

STATUS OF FINANCIAL REGULATIONS

1. Financial Regulations provide the framework for managing the Council's financial affairs. These financial regulations apply to every Member and officer of the authority and anyone acting on its behalf.
2. These Financial Regulations supersede all other regulations and financial standing orders issued previously.
3. Nothing in these Regulations shall be construed as overriding the provisions of legislation or any subordinate regulations from time to time in force.
4. The Regulations identify the financial responsibilities of the Council, Cabinet and overview and scrutiny Members, the Head of Paid Service (~~Joint~~ Chief Executive (~~Resources~~)), the Monitoring Officer, ~~the Head of Finance~~, the Chief Finance Officer and other Chief Officers. Portfolio Holders and Chief Officers should maintain a written record where decision-making has been delegated to Members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, such as nominated spending control officers, references to the Chief Officer in the regulations should be read as referring to them.
5. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
6. All Members and staff must conduct themselves with the highest standards of integrity and must do their utmost to ensure that suspicions do not arise concerning improper motivation. Officers graded as senior or above shall avoid conflicts of interest by not engaging in any other business or taking up any other additional appointments (whether paid or not) without the express consent of the Council.
7. The ~~Chief Finance Officer~~Head of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Full Council for approval. In any event these regulations will be formally reviewed every five years. The ~~Chief Finance Officer~~Head of Finance is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to the Cabinet.
8. The issuing of these Regulations does not preclude the issuing of further instructions on financial matters by the ~~Chief Finance Officer~~Head of Finance who must be consulted on any aspects of financial administration not contained within these Regulations.
9. The Council's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the Financial Regulations. Any procedure notes issued by the ~~Chief Finance Officer~~Head of Finance in accordance with these financial regulations have the same status as the Financial Regulations and therefore must be complied with as if they were contained within the financial regulations.
10. Chief Officers are responsible for ensuring that all staff in their service areas are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. They must also

ensure that an adequate number of copies are available for reference within their service areas.

11. The ~~Chief Financial Officer~~ ~~Head of Finance~~ is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, officers and others acting on behalf of the authority are required to follow. However any question arising on the interpretation of these Financial Regulations shall be referred to Council whose decision shall be final.
12. A separate executive summary of Financial Regulations exists to guide officers who need, from time to time, to refer to a checklist of controls for a particular topic. The guide is complimentary to this full set of Regulations but does not relieve officers of their obligation to refer to these main Financial Regulations in conducting the Council's business.

FINANCIAL REGULATION A: FINANCIAL GOVERNANCE

- A1 Financial governance covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

THE COUNCIL

- A2 The Council is responsible for adopting the authority's constitution and Members' code of conduct and for approving the policy framework and budget within which the Cabinet operates.
- A3 The Council is responsible for approving and monitoring compliance with the Council's overall framework of accountability and control and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The framework is set out in its constitution. Decisions should be referred to the Council by the Monitoring Officer and/or the Chief Finance Officer. The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework
- A4 The Council is responsible for agreeing procedures for year end carrying forward of under and overspendings on budget headings and for agreeing procedures by which the Cabinet may undertake in year virements of expenditure between Portfolios and between individual portfolio budget headings.
- A5 The Council is responsible for approving the annual statement of accounts.
- A6 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council, Cabinet and Portfolio Holders. These delegations and details of who has responsibility for which decisions are set out in the constitution. The Council is also responsible for monitoring compliance with the agreed policy and related Cabinet and Portfolio Holder decisions.

THE CABINET

- A7 The Cabinet is responsible for proposing the policy framework and budget to the Council, and for discharging Executive functions in accordance with the policy framework and budget.
- A8 The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits and in accordance with the scheme of virement set by the Council.
- A9 Cabinet decisions can be delegated to a committee of the Cabinet, an individual cabinet member (Portfolio Holder), an officer or a joint committee.
- A10 A scheme of protocols exist to ensure that individual Portfolio Holders consult with relevant Members and officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

OVERVIEW AND SCRUTINY COMMITTEE

- A11 The Overview and Scrutiny Committee and Standing or ad hoc Scrutiny Panels are responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account. The Overview and Scrutiny Committee is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council .

AUDIT AND GOVERNANCE COMMITTEE

- A12 The Council has a number of strategies in place to regulate its activities and demonstrate the robustness of its governance arrangements. The key function of the Audit and Governance Committee is to take a view on whether these strategies have been properly formulated and remain effective, in order to provide independent assurance to the Council on the adequacy of the internal control and risk management frameworks.

FINANCE AND PERFORMANCE MANAGEMENT CABINET COMMITTEE

- A132 The Finance and Performance Management Cabinet Committee is an advisory body and reports to the Cabinet. It has responsibility for advising the Cabinet on all financial matters including the annual revenue and capital budget and the level of Council Tax. ~~It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The Committee is responsible for reviewing the external auditor's reports and the annual audit letter and Internal Audit's annual report.~~ It is also responsible for advising the Cabinet on risk management issues.

STANDARDS COMMITTEE

- A143 The Standards Committee is established by the Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the Code.

OTHER REGULATORY COMMITTEES

- A154 Planning and licensing are not Cabinet functions but are exercised through the multi-party District Development Control Committee and the Licensing Committee under powers delegated by the Council. The District Development Control Committee and the Licensing Committee reports to the Council.

THE STATUTORY OFFICERS

Head of Paid Service (~~Joint Chief Executive (Resources)~~)

- A165 The Head of Paid Service is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information for the Cabinet, the Council, the Overview and Scrutiny Committee and other Committees and Standing or ad hoc Panels. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions (see below).

Monitoring Officer

- A176 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee on a range of matters set out in Article 12 of the Constitution. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A187 The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that Council Members are aware of decisions made by the Cabinet and of those made by officers who have delegated Executive responsibility.
- A198 The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A2019 The Monitoring Officer is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A2120 The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- A2224 The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

Chief Finance Officer

- A2322 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

Section 151 of the Local Government Act 1972
The Local Government Finance Act 1988
The Local Government and Housing Act 1989
The Accounts and Audit Regulations 1996 and subsequent amendments
The Local Government Act 2003

- A243 The Chief Finance Officer is responsible for:

the proper administration of the authority's financial affairs
monitoring compliance with financial management standards
determining the accounting procedures and records for the authority and advising on the key financial controls necessary to secure sound financial management
signing and dating the annual statement of accounts, to certify that it presents fairly the financial position of the Council

- A254 The Chief Finance Officer is required to report to the Council, Cabinet and external auditor if the authority or one of its officers:

has made, or is about to make, a decision which involves incurring unlawful expenditure
has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority

is about to make an unlawful entry in the authority's accounts

The Chief Finance Officer also has a duty to report to the Council on the robustness of the estimates for the purposes of the budget and the adequacy of reserves.

CHIEF FINANCE OFFICER/HEAD OF FINANCE

A265 The Chief Finance Officer/Head of Finance is also responsible for:

- setting financial management standards
- advising on the corporate financial position
- providing financial information
- preparing the revenue budget and capital programme
- treasury management
- selecting accounting policies and ensuring that they are applied consistently
- ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice On Local Authority Accounting In The United Kingdom: A Statement Of Recommended Practice (CIPFA/LASAAC).

~~A26 The Head of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code Of Practice On Local Authority Accounting In The United Kingdom: A Statement Of Recommended Practice (CIPFA/LASAAC).~~

CHIEF OFFICERS

A27 Chief Officers are responsible for:

- ensuring that Portfolio Holders are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer/Head of Finance
- signing contracts on behalf of the authority.

A28 Chief Officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Head of Finance where required. They must notify the Chief Finance Officer/Head of Finance of all virements.

A29 It is the responsibility of Chief Officers to consult with the Chief Finance Officer/Head of Finance and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

FINANCIAL REGULATION B: FINANCIAL PLANNING AND MANAGEMENT

INTRODUCTION

- B1 The Council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

- the annual revenue budget
- the annual capital programme
- the medium term (four year) revenue and capital financial forecast

These will be produced in conjunction with the annual best value performance plan and with due regard to the Council Plan as set from time to time by Council.

BUDGETING

Budget Format

- B2 The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the ~~Chief Finance Officer~~**Head of Finance**. The budget includes the allocation of financial resources to different services and projects, proposed contingency funds, the council tax base, setting the council tax and housing rent levels, and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits.

Revenue and Capital Budget Preparation

- B3 The ~~Chief Finance Officer~~ **Head of Finance** is responsible for ensuring that revenue and capital budgets are prepared together with a medium term (four year) revenue and capital financial forecast on an annual basis, for consideration by the Cabinet, before submission to the Full Council. The budget will be prepared within the framework procedure rules as set out in the Council's Constitution.
- B4 The Finance and Performance Management Cabinet Committee on the advice of the ~~Chief Finance Officer~~**Head of Finance**, and following proper consultation including the Overview and Scrutiny Committee, is responsible for proposing guidance on the general content of the budget to the Cabinet.
- B5 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the Cabinet.
- B6 The Cabinet is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's policy framework.
- B7 It is the responsibility of the Cabinet to ensure that there is proper consultation on the proposed budget prior to its submission to Council. The Council may then amend the budget or ask the Cabinet to reconsider it before approving it.
- B8 The inclusion of items in approved revenue and capital estimates shall constitute authority to incur such expenditure, save to the extent to which the Council or the Cabinet shall have placed a reservation on any such item. Expenditure on any such

reserved items may be incurred only when and to the extent that such reservation has been removed.

Budget Monitoring and Control

- B9 It is the duty of every Portfolio Holder to monitor and regulate the financial performance of services for which they are responsible.
- B10 The ~~Chief Finance Officer~~Head of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis.
- B11 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the ~~Chief Finance Officer~~Head of Finance. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the ~~Chief Finance Officer~~Head of Finance to any problems.

Emergency and Urgent Expenditure

- B12 Nothing in these financial regulations will prevent expenditure outside of the budgetary framework in the event of an emergency situation or one of overriding urgency, subject to certain criteria and actions being satisfied.

Guidelines

- B13 Guidelines on budget preparation are issued to Members and Chief Officers by the Cabinet following agreement with the ~~Chief Finance Officer~~Head of Finance. The guidelines will take account of, amongst other things:

- legal requirements
- medium-term planning prospects
- the Council plan
- available resources
- spending pressures
- best value and other relevant government guidelines
- other internal policy documents
- cross-cutting issues (where relevant)

and any appropriate statutory plans and strategies that form part of the policy framework of the authority such as the:

- Council Plan
- best value performance plan
- asset management plan
- capital strategy
- treasury management policy statement
- ~~housing investment programme~~

MAINTENANCE OF RESERVES

- B14 It is the responsibility of the Finance and Performance Management Cabinet Committee, on the advice of the Chief Finance Officer~~Head of Finance~~, to propose to the Cabinet and/or the Council prudent levels of reserves for the Authority.

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

- C1 It is essential that the robust, integrated systems in place for risk management are maintained for identifying and evaluating all significant strategic and operational risks to the Council. This should include the proactive participation of all services in the Council's Risk Management Group.

RISK MANAGEMENT

- C2 The Cabinet is responsible for approving the authority's risk management policy statement and strategy and for ~~reviewing the effectiveness of risk management and for~~ promoting it throughout the authority. The Cabinet is also responsible for ensuring that proper insurance exists where appropriate.
- C3 The Finance and Performance Management Cabinet Committee is responsible for preparing the Council's risk management policy statement on the advice of the Chief Finance Officer~~Head of Finance~~ and Chief Officers, and for advising the Cabinet on proper insurance cover where appropriate. The Finance, Performance Management and Corporate Support Services Portfolio Holder has lead Member responsibility for risk management.
- C4 The Audit and Governance Committee is responsible for reviewing the effectiveness of the arrangements for risk management.

INTERNAL CONTROL

- C54 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- C65 The Chief Finance Officer~~Head of Finance~~ is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C76 It is the responsibility of Chief Officers to establish sound arrangements for planning, controlling and monitoring their operations in order to achieve continuous improvement and value for money.

AUDIT REQUIREMENTS

- C87 The Accounts and Audit Regulations 2003, as amended, require every local authority to maintain an adequate and effective Internal Audit.
- C98 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by the Audit Commission Act 1998 and the Local Government Act 1999.

C109 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

C119 The ~~Chief Finance Officer~~Head of Finance in liaison with the Chief Internal Auditor is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

ASSETS

C124 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

STAFFING

C132 The Council is responsible for determining how officer support for Executive and non-Executive roles within the authority will be organised.

C143 The Head of Paid Service is responsible for overall management of staff. He or she is also responsible for ensuring that there is proper use of an evaluation or other agreed system for determining the remuneration of a job.

C154 Chief Officers are responsible for controlling total staff numbers by:

advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels

adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs

the proper use of appointment procedures.

FINANCIAL REGULATION D: TREASURY MANAGEMENT AND BANK ARRANGEMENTS

TREASURY MANAGEMENT

D1 The Council, in adopting these financial regulations, has adopted the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

D2 The key recommendations are:

Key Recommendation 1 – the Council shall put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.

Key Recommendation 2 – the Council's policies and practices shall make clear that the effective management and control of risk are prime objectives of its treasury management activities.

Key Recommendation 3 – the Council shall acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools for the Council to employ in support of its business and service objectives; and that within the context of effective risk management, its treasury management policies and practices shall reflect this.

Key Recommendation 4 – in order to achieve the above, the Council shall

- Adopt a treasury management policy statement, as recommended by the Code
- Follow the recommendations in the Code concerning the creation of Treasury Management Practices (TMPs)

D3 The Council shall create and maintain, as the basis for effective treasury management

- A treasury management policy statement, including the policies and objectives of its treasury management activities

Suitable 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

D4 The Relevant Portfolio Holder will report on the Council's treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs

D5 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer/Head of Finance, who will act in accordance with the Council's policy statement and TMPs

LEASING AND OTHER FINANCIAL FACILITIES

- D6 The Chief Finance Officer~~Head of Finance~~ and officers nominated by him or her are the only officers authorised to enter into and sign agreements for leasing and other financial facilities.

BANKING ARRANGEMENTS

- D7 The Chief Finance Officer~~Head of Finance~~ is the only officer authorised to open, operate and close a bank account on behalf of the Council.
- D8 The Chief Finance Officer~~Head of Finance~~ and officers nominated by him or her are the only officers authorised to sign cheques and instigate or arrange other methods of payment.

FINANCIAL REGULATION E: FINANCIAL SYSTEMS AND PROCEDURES

INTRODUCTION

- E1 Sound systems and procedures are essential to an effective framework of accountability and control.

GENERAL

- E2 The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer. However, Chief Officers are responsible for the proper operation of financial processes in their own service areas.
- E3 Any changes to agreed procedures by Chief Officers to meet their own specific service needs should be agreed with the Chief Finance Officer.
- E4 Chief Officers should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.
- E5 Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Chief Officers must also ensure that staff are aware of their responsibilities under freedom of information legislation.

INCOME AND EXPENDITURE

- E6 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- E7 The ~~Director of Corporate Support Services~~ **Head of Finance** is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

TAXATION

- E8 The ~~Chief Finance Officer~~ **Head of Finance** is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council .
- E9 The ~~Chief Finance Officer~~ **Head of Finance** is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

- E10 It is the responsibility of the Chief Finance Officer~~Head of Finance~~ to advise on the establishment and operation of trading accounts.

FINANCIAL REGULATION F: EXTERNAL ARRANGEMENTS

INTRODUCTION

- F1 The Council provides a leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

- F2 The Council has approved a framework for partnerships. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- F3 The Cabinet can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's Constitution. Where functions are delegated, the Cabinet remains accountable for them to the Council.
- F4 The Head of Paid Service represents the Council on partnership and external bodies, in accordance with the scheme of delegation.
- F5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the authority. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.
- F6 The ~~Chief Finance Officer~~~~Head of Finance~~ must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- F7 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- F8 ~~External Funding is overseen by the External Funding Working Party, in accordance with the External Funding Strategy. This strategy has been approved by Cabinet and all officers are requested to have regard to the strategy when dealing with any external funding issues. The External Funding Strategy and toolkit are available on the intranet. The Head of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.~~

WORK FOR THIRD PARTIES

- F9 The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.