



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 – Corporate Directors, the Head of Legal and Democratic Services, the Head of Finance, other Heads of Service 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, shall 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 Head of Finance 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. Corporate Directors and the are responsible for promptly notifying the Head of Finance 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. Heads of Service, the Communications Manager, the HR and Performance Manager, and the Procurement Manager 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.



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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** of the overall net revenue budget Council shall agree the use of those balances. Any use of capital balances greater than 5% of useable receipts shall be agreed by Council. Use of unallocated balances and usable capital receipts under 5% require the approval of District Executive.

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 approving the use of reserves and balances subject to balances remaining at the **risk assessed minimum requirements** of the net revenue budget. Capital balances up to a maximum of 5% of useable balances can be approved.
- 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, Corporate 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 Corporate Directors, Heads of Service 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 Head of Finance 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 The Head of Legal and Democratic Services

- a. The Head of Legal and Democratic Services is the Council's Monitoring Officer and is responsible for promoting and maintaining



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high standards of conduct, including financial conduct.

- 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.

1.5 The Head of Finance

The Head of Finance 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 prior 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;

- 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 Head of Finance 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;
- 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 Corporate Directors, and Heads of Service on all taxation issues that affect the Council.

1.6 Chief Executive, Corporate Directors, Heads of Service and Budget Holders

All budgets agreed by the Council will be delegated for management purposes to a named employee of the Council. Each named employee shall:



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- a. Ensure that the financial content of all reports, forms and procedures is approved by the Head of Finance (or a named representative within the Financial Services Team);
- b. Report any irregularities concerning the Council's financial affairs to the Head of Finance or Group Auditor at the earliest possible opportunity. The provisions of the Council's Whistle Blowing Policy shall also be followed where relevant;
- c. Ensure that there are sufficient funds available in their cash limited budget **before** commitments are entered into;
- d. Consult with the Head of Finance **prior** to submitting to the District Executive or any Committee any report that may have financial implications;
- e. 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;
- f. Monitor and control expenditure against budget allocations and report to the District Executive quarterly in conjunction with the Head of Finance on variances and the action being taken to address them;
- g. 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;
- h. Review and appraise their operations so as to achieve continuous improvement;
- i. Liase with the Council's external auditor and any other inspectorate with statutory rights of access.
- j. All compensation payments shall be authorised in accordance with the limits set in the Constitution (see Scheme of Delegation). The Communications Manager to report to the Management Board annually on the number and value of payments made.

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 Head of Finance, Group Auditor-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, Heads of Service or their nominated budget manager. Each Head of Service, or the Chief Executive or Directors should prepare a full list of delegations at the beginning of each financial year and submit this to the Head of Finance. Any Heads of Service, the Chief Executive, or Corporate 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. Heads of Service shall not delegate responsibility for employee budgets to other officers.
- c. Accountability for appropriate budgets shall be held at Chief Executive, Corporate Director, or Heads of Service 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 heads.
- e. Budget monitoring is the responsibility of each Head of Service, the Communications Manager, the HR Manager, or the



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Procurement Manager. Where there is likely to be a significant variation between the budget and actual expenditure the Head of Finance 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 Head of Service, Communications Manager, HR Manager, or the Procurement Manager 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 Head of Finance.

2.2 Variations to Structures and Staffing Levels

- a. Within the total cash limit approved by the Council each year, the Corporate Director (Communities) or Heads of Service 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.** Heads of Service proposing restructures shall liaise with both Finance and Human Resources to agree overall cost implications and HR process and procedure. Heads of Service shall ensure they have included the cost implications of the Council's severance scheme, and that these costs are verified by the Head of Finance. 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. Heads of Service 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. Heads of Service 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.

2.3 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:-

Heads of Service, Communications Manager, HR Manager, and Procurement Manager

- c. Heads of Service, Communications Manager, HR Manager, and the Procurement Manager 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 Head of Finance approves the proposal in advance.
- d. Can increase their income on services by up to a maximum of £10,000 in one financial year. This is **provided that** the Head of Finance approves the fully costed proposals.
- e. Can authorise any budget virement within each individual service of their responsibility (as defined by Appendix B), except the 'employees' budget, **provided that** the Head of Finance is notified in advance



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- f. Can authorise any budget virement to or from the 'employees' budget **provided that** Head of Finance approval is obtained in advance.
- g. Can increase their budgets in respect of 100% externally funded staff provided that HR have agreed the contract terms and that the Head of Finance 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. Can approve virements between services within their areas of responsibility up to a maximum of £25,000, provided that the Head of Finance 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	Head of Service and Head of Finance, reported to DX.	Within an individual cost centre any amount allowed.
Ham Hill cost centre for printing	Tourism cost centre for printing	20k	Head of Service and Head of Finance, reported to DX.	Within an overall service, up to £25k allowed.
Ham Hill cost centre for printing	Arts cost centre for printing	15k	Portfolio holder and Head of Finance, reported to DX.	Different 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 Head of Service 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 Head of Finance and reported to the District Executive for noting.
- l. **Joint** 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. Heads of Service, Communications Manager, HR Manager, and the Procurement Manager 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 or under-spending elsewhere they **shall** be reported to the District Executive and earmarked from balances. All service overspends over £50,000 shall be fully explained within the budget monitoring process to District Executive with a recovery action plan where appropriate.
- d. Heads of Service, Communications Manager, HR and Performance Manager, and the Procurement Manager 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 Head of Finance will be responsible for compiling the Capital Budget and the 5-year Programme including the associated capital financing, in consultation with Management Board and Heads of Service 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) as part of the quarterly budget monitoring process, together with any other programme changes needed to accommodate the funding of those works.
- d. The Capital Programme will be monitored quarterly by District Executive and the appropriate Joint Area Committee, where monitoring has been delegated. All Heads of Service Area Development and the Head of Finance shall ensure that the area capital programmes should be reported in the same format as the district capital programme.
- e. The Head of Finance in consultation with Responsible Officers and the Management Board will prepare the quarterly monitoring reports to the District Executive and Joint 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 Joint 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, £1,000 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 Head of Finance 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. The de-minimus for capital schemes is £10,000.
- d. Proposals shall be clearly linked to the Council's Corporate 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;
 - 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



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the income has been received unless District Executive approval has been obtained;

- Include the details of "Whole Life Cost" of the asset.

- e. "Save to Earn" schemes may be submitted using a "Save to Earn" Scheme Investment Appraisal form and can be submitted to the Head of Finance 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. There is a specific reserve available for such schemes. However, to draw upon this reserve the scheme shall demonstrate a payback to the reserve within 5 years or less. The maximum commitments from the reserve at any one time shall be no more than £50,000.
- f. 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 Head of E-government and Technology 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.
- 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.

2.7 Purchase & Disposal of Plant & Vehicles over £5,000

- a. When a Head of Service judges that a vehicle or item of plant is required they shall outline in writing to the Corporate Director (Environment) 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 Head of Service shall review at six monthly intervals the leases of vehicles and plant held within their service and report any action necessary to the Corporate Director (Environment).
- c. Once authorised by the Corporate Director (Environment), the request to purchase/dispose shall be passed to the Head of Finance. The Head of Finance shall ensure that there is sufficient budget as outlined and calculate whether a lease or purchase is the best financial option. Heads of Service shall ensure that Financial Procedure 3.5 Operational Leases is complied with. This also includes the written advice of the Procurement Manager.
- d. During the annual budget cycle each Head of Service shall list the items currently leased and replacement programme to the Head of Finance to ensure that sufficient funding is available each year.

2.8 Capital Receipts

- a. All Heads of Service shall inform the Head of Finance of all expected capital receipts as soon as they are identified. Where an asset is to be sold the Head of Property and Engineering Services 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 Head of Finance or nominated representative.



- b. The Head of Finance (or nominated representative) will consult with Responsible Officer in order to prepare a quarterly monitoring statement for reporting to District Executive and the appropriate Joint Area Committee. If, during the progress of approved schemes, it appears to the Head of Finance 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 Head of Finance 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 Head of Finance 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 over £10,000 once approved.

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 Head of Finance (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.

3. FINANCIAL CONTROL

3.1 General

- a. All accounting systems, procedures and records shall be subject to the approval of the Head of Finance. Changes to existing systems and the introduction of new systems shall also be approved by the Head of Finance.
- 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, the Corporate Director (Communities), and all Heads of Service are responsible for specifying the budget requirements for their cost centre in accordance with the cash limit rules and the timetables established by the Head of Finance. The Corporate Director (Communities) and Heads of Services should seek the advice of the Head of Finance, or nominated representative, to ensure that budgets are compiled in accordance with the financial policies agreed by the Council.
- d. The Corporate Director (Communities) and Heads of Services are responsible for the proper operation of financial processes within their group of services.

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 Corporate Director (Communities), Heads of Service, and budget holders shall annually sign and evidence that the internal controls within their service area are regularly monitored and reviewed.

3.3 South West Audit Partnership

- a. The general standards for Internal Audit shall be those of the Institute of Internal



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Auditors (IIA). The South West Audit Partnership 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, all audit employees have:
- 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 which they are reviewing or investigating.
- d. Such authority will not be used unreasonably.
- e. All thefts and break-ins to Council property shall be reported to the South West Audit Partnership at the earliest possible opportunity.
- f. Where officers enter into agreements with partners that involve financial contributions from the Council, those agreements shall give the South West Audit Partnership authority to examine the financial accounts of the partner.

3.4 IT and Furniture Budgets

All IT purchases, stationary, and furniture budgets are held and controlled through the Procurement 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 Manager including consultation with the Head of E-government and Technology.

3.5 Operational Leases

- a. The Corporate Director (Communities) and Heads of Service may enter into an operational lease for equipment provided that the Head of Finance 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. The Corporate Director (Communities) and Heads of Service may not enter into a lease without first taking written advice from the

Procurement Manager. The Corporate Director Communities and Heads of Services 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 Head of Finance 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 and reviewed at least annually by the District Executive.
- 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 Head of Finance, 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 Head of Finance will report at least three times per annum to the Finance and Support Services Portfolio Holder and at least annually to the District Executive. Such reports shall include a review of the Treasury Management Policy Statement, and an annual report on Treasury Management activity in the previous year by no later than 30 June.
- f. All investments shall be made in the name of the Council or its approved nominees.



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- g. All financial balances in the possession of the Council shall be controlled by the Head of Finance.

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 Head of Finance 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 Head of Finance 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.

- 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, Corporate Director (Communities), and Heads of Services (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 Corporate Director (Communities) and Heads of Service shall be regarded as an assurance that:

- value has been received and accounted for in the opinion of the Chief Executive, Corporate Director (Communities) and Heads of Service;
- expenditure complies with the Standing Orders 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.

- g. 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.

- h. The Chief Executive, Corporate Directors, and Heads of Services 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).

- i. 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 Corporate Director (Communities) or each Head of Service and copies forwarded to the Head of Finance together with specimen signatures and initials. The lists shall be kept fully up to date by the Corporate Director (Communities) and Heads of Services and all changes notified as soon as possible.

- j. Where invoices are authorised on line via the Council's Exchequer Services the



Corporate Director (Communities) and Heads of Service 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.

- k. 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.
- l. The CDs will be retained by the Exchequer Team for 6 years from the date of the invoice and then destroyed.
- m. As soon as possible after 31 March each year, Heads of Service, the HR Manager, Procurement Manager, and the Communications Manager 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 Head of Finance.
- n. The Head of Finance shall publish detailed closedown procedures each year.

5.1 Corporate Credit Cards

The Head of Finance 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 Heads of Service, Communications Manager, Procurement Manager, and HR Manager 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.

6.2 Amendments to Payroll

The Corporate Director (Communities) or Heads of Service 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 Corporate Director (Communities) and Heads of Service;
- 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 Corporate Director (Communities) in connection with the calculation and payment of pay related expenditure.
- All leavers should be immediately reported to the Financial Systems Support Manager to enable their access to be cancelled on the financial system.
- The Corporate Director (Communities) and Heads of Service are also required to contact the Financial Systems Support Manager and the Head of Revenue and Benefits to identify if there is any outstanding debt owing to the Council. If this is the case, the Corporate Director (Communities) or Head of Service 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 Corporate Director Communities and Heads of Services, 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 Head of Finance 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. Any claims submitted outside of this time limit (without the approval of the Chief Executive) will not be paid.
- 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 Head of Finance 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 Corporate Director (Communities). 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 Head of Finance.
- b. The Head of Finance 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 Head of Finance 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 Head of Finance. 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 excepted on the written approval, in advance, of the Head of Finance.
- 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 Head of Finance will issue detailed written instructions for the handling of postal income and these instructions shall be adhered to at all times.
- d. Personal cheques may be encashed between 2pm and 4.30pm or during such other times (if at all) as may be specified by the Head of Finance. Cheques should be made payable to SSDC Salaries Imprest A/C, with no single cheque being for more than £150 (in £10 denominations). Seven days shall be allowed between one



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encashment and the next. Cheques shall be encashed personally by the drawer.

- e. 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.
- f. All copies of cancelled receipts shall be retained for inspection.
- g. Heads of Service, the HR and Performance Manager, the Communications Manager, or the Procurement Manager are responsible for ensuring the control, monitoring and regular banking of daily receipts arising from cash collection points under their control. The Head of Finance will provide detailed procedure notes which shall be adhered to at all times.

7.3 Money Laundering

- a. The Council's nominated officer in respect of Money Laundering (MLRO) is the SWAP Group Auditor.
- 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 Group Auditor-SWAP 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 Group Auditor-SWAP.

7.4 Payments by Direct Debit

- a. All agreements with banking organisations regarding direct debits shall be approved by the Head of Finance and the Head of Legal and Democratic Services.
- b. Any telephone lines used to transmit confidential banking information regarding the Council's customers shall meet security standards approved by the Head of IS. The Head of IS 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 Head of Finance or other employee authorised by the District Executive to sign on behalf of Head of Finance;
 - bear the name of the Head of Finance as produced by the Council's computers where this has been specifically agreed by the Head of Finance.
- b. The Head of Finance 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 Financial Services Team 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

- a. Arrangements for the collection of all monies due to the Council shall be subject to the control or approval of the Head of Finance.



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- b. Heads of Service, the HR Manager, the Procurement Manager, or the Communications Manager 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. Heads of Service, the HR Manager, the Procurement Manager, or the Communications Manager shall ensure that **individual** sundry debtors are raised as soon as possible but no later than ten days from the delivery of goods or provision of services, unless specified terms have been agreed by the Head of Finance.
- c. Monthly and **where appropriate quarterly accounts** should be produced five working days after the month or quarter's end.
- d. Heads of Service, the HR Manager, the Procurement Manager, or the Communications Manager 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.
- e. All fees and charges shall be reviewed annually as appropriate by each Head of Service, HR Manager, Procurement Manager, or Communications Manager in consultation with the Head of Finance. All changes to such charges shall be agreed in advance with the Head of Finance and recorded annually within the Fees and Charges Register.
- f. 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 Financial Systems Support Manager or **Principal Accountant – Corporate Finance (Deputy S151 Officer)**. Debts over £100 (including cumulative invoices) but less than £20,000 can be written off with the approval of the Head of Finance; Write off of debts over £20,000 shall require approval of the Portfolio Holder, Resources and Member Support after liaising with the relevant Ward Member. The Head of Finance is responsible for reviewing these procedures annually with the Portfolio Holder, Finance and Support Services and advising District

Executive of any recommended amendments.

- f. The Head of Finance shall promptly create and submit debtors' accounts in accordance with the information recorded by Heads of Services, the HR Manager, Procurement Manager, or Communications Manager on the Sundry Debtor System. The recovery of all debts shall be in accordance with the procedures laid down by the Head of Finance.
- g. Heads of Service, the HR Manager, Procurement Manager, or Communications Manager shall be responsible for accounting for VAT on income, fees and charges in accordance with the Regulations of HM Revenue and Customs. The Head of Finance shall advise those managers of any changes to the Regulations.
- h. Where cash floats, petty cash or cash remittances are held, Heads of Service shall ensure that periodic checks are made to verify balances.

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. Heads of Service, the HR Manager, Procurement Manager, or Communications Manager 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 Corporate Director Communities 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 Manager. All risks identified in respect of the activities



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of the Council will be recorded on the register.

- c. The Corporate Director (Communities) and Heads of Services are responsible for managing all risks in respect of their service. The Corporate Director (Communities) or Head of Service 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 South West Audit Partnership;
 - Audit reviews;
 - The Corporate Director (Communities) and Heads of Service as part of their responsibilities for maintaining accurate risk records.
- e. The South West Audit Partnership in conjunction with the Heads of Service will devise Action Plans to actively manage risks, following all control and risk self assessment sessions. The Corporate director (Communities) and Heads of Service 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 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 Head of Finance shall make arrangements for approved insurance cover, maintaining adequate records and negotiating claims with the Council's insurers.
- b. The Corporate Director (Communities) and Heads of Service 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 Head of Finance can authorise payments of small claims from self insured funds of up to £2,000.

10.3 Notification of Loss

- a. The Corporate Director (Communities) and Heads of Service 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 Head of Finance 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 Corporate Director (Communities) and Heads of Service notified as to the nature and extent of the various risks that are covered or left exposed.

10.7 Inventories

Heads of Service, the HR Manager, Procurement Manager, or Communications Manager 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 Head of Finance.

11 STOCKS, STORES, FURNITURE AND EQUIPMENT

11.1 General

Heads of Service, the HR Manager, Procurement Manager, or Communications Manager shall be responsible for the care



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and physical control of all stocks, stores, furniture, plans and equipment in their custody. Records shall be maintained in a form specified by the Head of Finance.

11.2 Write Offs

Any items of stocks, stores, furniture or equipment to be written off shall require the certification of the Head of Service, the HR Manager, Procurement Manager, or Communications Manager or an employee nominated by the Corporate Director (Communities) or Heads of Service. The certification shall be in writing and details notified to the Head of Finance 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. Heads of Service, the HR Manager, Procurement Manager, or Communications Manager shall certify a certificate of the value held at 31 March each year at cost and the certificate forwarded to the Head of Finance within 10 days of the year end. The deminimus 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 Head of Finance, 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 Head of Service 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 Head of Service, Procurement Manager, HR Manager, or Communications Manager. In order to ensure a consistent approach, and that the Council receives value for money from disposal, the Procurement Manager shall

co-ordinate disposal of furniture, equipment, personal computers and related items.

- c. The Head of Service who wishes to dispose of surplus furniture and equipment shall advise the Procurement 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. Heads of Service, the HR Manager, Procurement Manager, or Communications Manager shall amend inventories to reflect disposals and acquisitions.
- f. Disposal of mobile telephones belonging to SSDC shall be agreed through the Procurement 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 Head of Finance 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 RSL's), 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.



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- 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 Head of Finance and the Portfolio Holder – Health, Housing and Social Inclusion. 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 Policy and Disposal Policy for Surplus/Under-used Council Owned Property, and be conducted by the Head of Finance (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 Head of Finance).
- g. 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.
- h. The Head of Finance (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 Corporate Director, Head of Service, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment or compensation claim in each case does not exceed £50,000 and is in accordance with

the District Valuer (or other independent professional) valuation:-

- 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 is budgetary provision;
 - the agreement of all releases/variations of covenants.
- i. 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 Corporate Director, Head of Service, or Portfolio Holder shall, in conjunction with the Head of Finance 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.

13.3 Condition Surveys

The Head of Environmental Health and Community Protection 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 **Head of Finance** shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must detail the approach to asset management and set out policies, aims and initiatives of the Council in relation to its assets together with an action plan to be monitored by the Strategic Asset Management Group and reported annually to the District Executive.
- b. The **Head of Finance** shall maintain records and systems that enable the Council to ensure that the best use is made of all properties. The **Head of Finance** shall advise the Council on alternative uses of land and property as best serves the Council's interests at the time.
- c. The **Head of Finance** shall, in consultation with the Head of Legal and Democratic 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 Head of Legal and Democratic 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 be responsible for their safe-keeping.

13.6 Security

- a. The Corporate Director (Communities) and each Heads of Service shall be responsible for ensuring the proper security at all times for buildings, stocks, stores, furniture, equipment, cash and information held on files. The Corporate Director (Communities) and each Heads of Service shall consult with the **Head of Environmental Health and Community Protection** in any instance where security is thought to be defective or where it is considered that special security arrangements may be needed, or where circumstances suggest the possibility of any irregularity.
- b. The Corporate Director (Communities) and each Heads of Service 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 Head of Service 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 Head of Finance 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 Heads of Service Area Development. 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.
- a. 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.
- b. A partner is defined as an organisation or undertaking (private or public), that is part funding, or participating as a beneficiary in a partnership OR a body whose nature or status gives it a right or obligation to support the partnership
- 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.
- f. The Corporate director (Communities), Heads of Service 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.

- g. The governance arrangements of all key and significant partnerships require approval of the 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 Head of Finance 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. This can be carried out through the quarterly budget monitoring reports as a minimum.
- l. Corporate Directors, Heads of Services 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 Head of Finance in consultation with the relevant Corporate Director, Head of Service, 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 Corporate Director, Head of Service, and Portfolio Holder is responsible for informing the Head of Finance promptly about such funding. Where such income is receivable against a grant claim the relevant Corporate Director, or Portfolio Holder shall provide written confirmation to the Head of Finance that all output and other grant requirements have been properly and fully met.

15.3 Work for Third Parties

The District Executive is responsible for approving the undertaking of work for third parties or external bodies where the value



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exceeds £10,000 in value. Where the value of such work is below £10,000 the relevant Corporate Director, Head of Service, or Portfolio Holder may approve such work subject to taking account of all relevant considerations including the financial soundness of any third party to such a contract. In all cases consideration shall be given to the financial and legal implications of such arrangements.

15.4 Grants to Outside Bodies

- a. The District Executive Corporate Grants Committee or relevant **Joint** 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 Corporate Director, Head of Service, 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 £750 the relevant Corporate Director (Communities) or Head of Service 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 Grants Committee may approve a framework for the administration of any specified class of grant and assistance over the value of £1,000 by a relevant Corporate 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 Grants Committee or **Joint** 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 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 Head of Finance, 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 Head of Finance and the Group Auditor.
- b. A report shall be made to the Head of Finance for minor breaches and to the District Executive where the Head of Finance and the Group Auditor consider the matter to be of significance.



Appendix A

Guidance on Interpretation –Officer Contacts

Section Ref.	Financial Regulation	Contact Officer
1 1.2(e)	FINANCIAL GOVERNANCE Decision Making Procedures	Head of Finance Member Services Manager
2	CASH LIMITS	Head of Finance
3 3.1 3.2 3.3 3.4 3.5 3.6	FINANCIAL CONTROL General Statement of Internal Control/Statement of Governance South West Audit Partnership IT and Furniture Budgets Operational Leases Treasury Management	Head of Finance Head of Finance Group Auditor-SWAP Head of IS/Procurement Manager Head of Finance/Procurement Manager Principal Accountant – Corporate Finance
4 4.1	CONTRACTS General	Procurement Manager
5 5 5.1 5.2	PAYMENT OF INVOICES Payment of Invoices Corporate Credit Cards Procurement Cards	Principal Accountant - Exchequer Head of Finance Procurement Manager
6 6.1 6.2 6.3 6.4	PAYROLL SERVICES Appointment of Employees Amendments Other Payments Timesheets	HR Manager HR Manager HR Manager HR Manager
7 7.1 7.2 7.3 7.4 7.5 7.6	BANKING ARRANGEMENTS General Cheques/Cash Received Money Laundering Direct Debits (received) Direct Debits and Cheques Paid Handling of Cheques	Head of Finance Principal Accountant - Exchequer Group Auditor-SWAP Head of Finance Head of Finance Principal Accountant - Exchequer
8	INCOME	Head of Finance
9	IMPREST ACCOUNTS	Head of Finance
10 10.1 10.2 10.3 10.4 10.5 10.6 10.7	RISK MANAGEMENT AND INSURANCES Risk Management Insurances Notification of Loss Review Car Allowances Current Insurance Inventories	Procurement Manager Insurance and Accounting Technician Insurance and Accounting Technician Insurance and Accounting Technician Insurance and Accounting Technician Insurance and Accounting Technician Insurance and Accounting Technician
11 11.1 11.2 11.3	STOCKS, STORES, FURNITURE AND EQUIPMENT General Write Offs Stock Checks	Head of Finance Head of Finance Head of Finance



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11.4	Corrections	Head of Finance
11.5	Disposal of Surplus	Procurement Manager
12	CAR LOANS AND LEASED CARS	Head of Finance
13	BUILDINGS, LAND AND PROPERTY	
13.1	Asset Register	Principal Accountant – Corporate Finance Treasury Management
13.2	Buildings, Land and Property Transactions	Head of Finance
13.3	Condition Surveys	Head of Environmental Health and Community Protection
13.2	Asset Management Plans	Head of Finance
13.3	Custody of Deeds	Head of Legal and Democratic
13.4	Security	Head of Environmental Health and Community Protection
14	LOANS POLICY	Head of Finance
15	EXTERNAL ARRANGEMENTS	
15.1	Partnerships	Head of Finance
15.2	External Funding	Head of Finance
15.3	Work for Third Parties	Head of Finance
15.4	Grants to Outside Bodies	Head of Finance
16	BREACHES OF FINANCIAL REGULATIONS	Group Auditor-SWAP /Head of Finance