

Appendix A

FINANCIAL PROCEDURE RULES

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1. INTRODUCTION

1.1 Status of Financial Procedure Rules

- 1.1.1 Financial Procedure Rules lay down the principles to be followed in securing a proper administration of the Council's financial affairs as required by Section 151 of the Local Government Act 1972.
- 1.1.2 These Procedure Rules shall be read in conjunction with the Council's;
- i) Responsibility for Functions (Constitution Part 3)
 - ii) Contract Procedure Rules (Constitution Part 4)
 - iii) Budget and Policy Framework Procedure Rules (Constitution Part 4)
- 1.1.3 These Procedure Rules apply to every Member and officer of the Council and anyone, including consultants, acting on its behalf.
- 1.1.4 These Financial Procedure Rules shall apply in relation to any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise.
- 1.1.5 These Procedure Rules are supplemented by other related documents, issued by the Chief Finance Officer, which are designed to give guidance, including operational financial instructions. In the event of contradiction, the Financial Procedure Rules take precedence.
- 1.1.6 Financial Procedure Rules shall not override any statutory provisions that apply.
- 1.1.7 Financial Procedure Rules will be reviewed by the Chief Finance Officer at intervals of not more than three years and will be subject to approval by the full Council.
- 1.1.8 Failure to comply with these Procedure Rules or instructions issued under them will be subject to consideration as a disciplinary offence. Breaches of these Procedure Rules must be reported to the Chief Finance Officer and Internal Audit, who will be responsible for investigating the circumstances and recommending the further action to be taken.

1.2 General Roles and Responsibilities

- 1.2.1 These Financial Procedure Rules set out the roles and responsibilities of the Council and officers in financial matters. They should be read in conjunction with the Constitution, specifically Article 13, which details other specific responsibilities.

Full Council

- 1.2.2 The full Council is responsible for approving the overall Budget and Policy Framework within which the Executive operates having regard to the Chief Financial Officer's comments in his/her Local Government Act 2003 Section 25 report. The budget setting process includes the setting of the Council Tax and Housing Rent levels to be levied, and the approval of the Prudential Indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities.

1.2.3 The full Council approves these Financial Procedure Rules.

The Executive

1.2.4 The Executive is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with that framework.

1.2.5 The Executive monitors financial performance and service performance and makes changes, within the Budget and Policy Framework to ensure the budget is met or met within the limits determined by the Council.

Chief Finance Officer

1.2.6 Section 151 of the Local Government Act 1972 requires the Council to appoint a suitably qualified person to be responsible for the proper planning, administration and monitoring of its financial affairs. The Chief Finance Officer fulfils this statutory role.

1.2.7 The Chief Finance Officer is responsible for:

- i) the proper administration of the authority's financial affairs;
- ii) setting and monitoring compliance with financial management standards;
- iii) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- iv) providing financial information;
- v) preparing the Medium Term Financial Strategy including the Revenue Budget and Capital Programme;
- vi) Treasury Management.

1.2.8 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to full Council, the Executive and the External Auditor if he/she considers the Council, the Executive or an officer has made or is about to;

- i) make a decision involving expenditure or a loss which is or would be unlawful,
- ii) take an unlawful action which has resulted in or would result in a loss or deficiency to the Council or;
- iii) make an unlawful entry in the Council's accounts

Before making any report to the Council or the Executive the Chief Finance Officer shall consult the Chief Executive and the City Solicitor.

1.2.9 The Chief Finance Officer also has a duty under Section 25 of the Local Government Act 2003 to report to the Council on;

- i) the adequacy of the proposed reserves,
- ii) the robustness of the budget

1.2.10 In order to carry out these responsibilities;

- i) the Council must provide the Chief Finance Officer with sufficient resources,
- ii) the Council recognises the Chief Finance Officer as its principal financial adviser with access to all meetings as he/she considers necessary (including the right to be heard),
- iii) the Council recognises that neither it, nor any committee, Member or officer can require the Chief Finance Officer to breach any of his/her statutory duties.

1.2.11 The Council is also required by section 114 of the 1988 Act to have a designated deputy, currently the Financial Services Manager, to carry out these functions.

Chief Officers

1.2.14 The term, “Chief Officers”, refers to the Council’s Chief Executive and the Strategic Directors.

1.2.15 Chief Officers are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

1.2.16 Chief Officers are responsible for the overall arrangements within their Directorates and that due regard is given to compliance with the requirements of these Procedure Rules.

Assistant Directors

1.2.17 Assistant Directors are responsible for bringing these Procedure Rules and related documents to the attention of staff, for highlighting aspects of particular relevance to certain staff and for disseminating related documents including financial instructions as appropriate.

1.2.18 Assistant Directors are responsible for the accountability and control of staff and the security, custody and control of all other resources including buildings, furniture, equipment, stocks, stores, cash and other valuable resources or assets used by their service.

All Officers

1.2.19 All officers are responsible for ensuring that all actions they perform comply with the requirements placed upon them by the Council. They must also ensure that actions they take are properly authorised and within the sphere of responsibility their post possesses.

1.2.20 All officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and ensuring that the use of these resources and assets is legal, is consistent with Council policies and priorities and provides value for money.

1.2.21 All officers must report to a Chief Officer, the Chief Finance Officer or Internal Audit any occasions where they believe that these Procedure Rules, Contract Procedure Rules, Council policy or financial instructions are not being followed, or where

Council resources or assets are at risk.

Other Responsibilities

- 1.2.22 Chief Officers and Assistant Directors are required to carry out their tasks in accordance with these Procedure Rules. These officers may authorise other officers to carry out tasks for which they have responsibility as set down by these Procedure Rules.
- 1.2.23 Chief Officers have the same rights and responsibilities as Assistant Directors for any matters falling under their direct management.

2. ACCOUNTING ARRANGEMENTS

2.1 Accounting Arrangements

2.1.1 Subject to statutory requirements, all accounting procedures and records of the Council and its officers shall be determined by the Chief Finance Officer.

2.1.2 The Chief Finance Officer may issue detailed financial instructions on any aspect of accounting procedures and records to be applied generally or to specific departments or functions.

2.2 Accounting Records

2.2.1 The Chief Finance Officer shall be responsible for keeping the principal accounts and financial records of the Council.

2.2.2 The Chief Finance Officer shall ensure the safe retention of all accounting records, including paid invoices and certificates, for as long as may be statutorily required, currently 7 years for prime records such as invoices and 3 years for budget records.

2.2.3 All Directorate financial procedures and records shall be complied and maintained in accordance with such direction given by the Chief Finance Officer.

2.2.4 Assistant Directors must ensure that a complete audit trail, allowing financial transactions to be traced between accounting records and original documents, is maintained.

2.3 Accounting Systems and Procedures

2.3.1 Assistant Directors shall consult with and must obtain permission from the Chief Finance Officer before introducing, amending or discontinuing any system, record or procedure that relates to any area covered by these Procedure Rules.

2.4 Directorate Financial Management Arrangements

2.4.1 Chief Officers are responsible for the operation of financial processes within their Department and in consultation with the Chief Finance Officer shall ensure adequate controls are in place.

2.5 Annual Statement of Accounts

2.5.1 The Chief Finance Officer should ensure that the Council's accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, for each financial year ending 31st March and the CIPFA Service Reporting Code of Practice and prepared, published and audited in accordance with the Accounts and Audit Regulations 2003, or any subsequent Regulations.

2.5.2 The Chief Finance Officer is responsible for selecting the Council's accounting policies, including any change to these policies and ensuring that they are applied accurately and consistently.

2.6 Trading Accounts

- 2.6.1 The Chief Finance Officer will advise on the establishment and operation of trading accounts. Each trading account will have defined objectives, including the way in which surpluses or deficits will be dealt with.
- 2.6.2 Assistant Directors will observe all statutory requirements in relation to services that maintain trading accounts, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce suitable information for the statutory disclosure in the Statement of Accounts.
- 2.6.3 Assistant Directors will ensure that the same accounting principles are applied in relation to trading accounts as for other services unless, in the opinion of the Chief Finance Officer, arrangements which are more advantageous to the Council are permissible.

3. AUDIT ARRANGEMENTS

- 3.1 The Accounts and Audit Regulation 2015 require that a, “relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems and review its effectiveness on an annual basis.” The Authority’s Internal Audit function fulfils this role.
- 3.2 Internal Audit operates in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom, published by CIPFA and with Terms of Reference approved by the Council and included with the Audit Committee’s Terms of Reference, again also approved by the Council.
- 3.3 Internal Audit shall review, appraise and provide assurances on (and report to the Audit Committee or Executive if deemed necessary) the following matters;
- i) the soundness, adequacy and application of internal controls;
 - ii) the extent to which the Council’s assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance, inefficient administration, poor value for money or other cause;
 - iii) the suitability and reliability of financial and other management information used within the Council.
- 3.4 In pursuance of their duties Internal Audit shall have the authority under the Accounts and Audit Regulations to;
- i) access/enter at all reasonable times any Council premises or land;
 - ii) have access to all assets, records, documents, minutes. Correspondence and control systems relating to any aspect of the Council;
 - iii) require and receive such information and explanations as are necessary concerning any matter under examination;
 - iv) require any employee of the Council to produce cash, stores, or any other Council property under his/her control;
 - v) request access to records belonging to third parties, such as contractors and partners,
 - vi) have full and free access to all officers, Members and Committees.
- 3.5 Whenever a matter arising out of any audit activity, or otherwise, comes to the attention of Internal Audit and this reveals, or suggests, the possibility of any irregularity, Internal Audit shall consult immediately with the Chief Finance Officer and City Solicitor, to determine the nature of any action to be taken and to effect compliance with these Procedure Rules.
- 3.6 The effectiveness of a continuous Internal Audit shall be reported to the Audit Committee annually and as appropriate the results of audit reviews, which are deemed of interest, in accordance with the CIPFA code of audit practice.

4. FINANCIAL PLANNING

4.1 Medium Term Financial Strategy and Budget Preparation (Revenue and Capital, including the Housing Revenue Account).

4.1.1 The procedure for the preparation of the Medium Term Financial Strategy, revenue estimates and capital programme will be determined each year by the Chief Finance Officer. This procedure will be consistent with any direction given by the Executive which shall fulfil all statutory requirements.

4.1.2 Assistant Directors shall prepare estimates of revenue expenditure and income for all of the Council's services and estimates for the capital programme in accordance with the directions issued by the Chief Finance Officer.

4.1.3 The Chief Finance Officer shall collate the revenue and capital estimates and present them to the Executive together with the Medium Term Financial Strategy as part of the Budget and Policy Framework process. The Medium Term Financial Strategy will provide a five year forward assessment (for the next budget year and the four following years) of the revenue estimates based on present levels of service and efficiency but reflecting also decisions taken on new commitments and the budgetary impact of savings programmes. This plan should highlight total net expenditure (after income for fees and charges) on services and on financing costs, shown separately to make the implications explicit and in accordance with government guidelines.

4.1.4 The Executive shall consider the aggregate effect of these estimates and programmes on the Council's financial resources and, after consultation on proposed amendments, shall submit them to the full Council for approval, on or before the statutory date each year, together with a recommendation for the Council Tax and Housing Rent Levels to be levied for the following year, having determined the supporting resources to be used.

4.2 Reserves and Provisions

4.2.1 The Chief Finance Officer is responsible for making recommendations to Executive and full Council on the adequate level of unallocated General Fund and Housing Revenue Account Reserves and any limitations or conditions on the use of such unallocated reserves. This recommendation will be based upon;

- i) the assessment of the robustness of the budget and adequacy of reserves under Section 25 of the Local Governance Finance Act,
- ii) the projected level of reserves for the year and in the medium terms compared to a risk assessment based on the budget risk register and corporate risk register,
- iii) an on-going assessment of the above.

4.2.2 The Chief Finance Officer is responsible for making recommendations to the Executive and full Council on the adequate level of specific provisions and earmarked reserves. Such recommendations shall include;

- i) a list of the various earmarked reserves and provisions,

- ii) the purposes for which they are held,
- iii) the estimated opening balances for the year, planned additions/withdrawals and estimated closing balances.

4.2.3 Before approving the establishment of a new earmarked reserve or provision the Chief Finance Officer will require Assistant Directors to provide the following;

- i) the purpose of the earmarked reserve or provision,
- ii) the decision making and authorisation process for the use of those provisions and reserves,
- iii) the process and timescale for review of the reserve.

The establishment of new earmarked reserves and provisions shall be brought to the attention of the Executive, by the Chief Finance Officer, not less than four times a year.

4.2.4 Authority to commit expenditure for the specified purposes lies with Assistant Directors in accordance with section 5.1 of these Procedure Rules. Assistant Directors shall only propose the use of earmarked reserves and provisions for the purpose of such reserves or provisions, unless otherwise agreed by the Chief Finance Officer.

5. FINANCIAL MANAGEMENT

5.1 Budgetary Control

- 5.1.1 Assistant Directors will operate the services under their control in accordance with the policies of the Council and the finances made available, and shall be accountable to the Executive for performance.
- 5.1.2 Assistant Directors shall make arrangements to monitor and manage the budgets for which they are accountable and may designate budget holders who are empowered to commit budgets. Designation of budget holders below Service Manager level or Officers on a PO grade or above reporting directly into an Assistant Director or Chief Officer, requires the express consent of the Chief Finance Officer.
- 5.1.3 Budget holders may delegate day to day responsibility for overseeing the budget and managing the service to budget operators but they retain the responsibility for ensuring the proper management of the Council's resources for their service areas and are responsible for economic, efficient and effective use of resources allocated to them. All budget holder and budget operator activities will be in-line with the approved authorised signatory level for the authorisation of orders and invoices on the Council's financial system and variation/compensation events within contracts:

Tier 1	Unlimited £	Chief Officers and Assistant Directors
Tier 2	Up to £50,000	Service Managers and Officers on PO grade or above that report directly into an Assistant Director or Director
Tier 3	Up to £10,000	Team Leaders or Officers below PO grade that report directly into an Assistant Director

- 5.1.4 The Chief Finance Officer shall maintain a list of the extent of authority of each authorising officer to authorise financial transactions. The list of authorising officers will be reviewed by Assistant Directors at least annually. The Chief Finance Officer should be notified of requests for changes in authorisation limits.
- 5.1.5 The Chief Finance Officer shall provide Assistant Directors and budget holders with appropriate financial information, support and advice to enable the revenue budget and capital programme to be monitored effectively.
- 5.1.6 The Chief Finance Officer shall monitor the arrangements made by Assistant Directors for implementing budgetary control and shall ensure an effective system of budgetary control is operated throughout the Council.
- 5.1.7 Assistant Directors shall consult with the Chief Finance Officer prior to submitting any report or statement to the Executive, Committee, Sub-Committee or Panel to ensure that the financial implications for either the revenue budget, capital programme or the overall finances of the Council contain the Chief Finance Officer views.

5.2 Revenue Budget Management

5.2.1 The inclusion of items in approved revenue estimates, as varied by a supplementary estimate or virement approved under these Procedure Rules, constitutes authority to incur expenditure and collect income.

5.2.2 Assistant Directors and budget holders must regularly monitor (at least monthly but more frequently where necessary) actual income and expenditure against that budgeted for all services under their control and ensure that all budget targets are being achieved. As part of such monitoring, Assistant Directors and budget holders must;

- i) project likely future income and expenditure in order to identify immediately any potential over or under spends;
- ii) take corrective action without delay and, if action beyond their authority is required, report to their Assistant Director/Chief Officer immediately;
- iii) inform the Chief Finance Officer whenever there is a likelihood that expenditure will exceed the approved revenue estimate for it, or that income will be less than the amount included in the estimates, as soon as practicable, including any impact on future years.
- iv) inform the Chief Finance Officer whenever there is a likelihood that expenditure will be below the approved revenue estimate for it, or that income will be in excess of the amount included in the estimates, as soon as practicable, including any impact on future years.

5.2.3 Corrective action may take the form of a transfer of budgets between budget heads (virement) or the suspension or deletion of other planned expenditure. Any such suspension or deletion shall require the Assistant Director to obtain the approval of the Executive and/or full Council if it is contrary to the Budget and Policy Framework and shall affect council policy.

5.2.4 The Executive shall be entitled to require corrective action to be taken to deal with either a forecast or known overspending or to accommodate a new demand that is considered important or unavoidable.

5.3 Exceptional Supplementary Budget Estimates

5.3.1 Once all other possibilities for corrective action have been considered the Assistant Director, in conjunction with the Chief Finance Officer, will be required to make a request for a supplementary budget.

5.3.2 Requests for supplementary budgets shall only be made in exceptional circumstances and may only be approved by the Council. A report requesting a supplementary budget must be produced jointly with the Chief Finance Officer and must make particular reference to any future financial implications.

5.4 Transferring Financial Resources Between Revenue Budget Heads in Year (Virement)

5.4.1 Budget provision may be transferred from one budget head to another during the course of the year subject to the following rules;

- i) the proposed expenditure is not contrary to council policy and does not relate to an item which has previously been considered by the Council, and has been rejected;
- ii) no net recurring increase in total expenditure will arise in any subsequent years directly from the virement unless the recurring cost is approved by the Executive;
- iii) the proposed virement does not involve any loan charges, capital expenditure or apportioned central support services charges which the officer concerned has no control over;
- iv) all virements are notified to the Chief Finance Officer within one week of approval; and
- v) fortuitous income (which has not arisen through a positive management decision) cannot be a source of virement.

5.4.2 Where an approved budget is a 'lump sum' budget or reserve intended for allocation during that year, its allocation will not be treated as a virement for reporting purposes, provided that the amount is used in accordance with the purposes for which it was established.

5.4.3 The transfer of a budget is not virement if the budget continues to be used for the same purpose and is only being vired for the purpose of 'general housekeeping'.

5.4.4 The Chief Finance Officer is authorised to make any technical adjustment to budgets that are not contrary to the Policy and Budget Framework.

5.4.5 Virement is permitted between the revenue budget and the capital budget but not from the capital budget to the revenue budget.

5.4.6 Revenue virements may be made within the following criteria;

Within the same budget head;

- i) transfer between subjective within revenue budget heads may be approved by the budget holder, after consultation with their Assistant Director.

Between different budget heads;

- ii) where amount does not exceed £50,000 and the items are to be transferred between different budget heads then the relevant Assistant Director(s) may approve the transfer;
- iii) where the amount is more than £50,000 but not exceeding £75,000 and is to be transferred between different budget heads then the relevant Director(s) may approve the transfer;
- iv) where the amount is more than £75,000 the approval of the Executive is required.

5.4.7 Any virement that will impact upon the budget under the responsibility of another Assistant Director will require the approval of both Assistant Directors or both Chief Officers.

* A budget head is defined as a single line in the approved revenue estimates.

5.5 Carry Forward of Revenue Budgets from One Year to the Next

5.5.1 Assistant Directors will be able to request to carry forward any revenue estimate not utilised by the end of the financial year, subject to the following conditions:

- i) proposals for carry forwards will only be considered where there is an overall underspend of the Directorate's cash limited budgets equal or greater than the carry forward amount (for this purpose income budgets for which the Directorate doesn't have full control, e.g. due to market forces) are excluded from the considered cash limit budget;
- ii) carry forwards can only be used to finance one-off types of expenditure;
- iii) proposals will be included for initial approval in the report on financial performance submitted to the Executive for the period to the end of 31st December each year;
- iv) if carry forwards are not identified and reported to the Executive in the report of financial performance for the period to the end of 31st December then they will not be considered, except in circumstances which are beyond the Council's control, e.g. failure of supplier to deliver. In such a case the initial approval of the Chief Finance Officer will be required;
- v) approval of the total value of carry forward proposals will only be given by the Executive once all spending in the financial year has been contained within the overall budget level set for the year and consideration given to the financial risks and priorities of the Council. This will be determined on receipt on the report of financial performance for the period to the end of 31st March each year. The allocation of the total carry forward amount to specific schemes will be determined following completion of the draft financial statements each year.

5.6 Capital Budget Management

Capital scheme initiations and approvals

5.6.1 Initial provision is made for capital schemes within the Capital Programme in line with the approved Strategic Plan, Housing Business Plan and Medium Term Financial Strategy.

5.6.2 Inclusion of an initial provision in the Capital Programme provides authorisation to carry out feasibility studies, outline design and application for planning consent (where required) provided the resources have been identified within the approved budget.

5.6.3 Before a capital scheme for which provision is made in the Capital Programme may proceed further i.e. to tender/commitment of expenditure, project documentation must be produced and agreed by the Capital Projects Team, in accordance with the Lincoln Project Management Framework, unless such documentation has been

completed within the last 12 months prior to inclusion in the Capital Programme. If a period of 12 months has elapsed a revised project appraisal will be required to be approved by the Strategic Plan Implementation Team.

5.6.4 Where Assistant Directors wish to propose new capital schemes for inclusion in the capital programme, they must first consult with the Chief Finance Officer who will determine the approach to be taken for approval of the proposal. The proposals will need to be approved by the Executive and be in accordance with the Lincoln Project Management Framework, i.e. require the completion and approval of appropriate project documentation. This must include all applications for schemes to be funded from Government sources, grants or other external funding.

5.6.5 Bids for external funding to support capital expenditure cannot take place until they have been approved by the Chief Finance Officer.

5.6.6 The Chief Finance Officer may approve expenditure where tenders received are less than the allocated scheme budget and the Assistant Director proposes to extend the scope of the work up to the allocated amount. In such circumstances the Chief Finance Officer will consider the overall capital programme and other calls on capital resources.

5.6.8 Capital Scheme Monitoring

5.6.9 Assistant Directors and budget holders shall be responsible the monitoring of all capital schemes under their control and shall, at the earliest opportunity, inform the Chief Finance Officer whenever;

- i) the cost has or is likely to exceed the allocated project budget;
- ii) there has been or is likely to be slippage in estimated payments for the year so that steps may be taken to avoid the loss of time-limited borrowing or capital grant approvals.

5.6.10 If after a scheme has commenced the original total cost has or appears likely to exceed the allocated scheme budget, or where any avoidable variations or discretionary charges are to be incurred, then equivalent savings must be made within the approved capital programmes (virement).

5.6.11 If it is not possible to identify a capital virement the Chief Finance Officer and Assistant Director shall report the scheme, the final cost or estimate thereof and reason for the increased expenditure to the Executive at the earliest opportunity.

5.6.12 Any proposal to amend an approved capital programme by deleting an approved scheme will require the approval of the Executive.

5.7 Transferring Financial Resources within Capital Schemes (Virement)

5.7.1 The Chief Finance Officer in conjunction with Capital Projects Team shall consider the scheme as a whole, the overall agreed capital programmes and other calls on capital resources, when taking correction action in the form of a virement.

- 5.7.2 The Chief Finance Officer shall have authority to approve virements to a capital scheme subject to the virement plus previous virements approved by the Chief Finance Officer being not more than £100,000 or 50% of the total scheme whichever is lower. For ongoing schemes (e.g. disabled facilities grants) the total value of the scheme refers to the annual budget allocation.
- 5.7.3 Such virements shall be reported by the Chief Finance Officer to the Executive, not less than four times a year.
- 5.7.4 Any virement which results in the change to the cost of the scheme exceeding the above financial limits will require the Assistant Director in conjunction with the Chief Finance Officer to prepare a report to obtain the approval of Executive.
- 5.7.5 The Chief Finance Officer shall have authority to approve the rephrasing of capital schemes within the approved capital programme between financial years (subject to the availability of resources) to make the most effective use thereof. Such re-phasing shall be reported by the Chief Finance Officer to the Executive, not less than four times a year. If deemed necessary the Chief Finance Officer in conjunction with the relevant Assistant Director shall prepare a report to the executive to consider proposals.
- 5.7.6 The Chief Finance Officer shall have the authority to approve the inclusion of schemes in the capital programme as required by capital accounting requirements in the Accounting Code of Practice.

5.8 Reporting

- 5.8.1 The Executive shall receive a report, prepared jointly by, the Chief Finance Officer and Officers, commenting on financial performance to date of the revenue budget and capital programmes, not less than four times a year. The Chief Finance Officer shall report to the Executive in between such regular reports should he/she require this to be necessary in the financial circumstances.
- 5.8.2 The Performance Scrutiny Committee shall receive a report, prepared jointly by, the Chief Finance Officer and Chief Officers, commenting on financial performance to date of the revenue budget and capital programmes, not less than four times a year.

5.9 The Capital Programme Board

5.9.1 Notwithstanding any of the responsibilities of Assistant Directors and budget holders for budget management within these Procedure Rules, in addition the performance of all capital schemes shall be monitored by the Chief Finance Officer in conjunction with the Capital Programme Board (the Assistant Director Group will fulfil this function).

5.9.2 The Capital Programme Board shall consist of the Chief Finance Officer and Assistant Directors representatives from each Directorate. The Capital Programme Board will consider rescheduling / resource shifting / financial programming, i.e. wider programme management, rather than being involved in the detail of individual projects. Only exceptions, where there is a risk of significant impact on financials or deliverables, would be reported to, and considered by, the Capital Programme

Board.

- 5.9.3 Project Briefs will be developed by the Project Manager, and agreed with the Project Sponsor, after consultation with all affected services, and the budget model is agreed with Finance.
- 5.9.4 The Capital Programme Board considers significant change only, with minor change being dealt with by the Project Manager / Project Sponsor. Tolerances of what constitutes significant change to be agreed at the start of the contract.
- 5.9.5 For capital schemes determined, as per the Lincoln Project Management Model, to be 'mega projects' the performance of that scheme can be undertaken through a designated project board rather than through the Capital Programme Board. In such circumstances the Chief Finance Officer, or representative of, will form part of the project board.
- 5.9.6 Performance Scrutiny Committee and Executive will receive a progress report from the Chief Finance Officer on a quarterly basis on the capital schemes monitored by the Capital Programme Board.

EXPENDITURE

6.

6.1 Authorisation and Certification

6.1.1 Expenditure should only be incurred if authority to purchase goods or services has been delegated to an employee by an Assistant Director.

6.1.2 A list is maintained by the Chief Finance Officer of the extent of the authority of each authorising officer who can approve orders and authorise invoices for payment.

6.1.3 A list is maintained by the City Solicitor of the extend of the authority of each authorising officer who can:

- i) authorise travel and expense claims;
- ii) authorise petty cash reimbursement claims;
- iii) authorise payroll transactions, including starters and leavers, overtime or bonus payment, notification of sickness, salary adjustments.

6.1.4 Transactions will not be processed unless authorisation has been given.

6.1.5 Agency staff are not permitted to place or approve orders or contractual payments.

6.1.6 Assistant Directors should notify the Chief Finance Officer and City Solicitor immediately of any changes in authorised personnel or requests for changes in authorisation limits. Periodically, the whole list of authorised officers shall be reviewed in its entirety.

6.2 Contracts for Works, Goods and Services

6.2.1 All contracts entered into on behalf of the Council shall be subject to the Contract Procedure Rules (Part 4) of the Constitution.

6.2.2 Payment to contractors on account shall be authorised only on certified documents signed by an authorising officer up to their agreed authorised limited, as per paragraph 5.1.3, showing the total amount of the contract, value of work executed to date, retention money, amount paid to date and the amount now certified.

6.2.3 Subject to the specific contract allowing a variation, every variation, addition to the original specification or compensation event, shall be authorised, in writing, by an authorising officer up to their agreed authorised limit, as per paragraph 5.1.3. Any such variation, addition or event which necessitates an increase in the amount of an accepted tender or estimate which exceeds the budgetary provision will be subject to the scheme of virement as per paragraphs 5.4 and 5.7. No order shall be placed, nor any payment certified, in respect of any such variation or addition until this has been approved by the Executive if required under the scheme of virement.

6.2.4 The final certificate on a contract or accepted estimate shall be issued by the duly authorised officer.

6.2.5 In the case of contracts for works entered into by the Council and supervised and managed by architects or persons other than the Council's own officers, the agreement with the person having control of the work shall provide that he/she submit to the Council for authorisation by a duly authorised officer, all payments on account and valuation certificates, furnishing them with all documents and vouchers relating to prime costs, provisional sums etc. Subject to the rights of other parties to the contract, the final certificate shall not be issued, nor the balance under such contract paid until an authorised officer of the Council has had the opportunity to examine the accounts, vouchers and documents and authorise the final certificate and payment.

6.3 Orders for Works, Goods and Services

6.3.1 Purchase orders shall be made out in the name of the Council and shall be in a form approved by the Chief Finance Officer. Electronic ordering shall be the Council's preferred method of raising orders.

6.3.2 Official purchase orders are required for all work, goods or services to be supplied to the Council except for:

- i) supplies of public utility services;
- ii) contracts for works, goods and services as per paragraph 6.2
- iii) periodical payments (such as rent or rates);
- iv) petty cash purchases; or
- v) such other exceptions as the Chief Finance Officer may approve

If there is any doubt over whether a purchase order is required the Chief Finance Officer will confirm the requirements.

6.3.3 No official order shall be issued unless the rules regarding the obtaining of quotations/tenders in accordance with Contract Procedure Rules, (Part 4) of this Constitution, have been followed.

6.3.5 Verbal orders should only be given in emergencies and must be confirmed immediately by an official order, clearly marked 'Confirmation of an order issued verbally'. Personal credit cards can only be used in exceptional and justifiable circumstances and with prior authorisation of the Chief Finance Officer.

6.3.6 All orders shall specify the nature and quantity of the work, goods or services required, shall include all relevant expenditure (including freight/delivery) and shall specify the relevant contract and agreed or estimated price excluding Value Added Tax.

6.3.7 Each purchase order must be authorised by an authorising officer up to their agreed authorised limit. Before authorising purchase orders (or otherwise committing expenditure) authorising officers should ensure that sufficient budgetary provision is available.

6.3.8 Any purchases undertaken as part of a corporate procurement card scheme shall be in accordance with the instructions issued. Purchase orders are not required for

procurement cards.

- 6.3.9 No financial loan, leasing or hire purchase arrangement (with the exception of land and property) may be entered into without the express permission of the Chief Finance Officer.
- 6.3.10 Under no circumstances may individual employees use the Council's ordering or payments systems for personal use or benefit.
- 6.3.11 Assistant Directors shall ensure that, where construction maintenance works are undertaken, the contractor fulfils necessary Construction Industry Tax Scheme requirements.

6.4 Payment of Accounts

- 6.4.1 The Chief Finance Officer shall be responsible for making safe and efficient arrangements for all payments.
- 6.4.2 The primary method of payment of funds due from the Council is by BACS payment drawn on the Council's bank account by the Chief Finance Officer. In exceptional circumstances other forms of payment e.g. CHAPS/faster-payment/direct debit/standing order may be used with the agreement of the Chief Finance Officer.
- 6.4.3 Each Assistant Director shall be responsible for ensuring that prior to purchase orders for goods and services being confirmed as being goods received (or on occasions invoices being authorised for payment) the examination, verification and certification of the receipt of all goods and services under his/her control is in line with the original purchase order or subsequent amendments. He/she shall satisfy him/herself that robust procedures exist to ensure that;
 - i) the goods, works or services mentioned have been received, examined and approved as to quality and quantity and are in accordance with the order and/or subsequent correspondence;
 - ii) the relevant expenditure has been properly incurred, and is within the relevant budget;
 - iii) appropriate entries have been made in inventories, stores records or stock books as required;
 - iv) the account has not previously been passed for payment and is a proper liability of the Council;

Where the invoice received differs from the official purchase order or amounts certified as received, then they shall ensure that;

- i) the price charged is correct and in accordance with any accepted quotation or contract and that all appropriate allowances, discounts and credits have been deducted, and that the invoice is arithmetically accurate;

- 6.4.3 Statements shall not be paid but should be passed to the Chief Finance Officer for review and reconciliation. Scanned or photocopied documents shall not be passed for payment unless endorsed by the authorising officer stating that the original is not,

and is unlikely to become, available. If this is the case scanned or photocopied documents must be of sufficient quality to be processed.

6.4.4 Each order, **goods receipt confirmation** and/or invoice shall be **authorised by** the authorising officer up to their agreed authorised limit.

6.4.5 Assistant Directors must ensure that invoices for payment are dealt with promptly in accordance with any contract conditions, late payment legislation and performance criteria. Priority is to be given to invoices subject to a discount for prompt payment. On confirmation the purchase orders have been goods receipted or if required invoices have been authorised for payment, the invoices will be processed by the Chief Finance Officer for payment without delay.

6.5 Payment for Salaries and Wages

6.5.1 The payment of all salaries, wages, compensation and other emoluments to all employees or former employees of the Council shall be made by the City Solicitor under secure and reliable arrangements approved by the Chief Finance Officer.

6.5.2 Assistant Directors and the City Solicitor will ensure that appointments of all employees are made in accordance with the Procedure Rules of the Council.

6.5.3 Assistant Directors shall notify the City Solicitor as soon as possible, complying with deadlines set down for payroll processing and in the form prescribed by him/her, of all matters affecting the payment of such emoluments, and in particular:-

- i) appointment, resignations, dismissals, suspensions, secondments and transfers;
- ii) absences from duty for sickness or other reason, apart from approved leave (via the appropriate admin team);
- iii) changes in remuneration, other than normal increments and pay awards and agreements of general application; (e.g. honorarium, accelerated increments, regradings etc)
- iv) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- v) all employees in receipt of taxable benefits;
- vi) additional work such as overtime.

6.5.4 All time records or other pay documents shall be in the form prescribed by the Chief Executive and approved by the Chief Finance Officer and shall be certified by an authorising officer.

6.5.5 Assistant Directors must ensure that all pay transactions are processed through the payroll system. They must, in particular, seek advice from the City Solicitor on the employment status of potentially self-employed individuals or sub- contractors.

6.5.6 The City Solicitor shall implement all nationally agreed pay and related awards immediately.

6.6 Payments of officer's travel and subsistence

6.6.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses in relation to the performance of official duties shall be submitted via the system prescribed by the City Solicitor and approved by the Chief Finance Officer and submitted in accordance with such timescales as he/she may determine.

6.6.2 All claims for payment shall be certified by an authorising officer. Such certification shall be taken to mean that the authorising officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

6.6.3 Irrespective of the method of claim or method of payment, all expenses for car allowances, subsistence allowances, travelling and incidental expenses shall be in accordance with the rates and scales set out in the HR Handbook as updated from time to time.

6.7 Payments to Member's or Independent Persons for Travel, Subsistence and Allowances

6.7.1 Payments to Members, including co-opted Members of the Council or its committees, or independent persons who are entitled to claim travelling or other allowances, will be made by the City Solicitor upon receipt of the prescribed form duly completed. All claims for a financial year are to be submitted in accordance with the Members' Allowance Scheme.

6.7.2 All issues relating to the payment of Members' allowances and including the keeping of records and publication of amounts claimed, shall be in accordance with the Council's Members' Allowance Scheme extant at that time as any relevant legislation.

6.7.3 The City Solicitor shall determine which duties of Members should qualify for payment in accordance with the Members' Allowance Scheme. Any other payments will require approval by the Executive.

7. INCOME

7.1 Fees and Charges

7.1.1 All fees and charges to be made for Council services shall be reviewed at least annually by the Assistant Directors. Such fees and charges shall be submitted by the Chief Finance Officer to the full Council for approval as part of the Medium Term Financial Strategy.

7.1.2 Proposals for new fees and charges should normally be considered as part of the Medium Term Financial Strategy. Where this is not possible then the Assistant Director, in conjunction with the Chief Finance Officer shall submit a report to the Executive for approval of the new fees and charges. Reasonable notice should be given to service users to consult on the fees, before any new charge is implemented, together with clear advice on any discounts or concessions that will be available.

7.1.3 Any fees and charges regulated by statute shall be implemented on the due date without requiring approval or consultation with service users.

7.1.4 Given the uncertain nature of the economy, the need for price changes later in the year cannot be ruled out in order to respond to operational issues and the changing market, as well as to offer incentives that will encourage greater use of services and therefore increase overall income generated. Possible changes might include the introduction of promotions to stimulate demand as necessary, making offers for limited timescales, linking two services and offering discounts. Such discounts and promotions will need to rest with the service to introduce as part of being market-led and responsive.

7.1.5 In such circumstances the relevant Assistant Director has the discretion to amend the set fees and charges by +/- 50% for any individual fee, after consulting with the relevant Portfolio Holder. Such an occurrence shall be reported to the Chief Finance Officer at the earliest opportunity.

7.2 Collection of Income

7.2.1 The collection of all money due to the Council shall be under the supervision of the Chief Finance Officer who shall ensure adequate arrangements are maintained for;

- i) the financial organisation and accounting necessary to ensure the proper recording of all sums due to the Council, and;
- ii) the collection, custody, control, disposal and prompt accounting of all cash in all Directorates and establishments of the Council and any bodies acting on the Council's behalf.

7.2.2 Each Assistant Director shall arrange for accounts to be raised promptly in respect of charges for work done or goods or services supplied and for rendering such accounts to the debtors concerned, along with required supporting documentation. Such accounts will be in a form specified by the Chief Finance Officer.

7.2.3 Assistant Directors shall promptly notify the Chief Finance Officer of contracts, leases and other agreements and other arrangements entered into which involves

the receipt of money by the Council.

- 7.2.4 **The Council does not accept cash except where this is unavoidable and approved by an Assistant Director.** Any cash received must be acknowledged by the issue of an official receipt.
- 7.2.5 All official receipt forms, books or similar items shall be in a form approved by the Chief Finance Officer.
- 7.2.6 All official receipt forms, books or similar items shall be ordered, controlled and issued only by the Chief Finance Officer and be in his/her custody, except where he/she may approve otherwise. A register shall be kept of all receipts and issues of such documents and each issue shall be acknowledged by the signature of the recipient.
- 7.2.7 Assistant Directors shall ensure that cash etc collected by an employee shall not be left unsecured in the absence, for any reason, of the employee from the point of collection. Where a collection point is left unattended, all cash must be put in secure conditions.
- 7.2.8 Every transfer of official money from one member of staff to another will be evidenced in the records of the departments concerned by the signature of the receiving officer.
- 7.2.9 Assistant Directors shall ensure that any shortages of cash collected shall be notified immediately to the Chief Finance Officer and Internal Audit to determine the nature of any action to be taken and to effect compliance with these Procedure Rules.
- 7.2.10 Personal cheques shall not be cashed out of the money held on behalf of the Council.
- 7.2.11 Each employee receiving income shall balance his/her collections at least daily and pay them to the Chief Finance Officer, the bank (either directly or via authorised collectors) or another officer nominated by the Chief Finance Officer in accordance with the instructions specified by the Chief Finance Officer. These payments must be properly coded and any VAT properly accounted for. No deduction may be made from such money save to the extent that the Chief Finance Officer may specifically authorise.
- 7.2.12 The Chief Finance Officer shall arrange for prompt banking of monies received by him/her.
- 7.2.13 Each officer who banks money (either directly or via authorised collectors) shall enter on the paying-in slip a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise indicate the origin of the cheque; on the reverse of each cheque, the officer shall enter the name of his/her directorate, office or establishment.
- 7.2.14 **As per paragraph 7.2.4 above the Council does not accept cash payments except where this is unavoidable. In those unavoidable instances in accordance with the Council's Anti-Money Laundering policy payment to the Council can be accepted if it is in cash and does not exceed a specified limit (currently £2,000). The receipt of**

cash payments over £2,000 requires the prior authorisation of the Chief Executive, City Solicitor or Chief Finance Officer.

7.2.15 Electronic payments will be implemented on a service-by-service basis wherever this can be done so efficiently. Whenever possible this will be through a means that is without human intervention in the process such as through the online secure web pages or by automated telephone payments. All monies received through such methods shall be subject to the specific instructions concerned and shall comply with the Payment Card Industry Data Security Standards (PCIDSS). This requirement to comply with PCIDSS extends to any third parties/contractors working on behalf of the Council

7.3 Writing off bad debts

7.3.1 The Chief Finance Officer shall generally administer the recovery of all income due to the Council, including taking appropriate proceedings in court. With exception of the delegation to the City Solicitor to settle all legal proceedings in consultation with the relevant instructing officer.

7.3.2 The authority to write out debts shall be as follows and exercised only where the debt is deemed uncollectable by virtue of the bankruptcy or liquidation of the debtor, the debt being statute barred or the absence of further remedies being available such as following a committal hearing or a deceased debtor with no estate or where the debt is deemed irrecoverable or uneconomic to pursue:

i) not more than £5,000 for any one debtor in respect of any one financial year – authorisation required by Chief Finance Officer, City Solicitor or the Head of Shared Revenues and Benefit Service.

ii) following a report to and the approval of the Executive in respect of debts over £5,000.

7.3.3 Where authorisation exists to write out a debt, the Chief Finance Officer may seek to mitigate the loss to the Council by selling the debt or passing it to an agency on a commission basis. Nothing in these Procedure Rules shall preclude the passing of a debt to an agency where either the debtor becomes liable for those costs or there is provision in the budgets or provisions to meet such costs. Nothing in these Procedure Rules shall preclude “technical” write-offs necessary to correct any account raised in error.

7.3.4 The authority to reinstate previously written off debts upon receipt of outstanding amounts shall be as follows:

iii) Reinstatement of debts up to £5,000 - authorisation required by Chief Finance Officer, City Solicitor or the Head of Shared Revenues and Benefit Service.

i) Reinstatement of debts over £5,000 – authorisation required by the Chief Finance Officer

8. Taxation

- 8.1 The City Solicitor shall be responsible for accounting to the HM Revenue's & Customs for all tax deducted from employees' emoluments under the PAYE arrangements.
- 8.2 The Chief Finance Officer shall be responsible for accounting to the appropriate agency for all other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- 8.3 The Chief Finance Officer may require from any employee of the Council such information as is necessary for fulfilment of the Council's obligation under this Procedure Rule. Assistant Directors shall be responsible for reporting taxable benefits (e.g. un-badged uniforms), which their staff may have received to the Chief Finance Officer in accordance with the timescales and procedures laid down by him/her.
- 8.4 Any purchase which is taxable under VAT Procedure Rules, whether or not the purchase price includes an element of VAT, shall be paid for only on receipt by the Chief Finance Officer of a suppliers invoice complying with VAT Procedure Rules or a written guarantee that an authenticated VAT receipt will be issued. Under no circumstances will VAT be payable on cheque requisition forms unless authorising officers have sought an authenticated VAT receipt.
- 8.5 Authorised officers accounting for income must ensure that the correct VAT is charged. Liability is determined by the type of organisation being charged and the nature of the service provided.
- 8.6 Assistant Directors should have regard to the provision of the Construction Industry Scheme (CIS) and should ensure that all payments which may incur a liability under this scheme are passed directly to the Chief Finance Officer for payment.

9. Resources and Asset Management

9.1 Banking Arrangements

- 9.1.1 All arrangements concerning banking services, including the opening, closing and operation of the Council's bank accounts shall be made solely upon direction of the Chief Finance Officer.
- 9.1.2 Cheques and other instruments drawn on the Council's banking accounts shall bear the facsimile signature of the Chief Finance Officer or be signed by the Chief Finance Officer or other officer authorised to do so in the bank mandate. **The Chief Finance Officer will authorise the inclusion of specific officers on the bank mandate (to be at a minimum of Assistant Director level).**
- 9.1.3 All such cheques and instruments shall be ordered only on the authority of authorised signatories and the Chief Finance Officer shall make proper arrangements for their safe custody.
- 9.1.4 The Chief Finance Officer shall authorise the establishment of all standing orders and direct debits.
- 9.1.5 The Chief Finance Officer shall maintain a list of all Council procurement cards issued and their holders. The Chief Finance Officer will authorise the issue of any new cards, the withdrawal of existing cards and provide operating guidance.
- 9.1.6 Card holders shall be personally responsible for the security of cards and for ensuring compliance with guidelines for their use, which shall include the requirement that procurement cards may only be used for Council business and in no circumstances used for personal purposes.

9.2 Investments, Borrowings and Trust Funds

- 9.2.1 The Council has adopted CIPFA's "Code of Practice for Treasury Management in Local Authorities".
- 9.2.2 The Council shall determine a Treasury Management Policy setting out its strategy and procedures for Treasury Management and set the Council's Prudential Indicators. The policy shall be reviewed once a year and completed in accordance with the budget timetable.
- 9.2.3 All money in the Council's possession shall be aggregated for the purposes of Treasury Management and shall be under the control of the Chief Finance Officer.
- 9.2.4 All Executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer or through him/her to his/her staff who shall all be required to act in accordance with current statutory requirements, professional guidelines and the Treasury Management Policy extant at the time of the transaction.
- 9.2.5 The Chief Finance Officer shall report to the;
- i) Executive no less than twice in each financial year on the activities of the

Treasury Management operation and on the exercise of Treasury Management powers delegated to him/her. One such report shall comprise an Annual Treasury Management Stewardship and Prudential Indicators Report for presentation by 30 June of the succeeding financial year.

- ii) Performance Scrutiny Committee no less than twice a year on the activities of the Treasury Management operation. Including, as a minimum, a mid-year review and an annual report after its close, in the form prescribed in its Treasury Management Practices.
- iii) Audit Committee on an annual basis on the treasury management strategy before approval by the Executive and full Council.

9.2.5 Responsibility for the implementation and regular monitoring of the Treasury Management policies and practices is delegated to the Performance Scrutiny Committee.

9.2.6 The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

9.2.7 All borrowings, investments and trust funds shall be made in the name of the Council.

9.2.8 The Chief Finance Officer shall act as a registrar of mortgages, stocks, shares and bonds, whilst appropriate arrangements shall be made for other securities.

9.2.9 All trust funds shall, wherever possible, be in the name of the Council and Officers acting as trustees by virtue of their official position shall deposit all securities, etc., relating to the trust with the City Solicitor unless the deed otherwise provides.

9.2.10 The Chief Finance Officer shall arrange, where funds are held on behalf of third parties, for their secure administration and to maintain written records of all transactions.

9.2.11 The Chief Finance Officer shall ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

9.3 Floats and Imprest Accounts

9.3.1 The Chief Finance Officer may establish and provide such imprest accounts and cash float holdings and in such a form as he/she deems appropriate.

9.3.2 The Chief Finance Officer shall maintain a list of all Council imprest accounts and cash float holdings issued and their signatories.

9.3.3 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the Council as provided elsewhere in these Procedure Rules.

9.3.4 Payments shall be limited to minor items of expenditure up to a general individual limit of £50 and to such other items as the Chief Finance Officer may approve and shall be supported by a receipted voucher to the extent that the Chief Finance Officer may require. A VAT receipt should be obtained where possible.

- 9.3.5 Each imprest holder shall maintain an approved record of the sum received and disbursements made and shall produce the record and cash for checking on demand by the Chief Finance Officer or his/her representative.
- 9.3.6 Claims for reimbursement are completed by each imprest holder. The vouchers are attached to the claim certified by an authorising officer, and submitted to the Chief Finance Officer at such intervals as the Chief Finance Officer determines.
- 9.3.7 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest account, an Officer shall account to the relevant Assistant Director for the amount advanced to them

9.4 Unofficial Funds

9.4.1 The Council will not as a general rule supervise the financial administration of unofficial funds and will not in the course of normal business audit them. It accepts no liability whatsoever for any loss however caused. Those operating such funds therefore have an overall responsibility to ensure that proper financial stewardship is observed. This should include ensuring that:-

- i) a Treasurer and an independent auditor are formally appointed;
- ii) proper rules are operated to secure adequate standards;
- iii) adequate records and procedures are maintained;
- iv) regular reports on fund transactions and balances are received and checked against bank statements;
- v) annual statements of income and expenditure and fund balances are prepared and audited.

9.4.2 Those operating or intending to operate such funds are also required to:

- i) notify the Chief Finance Officer of details of the fund as soon as this is set up;
- ii) provide an independent audit certificate for the fund on an annual basis.

9.4.3 The Chief Finance Officer reserves the right to inspect the accounts and records of such funds as necessary.

9.5 Asset Registers and Inventories

9.5.1 The Chief Finance Officer shall maintain an Asset Register, in such a form to record sufficient details to meet the requirements of the Code of Practice on Local Authority Accounting in respect of capital accounting, for all non-current assets with a value in excess of £10,000.

9.5.2 **The Chief Finance Officer and the Assistant Director of Housing** shall be responsible for ensuring that the Corporate Asset Management Plan **and the HRA Asset Management Plan (respectively)** under his/her control are up to date and provide the corporate framework for a coordinated approach to asset management within the Council.

9.5.3 In particular the Chief Finance Officer:-

- i) will maintain a terrier of all properties owned by the Council recording the holding service, purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and review periods and particulars of tenancies granted;
- ii) shall hold and regulate access to all title deeds to land and property owned by or mortgaged to the Council and shall hold the Council's seal.

9.5.4 Assistant Directors shall be responsible for maintaining an inventory of all items under their control with a replacement value in excess of £250, but including electrical and photographic equipment, that do not form part of the Asset Register modules or subsidiary records. Such inventories shall be in a form determined by the Chief Finance Officer.

9.5.5 The Assistant Director of Strategic Development shall be responsible for maintaining a central inventory of computer equipment.

9.5.6 Asset records and inventories are to be checked by Assistant Directors annually to ensure;

- i) that new items are entered,
- ii) that items are present; and
- iii) any deficiencies are either accounted for or investigated without delay.

9.5.7 Each Assistant Director is responsible for maintaining proper security at all times for buildings, furniture, equipment, stocks, stores, cash and other valuable resources or assets under his/her control. All valuable resources must be locked away wherever possible to reduce the risk of theft. Buildings must be kept secure, well maintained and, where appropriate, access must be restricted. He/she shall consult promptly with the Chief Finance Officer in any case where security of cash or assets is thought to be defective or where it is considered that special security and/or safety arrangements may be needed.

9.5.8 The Council's vehicles, plant and equipment 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 except in accordance with specific directions issued by the Chief Officer concerned.

9.5.9 A loss of any asset of any kind must be reported to the Chief Finance Officer and Internal Audit Manager.

9.5.10 Guidance on asset disposal is included within section 9.7.

9.6 Stocks and Stores

9.6.1 Each Assistant Director shall be responsible for the custody, control and recording of stores in his/her department. He/she shall keep such records of stocks in a form approved by the Chief Finance Officer.

- 9.6.2 The Chief Finance Officer in conjunction with the Assistant Director concerned shall determine the method to be employed in the valuation of stocks and stores
- 9.6.3 Each Assistant Director shall undertake a regular system of stocktaking, and at least annually, to ensure that:-
- i) deficiencies or surpluses are detected promptly,
 - ii) obsolete and redundant stock is revealed, and
 - iii) year end stocks can be ascertained accurately and promptly.
- 9.6.4 The Chief Finance Officer shall be entitled to receive from each Assistant Director such information as he/she or she requires in relation to stores for the accounting, costing and financial records.
- 9.6.5 The Chief Finance Officer may, after investigation, authorise the writing off of deficiencies and/or obsolete stores where he/she is satisfied as to the cause.
- 9.6.7 Guidance on the disposal of surplus materials, stores or equipment is included within section 9.7.

9.7 Disposal of Items of Inventory, Stocks and Stores

- 9.7.1 The procedures contained in section 9.7 apply to the disposal of surplus goods, equipment, stocks and stores but do not apply to the sale in the ordinary course of business of any article or publication the price of which has been fixed by the Council.
- 9.7.2 Where the actual or estimated value of the goods to be sold is less than £10,000 the relevant Assistant Director may approve the disposal and may decide the procedure to be adopted. The Assistant Director must establish if the goods could be used in the Directorate or elsewhere in the Council and consider whether any of the following methods are considered appropriate:

- i) use of an appropriate selling agent/organisation
- ii) offered for sale to employees and Members on the basis of the highest bid
- iii) use of the Council's Ebay Account (subject to final approval of parameters)
- iv) any of the disposal methods as set out in 9.7.4

If the item has no remaining value, its removal from the premises by an appropriately qualified contractor should be arranged.

- 9.7.3 Goods of an actual or estimated value exceeding £10,000 must be disposed of in one of the following ways, as determined most appropriate by the Assistant Director:
- i) by public tender;
 - ii) by public auction; provided that a reserve price has been fixed by the authorised person or body in advance and the consideration obtained is equal to or more than the reserve price;
 - iii) by "trading in" goods at the best price obtainable against the purchase of other goods on behalf of the Council;

- iv) by exchange, where authorised by the Assistant Director, for goods or works, subject to monetary adjustments as appropriate;
- v) by treating with not less than 3 bona fide prospective purchasers;
- vi) by sale to another local or public authority;
- vii) in accordance with a statutory requirement or procedure.
- viii) by sale in accordance with any other procedure approved by the Council or the Executive.

9.7.4 A record must be kept of the method of sale, price obtained, and the name and address of the purchaser. Where competitive prices have been sought, a record must be kept of the offers received and of the names and addresses of the persons making those offers.

9.7.5 The Chief Finance Officer shall be notified of the disposal of all goods and equipment, including stocks and stores. Assistant Directors are responsible for ensuring any inventories and records of stocks and stores they hold are updated to reflect the disposal of goods and equipment.

9.7.6 The receipt of any income from the disposal of goods, equipment, stocks and stores shall be treated as a capital receipt if it is in excess of £10,000, below this threshold it will be treated as revenue income for the relevant service area.

9.8 Acquisition and Disposal of Land and Buildings

9.8.1 Authority for any land and buildings acquisition must be sought through the Executive, with the recommendation of the Strategic Property Manager and in consultation with the Chief Finance Officer.

9.8.2 All acquisitions and interests in land and buildings must be negotiated through the Strategic Property Services Manager:

- i) by private treaty;
- ii) by tender;
- iii) at auction, provided that the maximum price to be paid has been fixed by the Chief Finance Officer in advance and is not exceeded.

9.8.3 All disposals of land and buildings must be authorised by the Executive or a sub-committee authorised by the Executive, on the recommendation of the Strategic Property Manager and in consultation with the Chief Finance Officer

9.8.4 The Strategic Property Manager may enter into a contract for the disposal of any interest in the land and buildings;

- i) by public tender;
- ii) by public auction, provided that a reserve price has been fixed by the authorised person or body in advance and the consideration obtained is equal to or more than the reserve price;
- iii) by exchange, where authorised by the Council or the Executive, for goods, works or land, subject to monetary adjustments as appropriate;
- iv) by treating with one or more prospective purchasers, lessees or licensees

- v) by sale to another local or public authority;
- vi) in accordance with a statutory requirement or procedure;
- vii) by sale in accordance with any other procedure approved by the Council or the Executive.

9.8.5 The City Solicitor will be responsible for the completion of all deeds and legal agreements relating to the acquisition and disposal of any interest in land and buildings, in accordance with the Council's scheme of delegation.

9.9 Procedure For Disposal By Public Tender

9.9.1 Every invitation to tender must be sent out in accordance with the standard tender process as detailed in Contract Procedure Rules.

9.9.2 The Strategic Property Manager may accept the highest tender.

9.9.3 Acceptance of a tender, which is not the highest, may only be authorised by the Executive whose decision and the reasons for it must be recorded in the minutes.

9.10 Insurances

9.10.1 The Chief Finance Officer shall be responsible for deciding whether an insurable risk should be insured, how or at what level it should be insured and for negotiating all insurances of the Council using consultants or directly with insurance companies under arrangements approved by the Council or in establishing/operating an Insurance Reserve or Provision.

9.10.2 The Chief Finance Officer shall annually, or at such other period as he/she may consider necessary, review all insurances and excess levels.

9.10.3 Assistant Directors shall give prompt notification to the Chief Finance Officer of;

- i) all new risks and liabilities which may require specific insurance cover or an alteration to existing insurances;
- ii) all new properties, vehicles or plant that require insurance or an alteration, including revised valuations, to existing insurances;
- iii) all leases of property granted by or to the Council which involve a transfer of insurance cover;
- iv) all new partnership arrangements or changes to existing partnership arrangements that require insurance or an alteration to existing insurances.

9.10.4 All claims and recoveries are to be negotiated by the Council's appointed claim handler. Each Assistant Director must inform the Chief Finance Officer of any incident, e.g. any liability or damage, which could give rise to an insurance claim, immediately the notice of any such incident comes to his/her attention, in accordance with the Council's Incident Reporting Procedure.

9.10.5 Assistant Directors shall consult the Chief Finance Officer and City Solicitor with regard to the terms of any indemnity, which the Council is requested to give. No indemnity is to be given without the written consent of the City Solicitor.

- 9.10.6 Assistant Directors are responsible for ensuring that no employee shall admit liability nor offer any payment of compensation that may prejudice the Council's liability in respect of any future claim.
- 9.10.7 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance whilst carrying out duties directly connected with their employment as a Council officer undertaking official business of the Council.
- 9.10.8 All of the above shall be done in the context of the Council's Risk Management Policy.

10. EXTERNAL ARRANGEMENTS

10.1 Partnerships

10.1.1 The Chief Finance Officer will ensure that the accounting arrangements adopted in relation to partnerships and joint ventures are subject to financial control procedures that reflect those of the Council, legislative requirements and other professional guidance. Partnerships include;

- i) services provided by private sector and community and voluntary sector partners;
- ii) shared services with other public bodies, including section 75 agreements entered into under the Health Act 2003 or similar arrangements;
- iii) where the Council becomes the accountable body under legislation or the terms of a grant;
- iv) any other partnerships involving a sharing of resources or risk and reward.

10.1.2 Assistant Directors must ensure that partnerships involving the Council are entered into or set up in accordance with the corporate guidance. This includes the responsibility to take appropriate professional advice (including financial, legal and procurement) when entering into partnership arrangements and to ensure that the impact of any such arrangements in terms of risk or financial standing are identified and considered by the Executive and the Council as appropriate. This includes:

- i) governance arrangement for the partnership;
- ii) risk management and risk sharing arrangement;
- iii) performance and financial management/monitoring arrangements;
- iv) financial administration, cash management and accounting arrangements;
- v) pensions risk;
- vi) taxation implications;
- vii) human resources implications;
- viii) the transfer of assets and liabilities;
- ix) insurance arrangements.
- x) ICT implications

10.1.3 Assistant Directors shall also ensure that;

- i) such partnerships do not adversely impact upon services provided by the Council;
- ii) all contracts are properly documented in a form approved by the City Solicitor; and
- iii) all appropriate information is provided to the Chief Finance Officer to enable a note to be entered into the Annual Statement of Accounts.

10.2 External Funding

10.2.1 The Chief Finance Officer must be consulted on and approve all submissions to Central Government and other agencies for funding. Prior to making any submission in relation to external funding, Assistant Directors must ensure that:

- i) an exit strategy is identified to manage the ultimate cessation of the funding stream with no adverse impact on the Council, including any ongoing revenue implications;
- ii) any match funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements; and
- iii) they are able to comply with the terms and conditions of a grant scheme, including auditor certification requirements, before accepting them.

10.2.2 Assistant Directors must seek approval from the Chief Finance Officer before accepting any offer of funding from external bodies.

10.2.3 Assistant Directors are responsible for ensuring that all expenditure to be funded by grant is properly incurred in accordance with the requirements and conditions of the funding body, and is supported by adequate evidence.

10.2.4 Assistant Directors are responsible for ensuring the completion and submission of grant claims. Officers must also ensure that grant claims comply with the requirements and grant conditions of the funding body, are submitted promptly, and supported by adequate evidence.

10.3 Providing Services to Third Parties

10.3.1 No tender or quotation for any contract for the execution of works or provision of services by the Council may be submitted, or any such contract entered into, without first consulting the Chief Finance Officer and the City Solicitor

10.3.2 If either the Chief Finance Officer or City Solicitor object to any proposal to enter into a such a contract, then no authorised person or body other than the Executive may approve the submission of a tender or quotation or enter into such a contract.

10.3.2 All proposals to submit a tender or quotation shall consider;

- i) governance arrangements for the contract;
- ii) risk management and risk sharing arrangements, including the risk of service failure;
- iii) financial administration, cash management and accounting arrangements;
- iv) pensions risk;
- v) taxation implications;
- vi) human resources implications;
- vii) the transfer of assets and liabilities;
- viii) insurance arrangements.

Assistant Directors shall also ensure that;

- i) the contract is not subsidised by the Council;
- ii) the service has the appropriate expertise to undertake the contract;
- iii) such contracts do not adversely impact upon services provided for the Council;
- iv) all contracts are properly documented in a form approved by the City

Solicitor; and

- v) all appropriate information is provided to the Chief Finance Officer to enable a note to be entered into the Annual Statement of Accounts.

11. LOCAL AUTHORITY COMPANIES

- 11.1 Where consideration is being given to the establishment of a local authority company or involvement in other companies the relevant Chief Officer must consult the Chief Finance Officer and the City Solicitor on all aspects of the proposal, at the earliest possible time, prior to seeking approval from the Executive.
- 11.2 The relevant Chief Officer, in consultation with the Chief Finance Officer and City Solicitor is responsible for:
- i) preparing a detailed business case and business plan for the establishment of any trading organisation in accordance with relevant legislation and following best practice. The business plan must include full financial projections for the profit and loss account, balance sheet, cash flow statement. The business case must address the full financial implications and risks to the Council of establishing a trading company;
 - ii) ensuring that proposals for trading activities are not ultra vires and have Executive approval before the company is established or any contract with a third-party to establish a trading company is entered in to;
 - iii) ensuring that they have acquired the necessary expertise to establish the trading company and that its establishment does not adversely impact on the services provided for the Council;
 - iv) determining the appropriate form of company that should be established and that as appropriate, the articles of association of the trading company and any shareholders' agreement ensure that the Council can exert the appropriate degree of control over the trading company as shareholder;
 - v) ensuring that the trading company is not subsidised by the Council and that all services, officer time and other support provided to the company is charged to the company in accordance with the CIPFA Service Reporting Code of Practice;
 - vi) any contract drawn up between the trading company and the Council addresses risks to the Council;
 - vii) seeking and acting upon appropriate financial, legal and taxation advice in establishing a trading company.