

**Eden District Council**  
**Accounts and Governance Committee**  
**13 April 2017**  
**Council**  
**20 April 2017**

**Annual Review of the Accounting and Audit Rules**

**Report of the Director of Finance**

**1. Purpose of the Report**

- 1.1 To outline proposed changes to the Council's Accounting and Audit Rules for consideration and inclusion in the constitution.

**2. Recommendation**

1. That the Accounts and Governance Committee considers the proposed amendments to the appended Accounting and Audit Rules 2017 and recommends them to Council for inclusion in the Constitution; and
2. That Council, subject to consideration of any comments from Accounts and Governance Committee, approves the proposed amendments to the appended Accounting and Audit Rules 2017 for inclusion in the Constitution.

**3. Report Details**

- 3.1 The Constitution is required to be reviewed on an annual basis. The review is undertaken by the Accounts and Governance Committee which recommends to Council what amendments, if any, should be made to the formal Constitution.
- 3.2 The Accounts and Governance Committee has established a Constitution Review Group to assist in the annual review of the Constitution. These issues are addressed elsewhere on the agenda for this meeting. This report outlines the annual changes that have been requested by the Director of Finance in relation to the Council's Accounting and Audit Rules. The proposed Accounting and Audit Rules 2017 are attached to this report as Appendix 1.
- 3.3 The existing Accounting and Audit Rules have been reviewed and amended where it is felt amendment will clarify and improve procedures and compliance by staff. Where changes have been made, they are highlighted as follows:
- Additions are shown by a vertical mark on the left side of the page;
  - Deletions are shown by the deleted item being struck through horizontally.
- 3.4 The views of Accounts and Governance Committee are sought on the proposed amendments. Council will be given an update as to the recommendations from the Committee.

- 3.5 Assuming the draft Accounting and Audit Rules are approved by Council, the Appendix will be included in the 2017 Constitution.

## **4. Policy Framework**

- 4.1 The Council has four corporate priorities which are:

- Decent Homes for All
- Strong Economy, Rich Environment
- Thriving Communities
- Quality Council

- 4.2 This report meets Quality Council corporate priority.

## **5. Implications**

### **5.1 Legal**

- 5.1.1 The Council's Constitution is reviewed annually to ensure that rules and procedures are up to date.

- 5.1.2 This Council will, and must take account of, comply with, and where appropriate, promote any relevant statutory provision or change of recommended practice in its Accounting and Audit Rules. The Accounting and Audit Rules prescribe the detailed provisions which must be met on the conduct of any procurement and how the relevant statutory provisions are to be applied.

### **5.2 Financial**

- 5.2.1 Any decision to reduce or increase resources must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

- 5.2.2 There are no direct financial implications. However, adherence to the Accounting and Audit Rules should result in effective financial administration, resulting in decreased costs to the Council.

### **5.3 Equality and Diversity**

- 5.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

- 5.3.2 There are no implications.

### **5.4 Environmental**

- 5.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

- 5.4.2 There are no implications.

## **5.5 Crime and Disorder**

5.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

5.5.2 There are no implications.

## **5.6 Children**

5.6.1 Under the Children Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

5.6.2 There are no implications.

## **5.7 Risk Management**

5.7.1 Risk Management is the process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

5.7.2 An annual review of the Accounting and Audit Rules ensures that the Council complies with legislation and recommended best practice.

## **6. Reason for the Decision/Recommendation**

6.1 Effective financial administration is important in a sound system of corporate governance. These Accounting and Audit Rules set out the procedures and steps that the Council should take.

C W Howey  
Director of Finance

### **Governance Checks:**

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

### **Background Papers:**

None

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## Accounting and Audit Rules 2017

### 1. General

- 1.1 These Rules, in conjunction with the Procurement Rules, comply with the requirements for Standing Orders under Section 135 of the Local Government Act 1972.
- 1.2 The purpose of the Rules is to ensure that the Council's financial affairs are conducted with openness, probity and accountability. The Director of Finance is responsible to the Council for the proper administration of the financial affairs of the Council, as required by Section 151 of the Local Government Act 1972.
- 1.3 In these Rules the following definitions apply:

(Assistant) Director	Chief Executive, Deputy Chief Executive and all Assistant Directors.
Chief Officer	One of the following: Chief Executive, Deputy Chief Executive, Director of Finance
Contract	Any form of contract, agreement, or other arrangement, for the supply of goods, services, or works.
Director of Finance	Includes the Director's deputy, the Financial Services Manager.
Executive Member	A member of the Council's Executive.
Leader	The Leader of the Council, as appointed by full Council.
Management Team	The Chief Executive, Deputy Chief Executive, Director of Finance and (Assistant) Directors acting corporately.
Services	Includes all services which the Council purchases, or obtains, including advice, specialist consultancy work and agency staff.
Virement	Where one or more budgets are reduced to fund an increase in another budget(s). There is no net change in the total budget arising from a virement.
Works	Covers all construction and property-related procurement.

- 1.4 Each (Assistant) Director shall consult the Director of Finance with respect to any matter which is liable to affect the approved income or expenditure contained in the annual budget of the Council.

## **2. Budget**

- 2.1 The form of capital and revenue estimates shall be determined by the Director of Finance.
- 2.2 Estimates of capital and revenue income and expenditure shall be prepared by (Assistant) Directors, in conjunction with the Director of Finance, who shall collate the estimates for consideration by Management Team and the relevant Executive Members and submit them to the Executive. The Executive shall submit a draft budget to the Scrutiny Co-ordinating Board at the latest by the first working day after 14 December each year. The Scrutiny Board shall respond by the first working day after 21 January each year. The Executive shall consider the response of the Scrutiny Co-ordinating Board and then recommend a budget to the Council at a meeting by the end of January each year.
- 2.3 Upon approval by the Council of the capital estimates, the (Assistant) Directors concerned, in conjunction with the Director of Finance, shall be authorised:
- a. to take steps to enable land required for the purposes of the programme to be acquired in due time; and
  - b. to prepare a scheme and estimate, including a financial appraisal, for approval by the appropriate Executive Member.
- 2.4 Any proposals which commit future budgets to a level of expenditure greater than that provided for in the current year, shall be reported by the relevant (Assistant) Director to the appropriate Executive Member and the Executive. The Director of Finance should be consulted on the draft report.
- 2.5 Each (Assistant) Director shall ensure that the authorised budget holders in his or her department monitor the revenue and capital budgets for which they are responsible. The Director of Finance shall ensure that the Financial Management System is up-to-date and that all authorised budget holders are appropriately trained in its use.
- 2.6 Where there is, or may be, any material variation (over 10%) in the actual expenditure, or income against the approved estimate, for any service or business unit, it shall be the duty of the (Assistant) Director concerned to consult with the Director of Finance and to report to the Executive Member as appropriate.

## **3. Accounting**

- 3.1 All accounting procedures and records of the Council and its officers shall be determined by the Director of Finance. Such procedures shall have regard to current statutory requirements. Where such procedures and records are maintained in a department other than that of the Director of Finance, the Director of Finance shall, before making any changes, consult the (Assistant) Director of the department concerned.

- 3.2 The duties of providing information regarding sums due to, or from the Council, or of calculating, checking and recording these sums, shall, as far as possible, be separated from the duty of collecting or disbursing them.

#### **4. Virements (see definition in paragraph 1.3)**

##### **4.1 Revenue**

###### **4.1.1 Virements can relate to either:**

- the current budget only;
- or to the base recurring budget.

This should be clearly stated on the virement form (see 4.1.6 below).

###### **4.1.2 Virements can relate to non-staff costs and staff costs (but see 4.1.5 below).**

###### **4.1.3 Any virement requested must be appropriately approved as follows:**

Value of Virement	Virement Between			
	Expenditure Codes within a Business Unit or Service	Business Units or Services within a Portfolio	Portfolios	Any Property Maintenance Budgets
< £10,000	Budget Manager	Budget Manager	Relevant Executive Members (Portfolio Holders)	Budget Manager
>£10,001 <£20,000	Chief Officer or Assistant Director	Chief Officer or Assistant Director	Relevant Executive Members (Portfolio Holders)	Chief Officer or Assistant Director
>£20,001 <£50,000	Chief Officer or Assistant Director	Relevant Executive Member (Portfolio Holder)	Relevant Executive Members (Portfolio Holders)	Relevant Executive Members (Portfolio Holders)
>£50,001	Chief Officer or Assistant Director	Full Council	Full Council	Full Council

No virement request will be processed by Financial Services until evidence of approval, as above, is received (see 4.1.4 below).

- 4.1.4 Virement resulting from tender submissions will not require Executive Member approval where such virement:
- a. results from a tender being in excess of budget provision;
  - b. does not exceed 10% of the agreed budget for the scheme; and
  - c. can be funded from uncommitted schemes within the same portfolio. Any such virement shall be reported to the relevant Executive Member.
- 4.1.5 Where a recurring virement increases the permanent staffing establishment by more than a 0.5 full time equivalent, the virement must be approved by the Executive.
- 4.1.6 To make a virement the relevant budget holder should e-mail a completed virement form to Financial Services (Fin.Man@eden.gov.uk). The form is available on SharePoint: Corporate Centre\Financial Services Forms and Procedures\Virement Forms. Where the approval of the (Assistant) Director or the (Assistant) Director and the Executive Member is required by these Rules, the virement form should be forwarded by the budget holder for approval by e-mail. After the final approval by the (Assistant) Director or the Executive Member, the virement form and covering e-mail should be forwarded to Financial Services (Fin.Man@eden.gov.uk).
- 4.1.7 Virements should not be artificially disaggregated.

## **4.2 Capital**

- 4.2.1 The provisions, as set out in 4.1, shall apply to capital, except that the limit in 4.1.4 is £20,000, rather than £10,000.

## **5. Supplementary Estimates**

- 5.1 A supplementary estimate is an addition to the Council's agreed budget. Supplementary estimates can be one-offs, or recurring. In either case, supplementary estimates should only be considered after all other options, such as virements, or savings, have been considered.
- 5.2 All supplementary estimates, either revenue or capital, require the approval of the Executive. Referral to Council is not required if the value\* of a supplementary estimate is less than £50,000.

\*For control purposes, a recurring supplementary estimate is evaluated as five times the annual value.

- 5.3 Once approved by the Executive, or Council, the Financial Services Section will amend the budgets held within the Financial Management System.

## **6. Advance Accounts**

- 6.1 The Director of Finance shall provide such advance accounts as he considers appropriate for such officers of the Council as may need them. Advance accounts for petty cash purposes shall be maintained on the imprest system. Arrangements for safe custody of imprest advances shall be subject to the approval of the Director of Finance.



- 6.2 No income received on behalf of the Council may be paid into an advance account, but must be banked or paid to the Council as provided elsewhere in these Rules.
- 6.3 Payments shall be limited to minor items of expenditure (less than £50) and to such other items as the Director of Finance may approve and shall be supported by receipted vouchers.
- 6.4 An officer responsible for an advance account shall, if so requested, give to the Director of Finance a certificate as to the state of his advance account.
- 6.5 On leaving the employment of the Council, or otherwise ceasing to be entitled to hold an advance, an officer shall account to the Director of Finance for the amount advanced to him.

## **7. Internal Audit**

- 7.1 This section is based on the 2016 Public Sector Internal Audit Standards (PSIAS) issued by the Relevant Internal Audit Standard Setters which includes the Chartered Institute of Public Finance and Accountancy (CIPFA) for UK Local Government Authorities. It also complies with the provisions of the Accounts and Audit Regulations 2015.
- 7.2 Internal audit shall annually undertake an objective assessment of the framework of risk management, control and governance processes within the Council.
- 7.3 The Director of Finance will maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Such proper internal control practices for internal audit are those included in the PSIAS. The Director of Finance will also conduct an annual review of the effectiveness of the system of internal control.
- 7.4 The Director of Finance shall be Head of Internal Audit (or Chief Audit Executive as defined in the PSIAS). He is responsible for overseeing the work of the in-house auditor and the external contractor as well submitting various reports to the Accounts and Governance Committee as detailed in 7.5 and 7.8 below. He must also ensure that there are established policies and procedures to guide the internal audit activity.

- 7.5 The Director of Finance must deliver an annual audit opinion and report that can be used by the Council to inform the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The annual report must include the opinion, a summary of the work that supports the opinion and a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 7.6 When any non-conformance with the PSIAS impacts on the overall scope or operation of the internal audit activity the Director of Finance must disclose the non-conformance and the impact of this to Management Team and the Accounts and Governance Committee. If the deviation is significant then consideration must be given to including it in the Annual Governance Statement.
- 7.7 The Director of Finance also has some operational responsibilities for some of the functions that are audited. Given Eden's size, it is not practicable to comply with PSIAS 1130.A2 which requires that such work is overseen by a party outside the internal audit activity. To ensure as much independence and objectivity as possible is maintained in such circumstances, the Director of Finance (as Head of Internal Audit) does not undertake any actual audit assignments and the Senior Auditor and external contractor are given full authority to report directly to the Chief Executive or the Accounts and Governance Committee if they have any concerns about suppression of audit evidence, or the conduct of the Director of Finance.
- 7.8 Those functions of an audit committee relating to internal audit shall be undertaken by the Accounts and Governance Committee. These responsibilities are:
- a. to consider the Strategic Internal Audit Plan report - this shall be submitted each year after consideration by the Council's Management Team. This will also consider the adequacy of audit resources;
  - b. to consider internal audit reports - summaries of individual audit reports are to be submitted after agreement of the final report with management. This will also detail any recommendations rejected and any failure to implement recommendations from the previous audit;
  - c. to consider the annual internal audit report and annual internal audit opinion - to be submitted within three months of the end of each financial year;
  - d. to monitor the implementation of agreed audit recommendations - to be reported to each meeting;
  - e. to consider any other audit and financial investigation reports;
  - f. to approve the Internal Audit Charter – this shall be submitted each year after consideration by the Council's Management Team. The Charter is a formal document that defines the internal audit's purpose, authority and responsibility. Key requirements of the Charter are included in these Rules;
  - g. to receive reports on the results of external and periodic internal assessments of the internal audit service.
- 7.9 The Council's (Assistant) Directors are responsible for ensuring that appropriate and adequate internal controls exist, independently of any Internal Audit activity. (Assistant) Directors must establish sound arrangements for planning, appraising,

authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

- 7.10 When an Internal Audit report is issued, it is for management to decide whether to accept and implement audit findings and recommendations. Any decision to reject a formal recommendation must be justified, in writing, on the Schedule of Recommendations issued by Internal Audit within the audit report at the end of each audit assignment. It is the Head of Internal Audit's duty to consider taking matters to a higher level of management, or to the Accounts and Governance Committee, if non-acceptance of a recommendation would lead to unacceptably high risk.
- 7.11 The Director of Finance and all internal audit staff shall have authority at all reasonable times to:
- a. enter lawfully on any Council premises or land;
  - b. have access to all records, documents and correspondence relating to any financial or other transactions of the Council;
  - c. require and receive such explanations from all officers and members of the Council as deemed necessary concerning any matter under examination; and
  - d. require any officer or member of the Council to produce cash, stores, or any other Council property under his control.
- 7.12 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property of the Council, or any suspected financial irregularity in the exercise of the functions of the Council, the (Assistant) Director concerned shall, forthwith, notify the Director of Finance, or Internal Audit, who shall ensure that such steps have been, or are taken, as he considers necessary, by way of investigation and report. The Director of Finance will keep the (Assistant) Director appropriately informed of any matter under investigation.
- 7.13 Internal Audit has the right to report directly to the Chief Executive, external audit, the Accounts and Governance Committee, or the Leader of the Council, if warranted by the circumstances.
- 7.14 An internal and external protocol shall co-ordinate its work with the appointed external auditor for the benefit of the Council and to avoid duplication of effort. An Internal Audit protocol shall be maintained to set out the basis for the managed audit arrangements between the Council's internal audit service and the external auditor.

- 7.15 The performance of internal audit will be monitored on an ongoing basis as part of the routine policies and practices used to manage the activity. Periodic assessments will be conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards contained within the PSIAS.
- 7.16 External assessments of the internal audit service must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council. This assessment may take the form of a full external assessment or a self-assessment with independent external validation.
- 7.17 Internal Audit will co-ordinate the Council's response to the National Fraud Initiative and investigate a sample of returned matches in particular 'key and 'recommended' matches. Matches will also be investigated by other sections with responsibility for their associated match categories.
- 7.18 (Assistant) Directors or managers entering into agreements with third parties should include a requirement that the Council's Internal Audit section has a right of access to all documentation and records in which the Council has a financial interest.

## **8. Banking Arrangements, Cheques and BACS**

- 8.1 All arrangements with the Council's bankers shall be made by the Director of Finance, who shall be authorised to operate such banking accounts as he may consider necessary.
- 8.2 All cheques shall be ordered only on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.
- 8.3 Cheques on the Council's main banking accounts shall be signed by the Director of Finance, or other officer authorised to do so. All cheques drawn for an amount in excess of £10,000 shall be countersigned by an authorised officer of the Director of Finance's Department.
- 8.4 The use of BACS should be maximised both for payments and income.

## **9. Contracts for Building, Construction, Engineering, or Consultancy Work**

- 9.1 These Rules apply to the accounting treatment of contracts after they have been awarded. (The tendering and award of contracts for building, construction, engineering, or consultancy work, is covered by the Procurement Rules). Nothing in these Rules shall detract from duties or responsibilities of the officers, or Consultant, as specified in the Contract.
- 9.2 A written agreement specifying conditions of engagement, including the basis of remuneration, shall be entered into with every consultant appointed for the purpose of any contract work. The agreement shall specify that any consultant engaged by the Council will be subject to the requirements of these Rules.
- 9.3 Where contracts provide for payment to be made by instalments, the officer responsible for the contract shall maintain a record of the state of account of the contract. Once the final account is agreed, the Director of Finance should be notified.

- 9.4 Payments to contractors on account of contracts for works shall be made only on a certificate issued by the (Assistant) Director of the department concerned, officer, or Consultant, engaged by the Council as may be appropriate. Each certificate shall show as follows:
- a. the amount of the contract;
  - b. the value of the work executed to date;
  - c. the total amount previously certified;
  - d. the retention money; and
  - e. the amount to be certified for payment. All certificates shall be issued and payments on account to contractors shall be made promptly.
- 9.5
- a. subject to the provisions of the contract, in each case, every extra or variation shall, unless otherwise evidenced to his satisfaction, be authorised in writing by the (Assistant) Director of the department concerned, officer, or consultant,
  - b. the officer in charge of the contract may issue variations for constructional reasons and those arising from unforeseen circumstances occurring during the period of the contract, from errors in the preparation of contract documents, or from subsequent legislation, provided that any extras or variation which, together with previously approved extra or variation, will cause the contract sum to be exceeded by 10%, or £50,000, whichever is the lower, shall be reported to the appropriate Executive Member, as soon as is practicable. The report should also show the cumulative effect of approved extras and variations on the original tender figure;
  - c. variations not covered by paragraph 9.5(b) above, for example, improved finishes, specifications, services, or extra accommodation, and so on, may be issued by the officer in charge of the contract in respect of any variation which involves additional expenditure and the estimated cost of which exceeds 5% of the contract sum, or £5,000, whichever is the higher, provided that such variation shall be reported to the appropriate Executive Member as soon as practicable.
- 9.6 In any contract where price fluctuations are a contractual commitment, the following shall apply:
- a. when tenders are reported, an estimate of total price fluctuations shall be included in the report so that the Executive Member may have a realistic assessment of the final cost;
  - b. during the contract, actual and estimated price fluctuations shall be monitored regularly.
- 9.7 (Assistant) Directors responsible for contracts must ensure that suitable procedures are followed in their departments for the effective cost control of all contracts. A cost statement shall be prepared quarterly for each contract exceeding £50,000 in value, taking into account all known factors, for example, variations, adjustment of pc sums, provisional sums and other items.

- 9.8 The Director of Finance shall have the opportunity to examine the final measurement and valuation of all relevant documents, prior to issue of the final certificate by an officer or consultant appointed by the Council. The officer or consultant in charge of the contract shall ensure that adequate site records relating to items such as day works and instructions to the contractor are maintained.
- 9.9 The Director of Finance shall, to the extent he considers necessary, examine final accounts for contracts and he shall be entitled to make all such enquiries and receive such information and explanations as he may require in order to satisfy himself as to the accuracy of the accounts.
- 9.10 Where the completion of the contract is likely to be delayed, it shall be the duty of the appropriate (Assistant) Director to take any necessary action and to report to the Executive Member concerned.
- 9.11 Disputed or contentious claims not clearly within the terms of the contract shall be referred to the Deputy Chief Executive for consideration of the Council's legal liability, and to the Director of Finance for financial consideration, before a settlement is reached. Any such settlement shall be reported to the appropriate Executive Member.
- 9.12 Every three months the Executive will receive a contracts report. This will detail progress, including financial, on each contract within his/her portfolio.

## **10. Land and Property**

- 10.1 The Deputy Chief Executive shall maintain a terrier of all land and property owned or controlled by the Council, recording the holding portfolio, purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.
- 10.2 The Deputy Chief Executive shall notify the Chief Executive, the Director of Finance and all Assistant Directors of details of rights and liabilities in respect of properties coming into the ownership or control of the Council. The Deputy Chief Executive shall also notify the Chief Executive, Director of Finance and all other (Assistant) Directors of the disposal of properties.
- 10.3 The Deputy Chief Executive shall keep all title deeds securely.
- 10.4 The Director of Finance shall maintain a register of all of the Council's assets in compliance with the requirements of CIPFA. This is to include any plant and machinery over £5,000.

## **11. Income**

- 11.1 The collection of all money due to the Council shall be under arrangements approved by the Director of Finance.
- 11.2 Each (Assistant) Director shall furnish the Director of Finance with details of work done, goods supplied, or services rendered, to enable him to record correctly all sums due to the Council and to ensure that invoices are sent out expeditiously.
- 11.3 Except where the Director of Finance has otherwise agreed, all receipt forms, books, tickets and other similar items (including electronic formats) shall be ordered and

supplied to departments by the Director of Finance, who shall satisfy himself as to the arrangements for their control.

- 11.4 All monies received by an officer on behalf of the Council shall be paid promptly to the Director of Finance, or to the Council's bank account. No deduction may be made from such money, save to the extent that the Director of Finance may specifically authorise.
- 11.5 Personal cheques shall not be cashed out of the money held on behalf of the Council.
- 11.6 Every transfer of imprest, petty cash, and so on, from one member of staff to another, shall be evidenced in the records of the departments concerned, by the signature of the receiving officer.
- 11.7 The Director of Finance shall, in conjunction with the (Assistant) Director concerned, submit to the relevant Executive Member, as part of the annual budget cycle, a report on fees and charges for the forthcoming year, except where setting charges has been delegated to him. Non-delegated fees and charges are:

Communities Portfolio Holder: Leisure Charges

Services Portfolio Holder: Cemetery Charges

Economic Development Portfolio Holder: Car Parking Charges

## **12. Insurances**

- 12.1 The Director of Finance shall arrange all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 12.2 (Assistant) Directors shall give prompt notification to the Director of Finance of all new risks and the acquisition of properties, vehicles, plant and equipment which require to be insured and of any alterations affecting existing insurances.
- 12.3 (Assistant) Directors shall immediately notify the Director of Finance and then confirm in writing any loss, liability, or damage, or any event likely to lead to a claim, and inform the Police where necessary.
- 12.4 The Director of Finance shall, annually, or at such other shorter period as he may consider necessary, review all insurances in consultation with other (Assistant) Directors as appropriate.
- 12.5 (Assistant) Directors shall consult the Director of Finance and the Deputy Chief Executive in respect of the terms of any financial indemnity which the Council is requested to give.

## **13. Inventories**

- 13.1 Inventories shall be maintained by all departments of all items of office furniture, fittings and equipment with a purchase value of over £250. The form in which the inventories shall be kept shall be determined by the Director of Finance.

- 13.2 A register of IT equipment, including Personal Computers, will be maintained by the shared IT Services Manager.
- 13.3 Each (Assistant) Director shall be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to disposals, or obsolete equipment, and amending the inventory accordingly. Any disposals must be in accordance with the guidelines published on SharePoint.
- 13.4 The Council's Insurance Officer will annually ask departments for an updated copy of the inventory lists.
- 13.5 The Council's property shall not be removed, otherwise than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes.

#### **14. Write-Offs and Losses**

- 14.1 An (Assistant) Director shall inform the Director of Finance, in writing, of proposed write-offs and losses of any assets (stock, equipment and so on).

#### **15. Investments, Borrowings and Trust Funds**

- 15.1 All investments and borrowing must be in compliance with the Council's Treasury Management Strategy (see also section 23).
- 15.2 All investments of the Council's money shall be made in the name of the Council, by the Director of Finance.
- 15.3 All negotiable instruments, bonds and securities in the name of the Council, or its nominees, shall be held in custody of the Director of Finance.
- 15.4 All borrowings shall be effected in the name of the Council, by the Director of Finance, in accordance with the statutory requirements in force at the time of the borrowing.
- 15.5 The Director of Finance shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- 15.6 All trust funds shall, wherever possible, be in the name of the Council.

#### **16. Payment of Accounts**

- 16.1 The Director of Finance shall be responsible for making all payments of monies due from the Council, with the exception of payments from approved petty cash or advance accounts, or approved corporate credit/procurement cards. This section includes supplier invoices, Housing Benefit, Council Tax and National Non-Domestic Rates refunds.
- 16.2 The (Assistant) Director issuing the order shall be responsible for examining, verifying and certifying the related invoice(s). A list of officers authorised by each (Assistant) Director to raise orders and authorise invoices, claim forms and other vouchers on his behalf, shall be agreed by Management Team on an annual basis.
- 16.3 Before authorising an invoice, the authorising officer shall have satisfied himself that:



- a. the work, goods or services to which the account relates have been received, carried out, examined and approved;
- b. the prices, calculations, discounts, other allowances, credits and tax are correct;
- c. the relevant expenditure has been properly incurred, is within the relevant estimate provision and is correctly coded;
- d. appropriate entries have been made in inventories, stores, records or stock books as required;
- e. the account has not been previously passed for payment and is a proper liability of the Council.

16.4 Accounts should be authorised on the electronic creditors' system, without delay. The certification details must be fully completed in line with the electronic creditors' system. The 'description of work' field should include a readily understood description. This is part of the information required by the Code of Data Transparency and is published on the Internet.

16.5 Any amendment to an account shall be made through the electronic creditors' system, stating briefly the reasons where they are not self-evident. VAT tax invoices may not be amended: adjustments must be made by the issue of a credit note or supplementary invoice and require to be agreed with the supplier.

16.6 Each (Assistant) Director shall, on request, notify the Director of Finance of all outstanding expenditure relating to the previous financial year.

16.7 A list of all authorised signatories will be maintained by Financial Services and approved by Management Team annually.

## **17. Lost Property**

17.1 The Director of Finance shall determine how lost property is dealt with. Detailed guidance is available on the corporate section of SharePoint.

17.2 Private property is not covered by the Council's insurance.

## **18. Salaries**

18.1 The payment of all salaries, compensation and other emoluments to all employees, or former employees of the Council, shall be made by the Director of Finance, or under arrangements approved and controlled by him.

18.2 Each (Assistant) Director shall inform the Human Resources Section, in the prescribed form, of all matters affecting the payment of such emoluments and in particular:

- a. appointments, resignations, dismissals, redundancies, retirements, deaths, suspensions, secondments and transfers;
- b. absences from duty for sickness, or other reason, apart from approved leave;

- c. changes in remuneration, other than normal increments and pay awards and agreements of general application;
- d. information necessary to maintain records of service for superannuation, income tax, national insurance, statutory sick pay, and so on.

The Human Resources Section will pass the above information to the Financial Services Section. If this is received by the seventh day of the month, it will be paid in that month.

- 18.3 Appointments of all employees shall be made in accordance with the Council's approved establishment and its Pay Policy.
- 18.4 All time records or other pay documents shall be in a form prescribed or approved by the Director of Finance, authorised by the (Assistant) Director of the department concerned. The names of officers authorised to sign such records shall be sent to the Financial Services Section, by each (Assistant) Director.

## **19. Security**

- 19.1 Each (Assistant) Director is responsible for maintaining proper security, at all times, for all buildings, stocks, stores, furniture, equipment, cash and all things under his or her control. The Director of Finance shall be consulted in any case where security in regard to cash or financial arrangements is thought to be defective, or needing special security arrangements. (Assistant) Directors shall also inform the Chief Executive of the existence of any special security risks, or the need for improvement in security arrangements.
- 19.2 Keys to safes and similar receptacles are to be either carried on the person of those responsible, or secured in a locked key cupboard. The loss of any such keys shall be reported to the relevant (Assistant) Director forthwith.
- 19.3 Each (Assistant) Director shall be responsible for maintaining proper security and privacy of all personal information held within his or her department.

## **20. Stocks and Stores**

- 20.1 Each (Assistant) Director shall be responsible for the care and custody of the stocks and stores in his or her department.
- 20.2 Stocks shall not be in excess of normal requirements.
- 20.3 (Assistant) Directors shall arrange for periodical examinations of stocks and shall ensure that all stocks are checked at least once in every year.
- 20.4 The Director of Finance shall be entitled to receive from each (Assistant) Director such information as he requires in relation to stores for the accounting, costing and financial records, including a certificate signed by an (Assistant) Director as to the level of stocks and stores under his or her control. Any surplus requirements shall be disposed of.

## **21. Travelling and Subsistence Allowances**

- 21.1 As far as possible, all claims for payment of car allowances, travelling, subsistence and incidental expenses, shall be submitted electronically via the Transfare system by the deadline date which is posted on the Transfare system each month. Any claims submitted on paper claims to be submitted by the seventh of the month for payment in that particular month. All claims, either electronic or manual, shall be authorised by an authorised officer.
- 21.2 The certification by, or on behalf of the (Assistant) Director, shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 21.3 Claims by (Assistant) Directors (other than the Chief Executive) shall be authorised by another (Assistant) Director. Claims by the Chief Executive shall be certified by the Deputy Chief Executive.
- 21.4 Officers' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Director of Finance.

## **22. Agency Services**

- 22.1 These Rules shall apply to services carried out by the Council on behalf of another public body, except where the body concerned has financial regulations in force which apply to the works or services carried out on its behalf.

## **23. Code for Treasury Management**

- 23.1 This Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code:
- a. this Council will create and maintain as the cornerstones for effective treasury management:
- a treasury management policy statement, stating the policies, objectives and approaches 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;

- b. 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;
- c. the Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Scrutiny Co-ordinating Board and for the execution and administration of treasury management decisions to the Director of Finance, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management;
- d. the Council nominates the Scrutiny Co-ordinating Board to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

23.2 The Policy Statement will set out how the Council guards against Money Laundering.

23.3 This Council (ie full Council) will biannually review its treasury management policies and practices. This Council delegates responsibility for the implementation and the execution and administration of treasury management decisions to the Director of Finance, who will act in accordance with the organisation's policy statement and TMPs and, if he or she is a CIPFA member, CIPFA's 'Standard of Professional Practice on Treasury Management'.

23.4 The Council will consider an annual strategy and plan in advance of the year, reviewed after six months and an annual report after its close in the form prescribed in its TMPs. The Scrutiny Co-ordinating Board will review the Council's cash deposits at each of its scheduled meetings.

## **24. Determination of Borrowing Requirement**

24.1 Under the CIPFA Prudential Code for Capital Accounting (which is an approved practice under the Local Government Act, 2003), the Council is required to determine its borrowing each year. The Director of Finance will include this as part of the annual update of the Treasury Management Strategy. This is taken to Council annually.

## **25. Reporting of Fraud, Theft and Corruption**

25.1 Whenever any matter arises which involves, or is thought to involve, fraud, theft or corruption, the matter is to be reported immediately (via the relevant (Assistant) Director if preferred) to the Director of Finance or, in his absence, the Senior Auditor, who shall take such steps as he considers necessary by way of investigation and report as detailed in the Anti-Fraud, Theft, Bribery and Corruption Strategy (this is available on SharePoint).

(Assistant) Directors shall, meanwhile, take any appropriate action to prevent further loss and secure records and documentation against removal or alteration. Definitions are given below as a guide:

Theft	Dishonestly appropriating property belonging to another, with the intention of permanently depriving them.
Fraud	The intentional distortion of financial statements, or other records, by persons, internal or external to the organisation, carried out to conceal the misappropriation of assets, or otherwise, for gain.
Corruption	The offering, giving, soliciting, or acceptance of an inducement, favour or reward, which may influence the actions taken by the Council, its Members, or officers. It also includes using personal relationships to influence actions.
Bribery	Bribery is the offering, promising, or giving of a financial or other advantage to a person with the intention of bringing about another's improper performance of an activity, or rewarding such improper performance. Bribery can arise where the acceptance of an advantage, in the knowledge that it is offered, promised or given, constitutes an improper performance of an activity.

## **26. Management of Partnerships**

- 26.1 The Council has a Protocol for Partnership Arrangements. This can be found on the Corporate Centre page of SharePoint. Any officer considering entering into any partnership should comply with the Protocol.
- 26.2 Prior to entering into any formal partnership arrangements, the Director of Finance and the Deputy Chief Executive shall be consulted.
- 26.3 The Director of Finance will maintain a database of all partnerships that have either a significant legal or financial commitment. This will be updated on an annual basis.

## **27. Emergency Events**

- 27.1 In an emergency, it is important to balance the need to respond promptly and the need to retain accountability. Part of properly dealing with financial matters is to ensure that the appropriate organisation pays for goods and services in the first instance and that records are such as to enable the billing of third parties and the claiming of Government emergency funds and so on.

### **a. Budgeting for, and Committing of, Expenditure**

In the initial stages of an emergency there may be a need to commit expenditure very rapidly. The Director of Finance or, if he is unavailable, any other (Assistant) Director or the Financial Services Manager can authorise any reasonable expenditure.

As soon as possible, the Director of Finance, or the Financial Services Manager, will liaise with the Chief Executive (or, if unavailable, any other member of Management Team) and the Leader (or, if unavailable, any other Executive Member) to agree:

- an initial emergency budget;
- an emergency scheme of budget delegation: the normal delegated levels may not give the required level of flexibility in responding to any emergency. Any such emergency delegation scheme should be for a limited life. The EERP sets out a pro-forma delegation which should be followed.

Unless anticipated gross expenditure is in excess of £500,000, the budgets and expenditure against them will be reported to the next normal meeting of the Executive, or Council.

If the anticipated gross expenditure is in excess of £500,000, a special Council will be convened, as soon as practicable, to agree the budgets set up and the financial implications of the emergency.

b. **Accounting**

The detailed codes set up by Financial Services should be used for all expenditure and income associated with the emergency.

c. **Orders**

- if the Financial Management system is available, orders should be placed using the system. However, if speed is of the essence, orders may be placed by telephone, with the Financial Management System being used as a confirmation;
- if the Financial Management system is not available, telephone orders can be made, with an appropriate note being sent through to Financial Services.

## **28. Annual Revision**

- 28.1 These Accounting and Audit Rules should be reviewed annually by the Director of Finance as part of the annual review of the Constitution.

## **29. Effective Date**

- 29.1 This revision is effective from 21 April 2017.

For: Corporate Bulletin Board  
Members' Bulletin Board  
Corporate SharePoint

cc Deputy Chief Executive  
Member Services