stock Checks	Assistant Director Finance & Corporate Services
11.4	Corrections	Assistant Director Finance & Corporate Services
11.5	Disposal of Surplus	Procurement & Risk Manager
12	CAR LOANS AND LEASED CARS	Assistant Director Finance & Corporate Services
13	BUILDINGS, LAND AND PROPERTY	
13.1	Asset Register	Finance Manager
13.2	Buildings, Land and Property Transactions	Assistant Director Finance & Corporate Services
13.3	Condition Surveys	Assistant Director Environment
13.2	Asset Management Plans	Assistant Director Finance & Corporate Services
13.3	Custody of Deeds	Assistant Director Legal & Corporate Services
13.4	Security	Assistant Director Environment
14	LOANS POLICY	Assistant Director Finance & Corporate Services
15	EXTERNAL ARRANGEMENTS	
15.1	Partnerships	Assistant Director Finance & Corporate Services
15.2	External Funding	Assistant Director Finance & Corporate Services
15.3	Grants to Outside Bodies	Assistant Director Finance & Corporate Services
16	BREACHES OF FINANCIAL REGULATIONS	Group Auditor-SWAP /Assistant Director Finance & Corporate Services