

**FINANCIAL PROCEDURE RULES (FPRs)**

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# Status of Financial Procedure Rules

1. These Financial Procedure Rules are part of the Council's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.
2. They are made in accordance with the provisions of both Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations. These statutory provisions require the Council to make arrangements for the proper administration of its financial affairs. These Financial Procedure Rules state the principles of financial control and administration for the Council. They must be followed by the Council, Cabinet, every Member and Officer of the Council, its Committees and Sub-Committees. Where specific situations are not covered they must act with the best interests of the Council as a whole and within the spirit of these Rules. They must also be followed by anyone acting either on its behalf (i.e. where such a person or organisation has been given delegated authority to carry out identified functions on the Council's behalf) or in partnership with it.
3. If, in considering entry into a partnership agreement, there is a risk of conflict with any of the Council's Financial Procedure Rules, the Chief Executive, relevant Director/Head of Service and the Chief Finance Officer must first report to the Cabinet about such implications.
4. This requirement (to consider possible conflicts) also applies to those arrangements where the Council is to enter into arrangements for which it is to be either the accountable or the host body, or where the Council is considering 'pooled budgets' with other authorities. If the Council has not been nominated as the lead authority, then it is the responsibility of the Chief Finance Officer to assess and advise accordingly on the Financial Procedure Rules of the designated lead authority.
5. These Financial Procedure Rules and other regulatory rules exist to assist all levels of the organisation, including its partners, to ensure that the Council has proper financial and managerial controls in place and that it uses public monies in an accountable and transparent way.

6. These Financial Procedure Rules and other regulatory rules apply to schools except in so far as the specific arrangements under 'Fair Funding' (1998 Education Act) and Scheme for Financing Schools 2005 take precedence over them. In every other respect schools with local management arrangements must follow these Financial Procedure Rules.
7. These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.
8. Financial Procedure Rules and Contract Procedure Rules must be followed where the Council acts as agent for any other body unless the agency agreement specifies otherwise.
9. Where there are references to the Chief Executive, Directors or Heads of Service the responsibility is as follows:
  - The Chief Executive as Head of Paid Service at a strategic level provides oversight, coordination and direction across the organisation.
  - Directors (including the Chief Executive in respect of Corporate Services) at a strategic level provide overview and coordination of resources, performance and service delivery across corporate services or a Directorate as appropriate.
  - Heads of Service are accountable at an operational level for, resource management, performance management and delivery of services relating to the division for which they have responsibility.
10. Where there are references to posts, the post holders are as follows:
  - The Head of Paid Service is the Chief Executive
  - The Chief Finance Officer is the Head of Finance
  - The Monitoring Officer is the Head of Legal and Democratic Services
  - The Chief Education Officer is the Director of Lifelong Learning

# FINANCIAL PROCEDURE RULES

## FINANCIAL PROCEDURE RULE 1: FINANCIAL MANAGEMENT

**1.1** The Council is responsible for making and amending the financial procedure rules and the contract procedure rules as it considers necessary and desirable for the proper administration of its financial affairs, taking into account any advice from the Chief Finance Officer, the Cabinet and the Audit Committee.

**1.2** Each Cabinet Member, the Chief Executive and each Director/Head of Service is responsible to the Council for the proper observance of the Council's Financial Procedure Rules and Contract Procedure Rules in regard to their respective responsibilities.

**1.3** Each Head of Service shall:

- (a) Ensure that all staff in their Service are fully aware of these Procedure Rules and are aware of the requirement to comply fully with them.
- (b) Maintain a record of those officers to whom these Procedure Rules have been issued.
- (c) Take all reasonable steps to ensure that the Financial Procedure Rules and Contract Procedure Rules are observed throughout their Service.

**1.4** Any staff who fail to observe Financial Procedure Rules and/or Contract Procedure Rules may be subject to disciplinary action.

**1.5** The Chief Finance Officer is the Officer responsible for the interpretation of these Procedure Rules, responsible for ensuring that they remain appropriate to the Council's activities. An annual review will take place and each individual rule will be reviewed at least every two years. The outcome of each review will be reported to Council, along with any recommendations for changes. Should there be any urgent changes required these will be recommended to Council between annual reviews.

**1.6** The Chief Finance Officer may waive the need to comply with any of these Financial Procedure Rules; recording the reasons for the waiver and setting out the scope and duration of the waiver and any substitute Procedure Rules. Alternatively, the Chief Finance Officer may refer an application for waiver to the Cabinet or the County Council. Whilst considering any waiver, the Chief Finance Officer must consult all relevant Director/Heads of Service and the Cabinet Member with responsibility for Finance.

**1.7** Any significant departure which has not been previously approved by the Chief Finance Officer (or by the Cabinet or the County Council or under urgent powers) from the Council's Financial Procedure Rules or Contract Procedure Rules that is brought to the attention of a Head of Service shall be reported to the Chief Finance Officer. A joint report of the Director/Head of Service and the Chief Finance Officer shall be submitted to the Cabinet and to the Audit Committee.

**1.8** These Financial Procedure Rules apply to the Council Fund (revenue and capital), the Housing Revenue Account (revenue and capital), all Trading Accounts and all other financial records held.

**1.9** The Chief Finance Officer has statutory responsibility for the proper administration and stewardship of the financial affairs of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

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

**1.10** The Chief Finance Officer among other functions is responsible for:

- The proper administration of the Council's financial affairs.
- Setting and monitoring compliance with financial management standards.
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- Providing financial information.

- Making recommendations to the Cabinet and County Council for the preparation of the revenue budget and capital programme.
- Preparing the approved revenue budget and capital programme.
- Treasury management.

**1.11** The Chief Executive, Directors and Heads of Service are responsible for promoting the financial management standards set by the Chief Finance Officer in their Service and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

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

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

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

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

**1.15** Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally, due to absence or illness.
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

(All references to a Committee (joint or otherwise) include

Sub-Committees).

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

## **FINANCIAL PROCEDURE RULE 2: FINANCIAL PLANNING**

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

Integral to the Medium Term Financial Strategy, is the Medium Term Financial Plan (MTFP) which uses detailed intelligence led forecasting. The MTFP estimates available resources; investment needs linked to the Council's Improvement Plan and priorities, demand and externally led cost pressures and opportunities for efficiencies / savings for both revenue services and the capital programme over a five year period. The plan enables the gap between forecast funding levels and resource requirements to be identified over the medium term.

Detailed work is undertaken on an annual basis by Corporate Finance Team, in conjunction with the Corporate Management Team and Heads of Service, to build on the MTFP to enable a balanced revenue budget and capital programme is approved by Council for the following financial year.

**2.1** The process for developing the budget is set out in the Budget and Policy Framework Rules in Part 4 of the Constitution.

**2.2** The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis, together with a revenue projection over a five-year period, for consideration by the Cabinet, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.

**2.3** The Chief Finance Officer in conjunction with the Director of Environment is responsible for ensuring that a rolling capital programme is prepared on an annual basis for consideration by the Cabinet, which will make recommendations to the Council, and that this is updated regularly throughout the year to reflect any capital resources which become available subsequently together with any programme slippage identified in year. The Council is responsible for the approval of the capital programme.



**2.4** The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration by Members, at each stage of the revenue budget and capital programme processes, of the Council's policy framework.

**2.5** The revenue budget will include the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Head of Service and for central and corporate budget heads. The capital programme will include scheme details and estimated capital resources.

**2.6** It is the responsibility of the Chief Finance Officer to advise the Cabinet and the Council on prudent levels of reserves for the Council, taking into account any advice from the External Auditor.

**2.7** Directors are responsible for drawing up annual service plans linked to the improvement plan and council priorities. and identifying any budgetary implications for inclusion in the MTFP for member consideration

**2.8** Heads of Service will ensure that credit arrangements, such as leasing agreements, are not entered into without agreement with the Chief Finance Officer (via the Treasury Management team) and, if applicable, approval of the scheme through the capital programme. For the purchase of all items which are not brand new, Heads of Service will ensure that a Hire Purchase Information (HPI) check has been undertaken to ensure that there is no outstanding finance.

**2.9** All projects seeking inclusion in the Capital Programme will be subject to a project appraisal prior to consideration by Cabinet for inclusion in the capital programme.

**2.10** Heads of Service will proceed with capital projects only when approval has been received for the project to proceed.

**2.11** The Director of Environment will provide an estimate of capital receipts generation for inclusion within the capital programme, its subsequent updates (as per paragraph 2.3), and capital monitoring reports.

## **FINANCIAL PROCEDURE RULE 3: BUDGET MANAGEMENT (REVENUE AND CAPITAL)**

**3.1** Heads of Service are the accountable officers for budgets for the delivery of the services in the Division for which they have responsibility. Heads of Service are authorised to incur expenditure and generate income in accordance with the budget approved by Council, as amended by any virement made under Financial Procedure Rule 4, or any supplementary budgets approved under Financial Procedure Rule 5 by the Cabinet and/or Council as appropriate. It is the responsibility of the Head of Service to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.

**3.2** Heads of Service will ensure that all income and expenditure is accounted for against the budget head to which it relates, irrespective of where budget has been allocated. Where necessary, Heads of Service should request a budget virement (FPR4).

**3.3** Heads of Service are accountable for monitoring and controlling both revenue and capital, income and expenditure against budget heads as approved in the Budget. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer

**3.4** The Chief Finance Officer is responsible for the adequacy and effectiveness of budgetary control arrangements across the Council, ensuring appropriate systems are in place to provide timely and sufficiently detailed reports to Managers to fulfil their budget monitoring responsibilities. Directors and Heads of Services are responsible for ensuring that the budgets for which they are responsible are monitored and reported on to the Chief Finance Officer in accordance with the agreed budgetary control arrangements. The Chief Finance Officer will report to the Cabinet on the Council's overall position on a regular basis.

**3.5** Heads of Service should ensure that each budget head, and below that, each cost centre, has a single named manager, who will be responsible for monitoring and investigating variances (positive and negative) against budget and bringing these to the attention of the Head of Service and the relevant Finance Manager or Accountant for action as required.

**3.6** Heads of Service should take action as necessary to avoid exceeding their budget allocation for the particular service area thus operating within their available resources, and ensure that Managers and all staff understand their financial responsibilities.

**3.7** Heads of Service should prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or, through the proposed use compensating savings elsewhere in their budget. Heads of Service should also report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.

All significant variations from budget will be reported to the Chief Finance Officer, who will report the position and any budget action plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with budget.

Budget action plans will be monitored by the relevant Head of Service who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.

**3.8** In exceptional cases, Head of Services will submit reports to the Cabinet and to the Council, in consultation with Chief Finance Officer, where a Head of Service is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only. Financial Procedure Rule 5 provides further details.

**3.9** Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the "Belwin" scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and the funding for such expenditure must be agreed as soon as possible.

## **RULES RELATING TO CAPITAL**

**3.10** The Chief Finance Officer is responsible for the monitoring of the Capital Programme, in conjunction with the Director of Environment. A report updated on a quarterly basis will be submitted to Cabinet, identifying changes in capital resources, including the generation of capital receipts and the effect of rollover together with quantifying contractually uncommitted values by scheme.

**3.11** Whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.

**3.12** The approved Capital Programme will include information on grant funded schemes, as estimated.

## **FINANCIAL PROCEDURE RULE 4: BUDGET VIREMENTS**

**4.1** Heads of Service may vire between revenue budget heads which they are responsible for up to a cumulative maximum of £75,000 during the year, providing that there will be no resultant change of policy and subject to the restrictions outlined in 4.3 below

Notification of all such virements should be given to the Chief Finance Officer in the format specified by the Chief Finance Officer.

**4.2** Budget virements in excess of £75,000 require the approval of the Cabinet, or, where there are implications to the policy framework, approval of the Council a joint report by the Chief Finance Officer and the Head of Service should be submitted for approval.

**4.3** The approval of the Cabinet, or, where there are policy implications, of the Council, is required for any virement, of whatever amount, where it is proposed to:

- Vire between budgets of different Cabinet Portfolio holders.
- Vire between budgets managed by different Heads of Service.

**4.4** Virements simply to minimise variances are specifically precluded. For example to minimise an under spend or reduce an overspend for the purpose of reporting rather than to meet the required level of service.

**4.5** Where an approved budget is a lump-sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) The amount is used in accordance with the purposes for which it has been established.
- (b) The Cabinet has approved the basis on which it will be allocated, for example a recommendation that a one off investment from a contingency reserve be allocated to a service to support costs in the first year of operation (leisure services)

**4.6** Requests for Capital virement, of any amount, between capital budget heads, must be submitted to the Corporate Asset Management Group who will consider the proposal as part of its remit to maintain an overview of the capital programme, giving due consideration to the changes in capital resources, contractually uncommitted values and projected rollover. Following assessment of the proposal, Corporate Asset Management Group will make recommendations to the Chief Finance Officer and the Director of Environment who will report to Cabinet.

**4.7** A school's governing body may transfer budget provision between heads of expenditure within their delegated school budget following notification to the Head of Service.

## **FINANCIAL PROCEDURE RULE 5: ADDITIONAL BUDGET ALLOCATIONS (REVENUE AND CAPITAL)**

**5.1** The Council is responsible for the approval of any new proposals, of whatever amount, that:

- (a) Create financial commitments which will increase the total net base budget in future years. The funding of the proposal will be a call on future years' Council Tax. The funding for the year in which the proposal is put forward must be identified by the Chief Finance Officer from unearmarked reserves or from one-off reductions elsewhere. Any proposals which involve commitments into future years which are funded by reductions elsewhere (i.e. the total net base budget is not increased) will be in accordance with Financial Procedure Rule 4 (budget virements).
- (b) Alter the policy framework, i.e. result in changes to those policies and plans set out in the Constitution.

**5.2** Any other proposals which would result in changes to existing policies outside the policy framework (including the initiation of new policies or the cessation of existing policies) or materially extend or reduce the Council's services shall require the approval of the Cabinet.

**5.3** In-year requests for non-recurring additional budget are delegated to the Cabinet for consideration.

**5.4** Any monies included within the revenue budget or capital programme for corporate developments, to be approved during the year by Cabinet, will not be used to address budget pressures in base budget provisions.

**5.5** It is the responsibility of Head of Service to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.

**5.6** If a bid for a supplementary budget is not approved, and the expenditure for which the supplementary budget was requested is unavoidable, the Head of Service must put forward to the Cabinet proposals for reducing expenditure elsewhere, specifying budget head and service implications. If there are any policy implications on the Policy Framework, the approval of Council will be required.

**5.7** The Head of Service will liaise with the Chief Finance Officer and Director of Environment through the Corporate Asset Management Group where a request is to be made for an additional capital scheme, or increased costs of approved capital schemes, to be included within the capital programme. The Chief Finance Officer will provide advice regarding the capital programme monitoring position, including slippage, and additional capital resources (if any) that may have been identified since the capital programme was approved.



## **FINANCIAL PROCEDURE RULE 6: FINANCIAL IMPLICATIONS OF REPORTS TO MEMBERS**

**6.1** When reporting to the Cabinet or Council on any matter which affects, or is liable to affect, the finances of the Council, the Head of Service shall, in consultation with the Chief Finance Officer, incorporate into the report the financial implications of the matter under discussion. This applies to both income and expenditure, of either a revenue or capital nature.

**6.2** If a report has no financial implications, this should be clearly stated.

**6.3** The Chief Executive, Directors and Heads of Service are responsible for ensuring that the appropriate Cabinet Member(s) are advised of the financial implications of all proposals and that these financial implications have been agreed with the Chief Finance Officer.

**6.4** The Financial Implications Section of any report to Members must contain a complete summary of the financial aspects of the report, and be self-contained, i.e. not require reference to any other part of the report, other than for further, non-financial, details.

**6.5** The Directors and Heads of Service are responsible for ensuring that all authors of reports are aware of the requirements under the Financial Implications Section, or that, where a report is written by an infrequent author of reports, the Financial Implications Section is overseen by a suitable Officer.

**6.6** Directors and Heads of Service should consult with Directorate Finance Officers when determining the financial implications. The wording of financial implications must be agreed with the Directorate Finance Officer before the report is passed to the Committee Administrator for inclusion on any agenda for Member consideration. Draft financial implications must be passed to the Directorate Finance Officer for consideration at least five full working days before the deadline for submission to the Committee Administrator, including reports with no financial implications. All strategic reports will be provided to the Chief Executive, the Chief Finance Officer and Monitoring Officer prior to the deadline for submission for consideration of issues of a strategic or corporate nature.

Where the financial implications are not agreed with the Chief Finance Officer prior to including the report on any agenda for Member consideration, the report will be withdrawn.

**6.7** The financial implications shall include an indication of full and part year income and expenditure; whether the income or expenditure is recurring or non-recurring; the revenue implications of any capital expenditure; details of any external funding (e.g. amount, duration, any conditions attached) and any staffing implications (cost in current year, cost in a full year and cost at the top of the grades). The Head of Human Resources and Organisational Development must be consulted on any staffing implications, and the human resources implications section of the report must provide such information as is required by the Head of Human Resources and Organisational Development.

**6.8** The financial implications shall also indicate clearly whether the net costs will be met from within existing budgets, from new sources of income, from virement, or whether (in exceptional circumstances) an increase in the budget is being requested in which case Financial Procedure Rule 5 applies. Where costs are to be met from within an existing budget, the Head of Service will provide the Chief Finance Officer with details of the relevant budget head(s).

**6.9** Where expenditure is to be met from grant funding which is time-limited, the report should clearly indicate whether expenditure will cease on the expiry of grant funding, or whether an increase in base budget will be required. In the latter case, it will not be adequate to indicate in the report that the expenditure will be subsumed within the Council's total base Budget Requirement. If an increase in base budget is not requested by the Head of Service, and approved by Members, then the Head of Service will not have authority to incur further expenditure following the expiry of the grant funding, unless this is met from elsewhere within the existing approved base budget, and this virement has approval from the Cabinet or the Council as appropriate.

**6.10** Any budget proposal that will impact on another service area should be proposed only after agreement with the relevant Head of Service' budget.

## **FINANCIAL PROCEDURE RULE 7: TREATMENT OF YEAR-END BALANCES**

**7.1** The Chief Finance Officer will administer the scheme of carry-forward within the guidelines approved by the Council.

**7.2** The Chief Finance Officer will report variances to the Cabinet, as part of regular monitoring, and to the Council, as part of the budget process.

**7.3** Any aggregate overspend on budgets, at Service level, under the control of the Head of Service will be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless otherwise agreed by Cabinet and Council. The Chief Finance Officer will report the extent of overspends carried forward to the Cabinet and to the Council.

**7.4** Heads of Service will submit to the Cabinet, for approval, proposals for the recovery of any overspend not previously reported, specifying budget heads and service implications and the reasons for the late identification. If there are any implications to the Policy Framework, the approval of Council will be required.

**7.5** Cabinet will approve the use of service under spends, and also the use of any under spends against central and corporate budget heads, except where there are implications to the Policy Framework, in which case the approval of Council will be required.

**7.6** Schools' balances, under legislation, are available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the governing body will prepare a detailed financial recovery plan, in consultation with the Chief Education Officer. The plan should recover the deficit within the following financial year unless, in exceptional circumstances, where a maximum deficit recovery period of 5 years is allowed.

## **FINANCIAL PROCEDURE RULE 8: ACCOUNTING POLICIES, PROCEDURES AND SYSTEMS**

**8.1** The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

**8.2** The Chief Executive, Directors and Heads of Service are responsible for adhering to the accounting policies approved and guidelines issued by the Chief Finance Officer.

**8.3** The Chief Finance Officer is responsible for determining the corporate financial systems, accounting procedures, records and timetables for the Council and must be consulted during the selection and implementation of non-corporate accounting systems to ensure that corporate accounting and internal control requirements are met.

**8.4** The Chief Finance Officer will:

- (a) Arrange for the compilation of all accounts and accounting records under his or her direction.
- (b) Be responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC).
- (c) Sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- (d) Make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit (Wales) Regulations.
- (e) Prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the Statement of Accounts before the due date, and for the Audit Committee to consider the statement of accounts before approval by Council.

**8.5** The Council is responsible for approving the annual Statement of Accounts, on the recommendation of the Audit Committee which will consider them beforehand.

**8.6** Directors and Heads of Service will supply information required to enable the Statement of Accounts to be completed in accordance with guidelines and timetables issued by the Chief Finance Officer.

**8.7** The Chief Finance Officer and Head of Service will:

- (a) Ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud and other malpractice (by, for example, separation of the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums, from the duty of collecting or disbursing them).
- (b) Ensure that all claims for funds including grants are made by the due date.
- (c) Ensure the proper retention of prime documents and other financial documents in accordance with statutory requirements or any other timescales issued corporately.
- (d) Ensure that all the Council's transactions, material commitments and contracts and other essential accounting information are genuine and are recorded completely, accurately and on a timely basis; that they have not been previously processed and that they are held securely.
- (e) Ensure that all reconciliation procedures are carried out to ensure transactions are correctly recorded i.e. that output from systems is complete, accurate and timely.
- (f) Maintain adequate records to provide an audit trail leading from the source document for income/expenditure through to the accounting statements, and vice versa.

**8.8** Directors and Heads of Service will notify the Chief Finance Officer where neither corporate nor Directorate financial systems provide the information required for any necessary purpose, e.g. grant claims, cost-based performance indicators.

**8.9** The Chief Finance Officer is responsible for the operation of the Council's corporate accounting systems, the form of accounts and the supporting financial records. Any changes made by Directors or Heads of Service to their existing accounting records or financial systems or the establishment of new systems must be approved by the Chief Finance Officer. Heads of Service are responsible for the proper operation of financial processes in their own Directorates.

**8.10** Any changes required to agreed financial procedures by Heads of Service in order to meet their specific service needs should be agreed with the Chief Finance Officer.

**8.11** Directors and Heads of Service should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer. Heads of Service are responsible for identifying financial training needs. The Chief Finance Officer is available to advise on this issue.

**8.12** Directors and Heads of Service must ensure that staff are aware of their responsibilities under data protection and freedom of information legislation. Heads of Service must ensure, in conjunction with the Data Protection Officer, that, where appropriate, computer and other systems are notified in accordance with data protection legislation.

**8.13** The Chief Finance Officer, Directors and Heads of Service will ensure that corporate and Directorate systems respectively are documented and staff trained in their operation.

**8.14** Directors and Heads of Service will:

- (a) Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- (b) Ensure that relevant standards and guidelines for computer systems, as issued by the Head of ICT and Customer Services, are adhered to.
- (c) Ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- (d) Comply with the copyright, designs and patents legislation and, in particular, ensure that:
  - (i) only software legally acquired and installed by the Council is used on its computers.
  - (ii) staff are aware of legislative provisions.
  - (iii) in developing systems, due regard is given to the issue of intellectual property rights.

## **FINANCIAL PROCEDURE RULE 9: INCOME AND EXPENDITURE**

**9.1** It is the responsibility of the Directors and Heads of Service to ensure that a proper scheme of delegation has been established within their area and is operating effectively, identifying staff authorised to act on the Head of Service's behalf in respect of payments, income collection and placing orders, including variations, together with the limits of their authority and in respect of monitoring such transactions against approved budgets.

**9.2** The Director and Heads of Service will supply lists of authorised officers, with specimen signatures and initials, and delegated limits, to the Chief Finance Officer, together with any subsequent variations. These should be updated to reflect changes in personnel and should be reviewed on an annual basis by the Head of Service.

### **Income**

**9.3** Where possible the Head of Service will obtain income in advance of supplying goods or services to improve the Council's cashflow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items. No invoices with a value of less than £40, with the exception of invoices relating to peppercorn rents, licenses or leases in connection with the occupation of council land or property shall be raised without the approval of the Chief Finance Officer. All efforts should be taken to ensure that the invoices are raised in the most economical way possible. Wherever practicable such sums should be collected in cash. In these cases, the collection of the cash must be made before the supply of the goods or services. Authorisation should be obtained for amending invoices, issuing credit notes. All invoices written off must follow the procedures in the Corporate Debt Recovery Policy.

**9.4** The Council's position on money laundering is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Head of Corporate Finance. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

**9.5** The Chief Finance Officer will:

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

**9.6** Directors and Heads of Service will:

- (a) Establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it at least annually, in consultation with the Chief Finance Officer. Where the Head of Service considers that an existing charge should be discontinued, or an additional charge levied, the Head of Service shall, after consultation with the Chief Finance Officer, make a recommendation to the Cabinet.
- (b) Separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- (c) Issue official receipts or maintain other documentation for income collection.
- (d) Ensure that money received by post is properly identified and recorded, with at least two employees present when post is opened.
- (e) Hold securely receipts, tickets and other records of income for the appropriate period.
- (f) Lock away all income to safeguard against loss or theft, and ensure the security of cash handling.



- (g) Ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details must be recorded on paying-in slips, duplicate(s) or counterfoil(s) to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis. Every cheque, postal order or money order payable to the Council shall be crossed to the Council's bank account immediately on receipt.
- (h) Ensure that third party cheques are not accepted in payment of a debt to the Council, except with the authorisation of the Chief Finance Officer in writing. In each such case the receiving Officer shall record and verify the full name and address of the drawer.
- (i) Ensure that personal cheques are not, under any circumstances, cashed out of money held on behalf of the Council.
- (j) Supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due (both of a revenue or capital nature), to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. If possible all invoices should be raised within 5 working days of the provision of goods or services or at the earliest opportunity.
- (k) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- (l) Ensure that levels of cash held on the premises do not exceed approved limits.
- (m) Keep a record of every transfer of cash between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- (n) Recommend to the Chief Finance Officer all debts to be written off and keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- (o) Notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.

- (p) Notify the Chief Finance Officer of any waiving of a sum due, as soon as such a decision has been taken. Where the sum involved is in excess of £2,000, the Chief Finance Officer should be consulted, and the Cabinet if the value exceeds £10,000. The recording of all sums waived by a Head of Service shall be as agreed with the Chief Finance Officer.

## **Expenditure**

**9.7** Every Member and Officer of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with both the Members and Officers Codes of Conduct set out in the Constitution.

**9.8** All procurement activities (ordering of goods, services and works) will be undertaken on the Council's approved Purchase to Pay (P2P) system. Directors and Heads of Service will ensure that unique pre-numbered official orders are used, in a form approved by the Chief Finance Officer, for all work, goods or services to be supplied to the Council, except where a formal written contract is required, or for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer. Each order must conform to the guidelines approved by the Council. Standard terms and conditions must not be varied without the prior approval of the Monitoring Officer.

**9.9** Each Head of Service shall be responsible for all orders issued from, or on behalf of, his or her Directorate. Where one Head of Service places an order on behalf of another, that Head of Service shall obtain the latter's consent in advance.

**9.10** A written order shall be placed in advance of the relevant work, goods services or works being supplied. Where, due to urgent need, it is necessary to place a verbal, fax or e-mail order a written order shall be issued at the earliest opportunity and shall be clearly marked as being in confirmation of the verbal order.

**9.11** The Officer signing an official order and/or approving through workflow shall be responsible for ensuring, either personally or through the originating Officer, that it has been placed in accordance with the Council's Financial Procedure Rules, that there is sufficient budget provision to meet the expenditure under the proper budget head and in the proper year of account, and that the order request is properly completed.

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

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

**9.14** Directors and Heads of Service will ensure that the Officer approving through workflow an official order shall be responsible for ensuring, either personally or through the originating Officer, that:

- (a) All goods, services and works are ordered only by authorised staff and are correctly recorded.
- (b) All goods, services and works shall be ordered in accordance with the Council's Contract Procedure Rules unless they are purchased from sources within the Council.
- (c) Goods, services and works received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order.
- (d) Payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards, with prices, calculations, trade discounts and other allowances and credits checked.
- (e) All payments are made to the correct payee and are properly recorded.
- (f) All appropriate evidence of the transaction and payment documents are retained and stored in accordance with the Records Management Policy.
- (g) All appropriate steps are taken to minimise the risk of subsequent duplicate payments.
- (h) All expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Head of Service will request a budget virement (FPR4). Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.
- (i) Every order shall be specific as to the supplier, nature, quality (where applicable) and quantity (where applicable) of the works, goods or services being ordered, and shall clearly identify the budget head to which the order is properly chargeable.

- (j) Where a quoted price has been obtained, that price shall be quoted on the order. Where no quoted price has been obtained, copies of the order, other than the supplier's copy, shall, as far as practicable, in the Head of Service's opinion, bear an estimate of the cost of the order.
- (k) Every alteration to an official order after issue must be approved through workflow by an Officer authorised to approve such orders. A copy of each order shall, if so required, be supplied on request to the Chief Finance Officer.

**9.15** For purchases made electronically over the Internet (not including P2P transactions) the Officer will:

- (a) Ensure that the transaction has been authorised and evidence obtained either in the form of an official approved
- (b) Ensure that there are no corporate purchasing arrangements that allow the goods or services to be purchased more competitively.
- (c) Provide proof that the goods have been received and are in the custody of the Council.
- (d) Ensure that payment is only made using a Corporate Purchasing Card.

**9.16** The Chief Finance Officer will:

- (a) Ensure that all the Council's financial systems and procedures for ordering and paying for work, goods and services are sound and properly administered.
- (b) Approve any changes to such existing financial systems and approve any new systems before they are introduced.
- (c) Approve the form of official orders and associated terms and conditions. The ordering, control and issue of official orders shall be under the supervision of the Chief Finance Officer.
- (d) Make payments from the Council's funds on the Directors or Head of Service's authorisation that the expenditure has been duly incurred in accordance with Financial Procedure Rules. Payments made must be reconciled to the bank account on a weekly basis.

- (e) Make payments, whether or not provision exists within the budgets, where the payment is specifically required by statute or is made under a court order. The Director or Head of Service must notify the Chief Finance Officer immediately of any such expenditure. If no budget provision exists, the Head of Service must identify a budget virement. If the size of the payment warrants it, the Chief Finance Officer may identify corporate funding.
- (f) Make payments to contractors on the certification of the appropriate Head of Service, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- (g) Provide advice on making payments by the most economical means.
- (h) Examine any accounts passed for payment to the extent considered necessary or desirable, and shall be entitled to receive from the Council's employees and creditors such information and explanations as the Chief Finance Officer may require for this purpose. Having been satisfied that the account is in order, the Chief Finance Officer will make such arrangements as are required to ensure payment is made.

**9.17** Directors and Heads of Service will:

- (a) Maintain an up-to-date list of such staff authorised to approve through workflow official orders, identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods, services and works ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
- (b) Ensure that goods, services and works are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different Officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- (c) Ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
  - (i) receipt of goods or services
  - (ii) that the invoice has not previously been paid
  - (iii) that expenditure has been properly incurred and is within budget provision
  - (iv) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices

- (v) correct accounting treatment of tax
  - (vi) that the invoice is correctly coded
  - (vii) that discounts have been taken where available
  - (viii) that appropriate entries will be made in accounting records
- (d) Ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different Officer from the person who approved the order, and in every case, a different Officer from the person checking a written invoice, should authorise the invoice.
- (e) Forward certified invoices to the Chief Finance Officer, or input for payment, without delay, to ensure that settlement terms are complied with and prompt payment discounts achieved. If settlement terms are not stated the Council is required to pay all undisputed invoices within 30 days of receipt.
- (f) Ensure that the Directorate maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising Officers together and details of the limits of their authority shall be forwarded to the Chief Finance Officer and any subsequent amendments incorporated into the P2P system
- (g) Ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. (the formal invoice can be attached electronically via E-mail)
- (h) Encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Chief Finance Officer.
- (i) Ensure that the Directorate obtains best value from purchases by using the corporate purchasing arrangements as endorsed by the Head of Procurement.
- (j) Notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31<sup>st</sup> March in line with the timetable determined by the Chief Finance Officer.

**9.18** The Chief Finance Officer is responsible for the appraisal of capital financing options, and arrangement of operating and finance leases. The Directors and Heads of Service will ensure that loans, leasing or rental arrangements are not entered into without prior consultation/agreement from the Chief Finance Officer (via the Treasury Management team). The exception to this requirement is for schools who arrange finance for equipment. This process will ensure that the Council's borrowing powers, authorised limits and approved credit arrangements are not exceeded, and that the Council complies with relevant accounting/reporting standards.

**9.19** With regard to contracts for construction and alterations to buildings and for civil engineering works, The Directors and Heads of Service will document and agree with the Chief Finance Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status, as contained in the Guidance Procedures relating to Employed / Self-Employed and Construction Industry Workers.



## **FINANCIAL PROCEDURE RULE 10: RISK MANAGEMENT, BUSINESS CONTINUITY AND INSURANCE**

**10.1** The Audit Committee is responsible for reviewing the effectiveness of risk management and business continuity.

**10.2** Heads of Service will take responsibility for risk management, having regard to advice from specialist officers (e.g. policy & performance, crime prevention, fire prevention, health and safety).

**10.3** Directors and Heads of Service will ensure that there are regular reviews of strategic and operational risks within their Directorates. Strategic risks will be notified promptly to CMT.

**10.4** Identification, evaluation and management of risk is part of every Heads of Service day-to-day responsibilities. Heads of Service will ensure that risks are assessed on an ongoing basis to ensure that the risk register and business continuity plans are kept up to date. This process will ensure that the links between service planning, risk assessment, risk management and financial planning are enhanced and any financial implications are built into future budget considerations. It also ensures that the Council can respond to unforeseen events to ensure continuity of service delivery.

**10.5** CMT will:

- (a) Review priorities and projects to ensure that strategic risks are identified and reviewed regularly to ensure that appropriate action is taken in relation to each priority or project.
- (b) Agree the appropriate level of risk for the Council in consultation with Members.
- (c) Challenge the outcomes of risk management and ensure effective dissemination of risk management information throughout their Directorate.
- (d) Monitor and update the risk register ensuring that all emerging risks and challenges are incorporated.
- (e) Review processes and findings from business continuity planning and activity

**10.6** The Chief Finance Officer shall effect all insurance cover, including an Internal Insurance Fund, to meet specified claim types as he/she considers necessary or desirable for the protection of the Council's interests.

**10.7** Heads of Service will notify the Chief Finance Officer of all new properties or vehicles that require insurance and of any alterations affecting existing insurances.

**10.8** The Chief Finance Officer will negotiate all claims by or against the Council, in consultation with the appropriate Head of Service, where necessary.

**10.9** Heads of Service will notify the Chief Finance Officer immediately of any loss, liability, damage or other event that may lead to a claim against the Council, and will also arrange to provide the Chief Finance Officer with any information or explanation required by him/her or by the Council's insurers, in accordance with the timescales imposed under the Access to Civil Justice Act (Personal Injury Protocols).

**10.10** The Chief Finance Officer shall review all insurances, and insurable risks in consultation with the appropriate Head of Service, at intervals not exceeding one year.

**10.11** The Chief Finance Officer shall annually provide all CMT with details of all insurance policies affecting their Directorate and a note of the cover provided.

**10.12** Heads of Service will consult the Chief Finance Officer on the terms of any indemnity that the Council is requested to give.

**10.13** Heads of Service will ensure that employees, or anyone covered by the Council's insurances, are aware that they must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

**10.14** The Chief Finance Officer will monitor actual and potential claims against the Council and ensure that the financial implications are fully reflected in budget monitoring.

## **FINANCIAL PROCEDURE RULE 11: INTERNAL CONTROL, INCLUDING AUDIT REQUIREMENTS**

**11.1** Overall responsibility for the control environment rests with the Council as a whole. The Corporate Management Team is responsible for overseeing and monitoring the control environment.

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

- The Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice.

The Chief Finance Officer is responsible for the accounting control systems and records and the preparation of the Statement of Accounts.

**11.2** Directors and Heads of Service are responsible for having in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Directors and Heads of Service are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Council has a partnership relationship with a third party.

**11.3** Directors and Heads of Service must therefore assess, at least once a year, the effectiveness of their system of internal control, in line with current Accounts & Audit (Wales) Regulations.

**11.4** Directors and Heads of Service must also provide appropriate information to the Corporate Governance Working Group to enable the Annual Governance Statement to be included within the financial statements, as required.

**11.5** The Chief Finance Officer, Directors and Heads of Service will review existing controls in the light of changes affecting the Council and establish and implement new controls as necessary. They will also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.

**11.6** Heads of Service should ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

**11.7** The Accounts and Audit (Wales) Regulations issued by the Welsh Government require every local authority to maintain an adequate and effective internal audit. The Council will ensure that the internal audit function is properly resourced, on the advice of the Chief Finance Officer and the Audit Committee.

**11.8** The Chief Finance Officer will ensure that internal auditors comply with the Public Sector Internal Auditing Standards

**11.9** The responsibilities of the internal auditors are set out in the Standards

In line with these requirements, they will perform internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place to:

- Establish and monitor the achievement of the organisation's objectives.
- Identify, assess and manage the risks to achieving the organisation's objectives.
- Formulate and evaluate policy, or provide policy advice, within the responsibilities of the Council's Chief Finance Officer.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies, procedures, laws and regulations, including the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data.

**11.10** The internal auditors will have the authority, subject to statutory and common law limitations and prior consultation when applicable, to:

- (a) Access Council premises.

- (b) Access all assets, records, documents, correspondence and control systems.
- (c) Receive any information and explanation considered necessary concerning any matter under consideration from Members and Officers.
- (d) Require any employee of the Council to produce or account for cash, stores or any other Council asset or asset of a third party under his or her control.
- (e) Access records, staff and premises belonging to partner organisations and contractors, when required.
- (f) Have unrestricted access to senior management, members and all employees.

**11.11** The Chief Finance Officer will:

- (a) Promote awareness of internal control issues by Members and Officers.
- (b) Promote awareness of Members and Officers of anti-fraud and anti-corruption issues.
- (c) Be the line manager for the Internal Audit Manager and ensure that the quality of his or her work is monitored.

**11.12** The Council will ensure that Internal Audit is independent in its planning and operation.

**11.13** The Internal Audit Manager will have direct access to the Head of Paid Service, the Monitoring Officer, External Audit and the Chair of the Audit Committee.

The Internal Audit Manager can request a private meeting with the Audit Committee at any time, with no other Council Officers present. Such a meeting should take place at least annually.

**11.14** The Internal Audit Manager will:

- (a) Propose the strategic and annual audit plans following detailed consultation with Directorate Management Teams and the Corporate Management Team.
- (b) Submit these to the Audit Committee for comment and approval.
- (c) Consider any comments of the Audit Committee and amend the plans, as appropriate.

- (d) Ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.
- (e) Prepare reports on audit issues to the Audit Committee.
- (f) Maintain an Audit Charter, Corporate Anti-fraud and Anti Corruption Strategy, Fraud Response Plan and a Prosecution Policy. These will be submitted to the Audit Committee and to the Cabinet for approval

**11.15** Heads of Service will maintain a register of interests, in which any hospitality or gifts accepted, must be recorded:

- (a) In compliance with the Flintshire County Council Code of Conduct for Local Government Employees, no employee of the Council shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties.
- (b) The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Head of Service, who shall in turn notify the Chief Finance Officer of the occurrence.

**11.16** The Head of Human Resources and Organisational Development will ensure that the policies in 11.14 and 11.15 will be reflected in the HR Policies and other policies, as relevant, of the Council.

**11.17** Heads of Service will:

- (a) Ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- (e) Ensure that whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources, Internal Audit are notified and take any such other immediate action as considered necessary (subject to any Council rules and protocols).

- (f) Internal Audit shall notify the Chief Finance Officer where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Head of Service, Monitoring Officer and Head of Human Resources and Organisational Development, notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Head of Service will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (g) Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Finance Officer and Monitoring Officer and determine whether to refer the matter to the Police. The Police will determine with the Crown Prosecution Service whether any prosecution will take place. Where fraud, theft, improper use or misappropriation of the Council's property or resources is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Anti Corruption Strategy, Fraud Response Plan and Prosecution Policy.
- (h) Instigate the Council's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.
- (i) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

**11.18** The Chief Finance Officer will:

- (a) Ensure that Internal Audit liaises effectively with External Audit.
- (b) Work with the External Auditor and advise the Council, Cabinet, Audit Committee and Head of Service on their responsibilities in relation to External Audit.
- (c) Ensure that all External Audit reports and any other relevant matters are reported to the Audit Committee.

## **FINANCIAL PROCEDURE RULE 12: SECURITY OF ASSETS**

**12.1** Head of Service will ensure that records and assets are properly maintained and securely held.

**12.2** The Chief Legal Officer, in consultation with the Director of Environment, shall maintain a terrier of:

(a) All lands and properties owned by the Council (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.

(b) All lands and properties leased to the Council in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.

The corporate property function resides within the Environment Directorate, with property records maintained by Valuation and Estates Services in conjunction with Legal.

**12.3** The Director of Environment will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC).

**12.4** The Head of Legal Services shall have custody of all title deeds and will put in place secure arrangements for this.

**12.5** The Director of Environment shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.

**12.6** Directors and Heads of Service shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Head of Service's possession including complying with the requirements of the Council's Information Security Policy, Data Protection Act, the Computer Misuse Act and any subsequent legislation.



**12.7** Directors and Heads of Service must ensure that:

- (a) All staff are aware of their responsibilities with regard to safeguarding the Council's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of the Data Protection Act and software copyright legislation.
- (b) All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer, portable storage media acceptable usage, e-mail and internet security policies.
- (c) Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control.
- (d) Lessees and other prospective occupiers of council land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Legal Officer in consultation with the Chief Finance Officer, has been established as appropriate.
- (e) Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Head of Service, or where action is taken under delegated powers this is reported to the Cabinet.
- (f) Each Directorate maintains a register of moveable assets and that assets are identified, their location recorded, and that they are appropriately marked and insured.
- (g) Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Head of Service must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit.

- (h) Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately.
- (i) Assets are only used in the course of the Council's business, unless the Head of Service concerned has given permission, in writing, for personal use by an employee.
- (j) Records are kept of the disposal or part-exchange of assets. Such disposals should normally be by competitive tender or public auction, unless, following consultation with the Chief Finance Officer, the Cabinet agrees otherwise.
- (k) Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Head of Service's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal.
- (l) An annual check of all items on the inventory is carried out in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.
- (m) There are arrangements for the care and custody of stocks and stores in the Directorate. Each Director and Head of Service shall be responsible for the care and custody of all stocks and stores held in that Directorate and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer.

- (n) Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer.
- (o) Stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion, referring issues to Internal Audit, where appropriate.
- (p) The Chief Finance Officer shall receive from the appropriate Head of Service such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Head of Service to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check.
- (q) Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year.
- (r) Discrepancies are investigated and written off as necessary.

**12.8** Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Such write-offs or disposals will be reported to the Cabinet.

**12.9** When the Head of Service considers it appropriate, the stock or inventory item may be offered to other Directorates or employees for the highest quotation received on a secret and competitive basis, or disposed of by public auction, or as scrap and disposal shall be certified in the stock records or inventory by the signature of the Head of Service or other authorised Officer.

The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Head of Service, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written authority from the Chief Finance Officer.

**12.10** In the event that the Council decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Cabinet.

**12.11** Whenever, in case of eviction, re-possession or similar circumstances, the Council takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be a Council Officer or representative, who both shall witness it as a correct record.

**12.12** Each Head of Service shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Head of Service is responsible. Unclaimed items shall be disposed of by the Head of Service under arrangements approved by the Chief Finance Officer.

**12.13** Each Head of Service will ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property. The Head of Human Resources and Organisational Development will ensure that this is reflected in the Council's HR Policies.

**12.14** Every acquisition, disposal or transfer to another location shall be recorded immediately in the appropriate inventories.

**12.15** The Chief Finance Officer will ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds.

**12.16** Head of Service will ensure that income received for the disposal of an asset is properly banked and coded.

**12.17** If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Head of Service concerned shall consult with the Chief Finance Officer with a view to remedial action.

## **FINANCIAL PROCEDURE RULE 13: IMPREST ACCOUNTS**

**13.1** The Chief Finance Officer will:

- (a) Provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts.
- (b) Agree, in consultation with the relevant Head of Service, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- (c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

**13.2** The Chief Finance Officer shall issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Head of Service, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.

**13.3** The Head of Service will ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per HM Revenue and Customs regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/ invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.

- (g) Provide the Chief Finance Officer with a certificate of the value of the account held at 31st March each year.
- (h) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (i) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. The exceptions are where bonus incentive payments are made to service users in Social Services Day Opportunities and payments are made to residents from deputyship monies. Payments can be made from petty cash and then coded appropriately to the correct budget. In the case of deputyship, this is then reclaimed from personal monies.
- (j) Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.
- (k) On leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, account to the Chief Finance Officer for the amount advanced to him or her, and either repay the balance, without delay, to the Chief Finance Officer or transfer it to another authorised Officer (as outlined in FPR 9.7 (m)).

**13.4** The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.

**13.5** Where considered appropriate the Chief Finance Officer shall open an account with the Council's bankers or other approved agency. The Imprest holder shall not allow the account to become overdrawn. It shall be a standing instruction to the Council's bankers or approved agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account be reported to the Chief Finance Officer.

## **FINANCIAL PROCEDURE RULE 14: TREASURY MANAGEMENT, BANKING, TRUST FUNDS AND FUNDS HELD ON BEHALF OF THIRD PARTIES**

**14.1** The Council will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

**14.2** The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

**14.3** The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice in Treasury Management.

**14.4** The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**14.5** The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Heads of Service will follow the instructions on banking issued by the Chief Finance Officer.

**14.6** The Chief Finance Officer will act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing of money by the Council.

**14.7** Heads of Services will arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.

**14.8** Heads of Service will arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.

**14.9** Heads of Service will ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

**14.10** Criminal Injuries Compensation Awards will be put on deposit with the Council's other investments and therefore form part of the Central Loans and Investment Account, thus attracting appropriate money market rates. Each award will be accounted for separately with interest being credited on an annual basis.



## **FINANCIAL PROCEDURE RULE 15: TAXATION**

**15.1** The Chief Finance Officer and / or Head of Human Resources and Organisational Development (as appropriate as described below) is responsible for advising Directors and Heads of Service, on all taxation issues that affect the Council.

**15.2** The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate is responsible for maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date.

**15.3** The Chief Finance Officer will:

- (a) Complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.
- (b) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- (c) Provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme.
- (d) Maintain up-to-date guidance for each Head of Service on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.

**15.4** The Head of Human Resources and Organisational Development, with guidance from the Chief Finance Officer, will:

- (a) Account to HM Revenue and Customs for all tax deducted from employees' emoluments under the PAYE arrangements.
- (b) Maintain up-to-date guidance for Heads of Service on their responsibilities in regard to taxation matters relating to Payroll, and inform Council employees of taxation issues arising within Payroll.

**15.5** The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

**15.6** Directors and Heads of Service will:

- (a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment or where the use of authenticated VAT receipts has been agreed with the supplier.
- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HM Revenue and Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (e) Follow the guidance on taxation issued by the Chief Finance Officer or Head of Human Resources and Organisational Development such as the "Tax Management: Corporate Policy Statement"; in the "VAT Manual" and in taxation updates issued periodically.
- (f) Seek advice from the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

## **FINANCIAL PROCEDURE RULE 16: TRADING OPERATIONS**

**16.1** It is the responsibility of the Chief Finance Officer to advise on the accounting arrangements for the establishment and operation of trading accounts and business units.

**16.2** Heads of Service will:

- (a) Observe all statutory and Council requirements in relation to trading accounts for business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is properly charged.
- (b) Ensure that the same accounting principles are applied in relation to trading operations as for other services or business units.
- (c) Ensure that each business unit prepares an annual business plan.

**16.3** Heads of Service will consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

## **FINANCIAL PROCEDURE RULE 17: STAFFING**

**17.1** The Head of Human Resources and Organisational Development will act as an advisor to a Head of Service on areas such as National Insurance, whilst the Chief Finance Officer will act as an advisor on pension contributions, as appropriate.

**17.2** Heads of Service will:

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

**17.3** The management of employee costs within schools is the responsibility of the governing body.

**17.4** When reporting to the Cabinet or Council on any matter which has, or is liable to have, staffing / HR implications, a Director or Head of Service shall, in consultation with the Chief Finance Officer and the Head of Human Resources and Organisational Development, incorporate into the report both the staffing / HR and financial implications of the matter under discussion.

## **FINANCIAL PROCEDURE RULE 18: PAYMENTS TO EMPLOYEES AND MEMBERS**

**18.1** Official Council expenses incurred by Members and Employees of the Council shall be paid direct by the Council.

**18.2** All claims for payment of financial loss, attendance, travelling, subsistence and car allowances, and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate. With the introduction of the iTrent system, employees will be able to submit expenses via Employee Self Service. The system will be rolled out to the whole organisation in a phased process. Managers will authorise expenses via the iTrent system.

**18.3** The names of Officers authorised to certify such claims shall be agreed with, and notified in writing to, the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate by each Head of Service, who shall provide the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate with the specimen signature and initials of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Head of Service shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.

**18.4** All claims shall be submitted to the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate for payment within such time as may be specified.

**18.5** The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate will:

- (a) Arrange and control secure and reliable payment of salaries, wages, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- (b) Record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- (c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.

- (d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate.
- (e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.

Directors and Heads of Service will:

- (a) Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- (b) Notify the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate.
- (c) Ensure that adequate and effective systems and procedures are operated in a form approved by the Head of Human Resources and Organisational Development, so that payments are only authorised to bona fide employees:
  - (i) Payments are only made where there is a valid entitlement.
  - (ii) Conditions and contracts of employment are correctly applied.
  - (iii) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- (d) Provide information necessary to maintain records of service for superannuation, income tax, national insurance or other statutory obligations.
- (e) Ensure that payroll transactions are processed only through the payroll system. Heads of Service should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Head of Human Resources and Organisational Development.

- (f) Ensure that the Head of Human Resources and Organisational Development is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- (g) In conjunction with the Head of Human Resources and Organisational Development, maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.

**18.6** The Head of Human Resources and Organisational Development will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council and where the overpayment is £750 or less. A repayment schedule, ensuring repayment is made within the same financial year as the overpayment, will be formally agreed with the employee.

For all payroll overpayments in excess of £500, irrespective of employment status, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.

**18.7** All pay documents shall be, in a manner prescribed by the Head of Human Resources and Organisational Development, certified manually by or on behalf of the appropriate Head of Service. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Head of Human Resources and Organisational Development by each Head of Service, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.

**18.8** Heads of Service and the Head of Human Resources and Organisational Development will ensure that all appropriate payroll documents are retained and stored, as required, by the Head of Human Resources and Organisational Development.

**18.9** No cheque made payable to a Member or Employee will be cashed by the Council, unless it is under a scheme approved by the Chief Finance Officer and is presented by the person named on the cheque, and duly endorsed.

**18.10** Members will submit claims for travel and subsistence on a monthly basis.

## **FINANCIAL PROCEDURE RULE 19: PROCUREMENT**

**19.1** The Head of ICT and Customer Services (who has the responsibility for the Corporate Procurement Unit) will be responsible for advising on procurement arrangements in order to achieve the most favourable terms possible from suppliers, save on administrative expense and process costs, ensure compliance with UK and EU procurement legislation and assist the Council with its efficiency agenda.

**19.2** Heads of Service are required to follow central procurement arrangements. Where particular goods and services are not available through these arrangements, the Head of Services will consult with the Corporate Procurement Unit for guidance on the appropriate next steps.

**19.3** Contract Procedure Rules apply to all contracts entered into by or on behalf of the Council with the intention of procuring goods, services or works.

**19.4** Every contract entered into by the Council shall comply with:

- (a) all relevant statutory provisions
- (b) the relevant EU law and EU public procurement rules
- (c) the Council's constitution
- (d) schemes of delegation
- (e) the Council's strategic objectives and policies
- (f) the Council's Procurement Strategy and any other relevant Council policies

**19.5** Under Flintshire's Scheme for Financing Schools, schools are not bound by central procurement arrangements, but are encouraged to be so. However, school expenditure for the supply of goods and services is still subject to the EU and UK procurement legislation..



## **FINANCIAL PROCEDURE RULE 20: PARTNERSHIPS**

**20.1** Both the Council and the Cabinet are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Cabinet is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.

**20.2** Both the Council and the Cabinet can delegate functions – including those relating to partnerships – to Officers. These are set out in the Scheme of Delegation that forms part of the Council’s Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Cabinet as appropriate.

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

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

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

**20.6** Directors and Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

**20.7** The Chief Finance Officer will:

- (a) Advise on the key elements of funding a project, including:
  - (i) An options appraisal scheme for financial viability.
  - (ii) Risk appraisal and management.
  - (iii) Resourcing, including taxation and pension issues.
  - (iv) Audit, security and control requirements.

- (v) Carry-forward arrangements.
- (b) Ensure that the accounting arrangements are appropriate.

**20.8** The Monitoring Officer will advise on legal matters.

**20.9** Heads of Services will:

- (a) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.
- (b) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Cabinet, in consultation with the Chief Finance Officer and Monitoring Officer.
- (c) Ensure that all agreements and arrangements are properly documented.
- (d) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- (e) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.

**20.10** Directors and Heads of Services will ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.

**20.11** Directors and Heads of Services will seek advice from the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships.

## **FINANCIAL PROCEDURE RULE 21: EXTERNAL FUNDING**

### **21.1** Directors and Heads of Service will:

- (a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- (b) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.
- (c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- (d) Ensure that all claims for funds are made by the due date.

### **21.2** The Chief Finance Officer will:

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that audit requirements are met.

### **21.3** Directors and Heads of Services will:

- (a) Ensure that proposals are costed properly and that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- (b) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- (c) Ensure that all grant income and associated information is logged on the Corporate Grant Register and adhere to the requirements of the Grant Manual.
- (d) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- (e) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- (f) Ensure that no contract is subsidised by the Council.
- (g) Ensure that such contracts do not impact adversely upon the services provided for the Council.

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

## **FINANCIAL PROCEDURE RULE 22: VALUE FOR MONEY**

**22.1** Each Head of Service shall be responsible for ensuring that value for money is obtained in the performance of all operations and transactions under the Head of Service's control, subject to statutory constraints, Financial Procedure Rules, Contract Procedure Rules (e.g. the requirement to rotate contractors) and any other directives of Council, where the control environment and ensuring probity takes precedence. In assessing value for money, all short-term and long-term costs and benefits associated with the matter under consideration shall be taken into account.

**22.2** If, at any time, the Chief Finance Officer forms the view, based on objective financial evidence, that Heads of Service are not fulfilling their obligations with regard to value for money and that the Council's financial resources are not being utilised efficiently and effectively in the implementation of Council policy, he or she shall consult with the appropriate Head of Service and, if considered necessary, report to the Cabinet and/or the Audit Committee, as appropriate, on any matters giving rise to serious concern in this regard, in consultation with the Council's External Auditor.

## **FINANCIAL PROCEDURE RULE 23: OTHER FUNDS**

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

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

**23.2** The School Fund Regulations, 2013 must be followed for the operation of all school funds in Flintshire Schools.

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

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.

**23.4** Heads of Service should provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.

## **FINANCIAL PROCEDURE RULE 24: PROTECTION OF CLIENTS ASSETS**

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

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

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

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