

FINANCIAL REGULATIONS

APPENDIX 7 – FINANCIAL REGULATIONS

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APPENDIX 7 - FINANCIAL REGULATIONS

Introduction

1. These Regulations are made in pursuance and for the purposes of Section 151 of the Local Government Act 1972, as augmented by the Local Government Finance Act 1988, the Accounts and Audit Regulations 2003 and 2015 and other relevant legislation and regulations as amended or updated from time to time. They form part of the Council's constitution and are to be read in conjunction with the Council's Budget and Policy Framework Rules.

2. The Chief Financial Officer shall be the officer with responsibility for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972 and other relevant legislation and regulations.

3. Chief Officers shall be responsible for the operation of the financial procedures within their Directorates. They shall ensure that adequate operational controls are in place. They shall ensure that staff in their Directorate are aware of and comply with Financial Regulations.

4. The Chief Financial Officer shall issue a standard set of Financial Procedures to assist Chief Officers in carrying out their responsibilities. It is open to Chief Officers to propose alternative procedures. The Chief Financial Officer is authorised to agree amendments, provided basic controls are met. Any departure from standard Financial Procedures must be clearly documented.

5. The Chief Financial Officer may, from time to time, issue Accounting Instructions to make further provision for the proper administration of the financial affairs of the Council. Accounting Instructions shall form part of these Regulations.

6. Financial Procedures and Accounting Instructions may make provision for:

- a) the form and content of any document dealing with financial matters;
- b) the disclosure of information to the Chief Financial Officer;
- c) accountancy and financial procedures to be used in relation to particular financial activities; and
- d) a requirement to consult the Chief Financial Officer on specified issues (being issues relating to the financial affairs of the Council).

7. References in these Regulations to Chief Officers shall be a reference to the following officers of the Council and any other officer authorised to discharge a particular function:

Chief Executive
Strategic Director for People
Director of Children, Families and Communities
Strategic Director for Commercial & Change.
Strategic Director for Economy and Infrastructure
Director for Public Health

8. References in these Regulations to the Chief Financial Officer shall be deemed to include a reference to any other officer of the Council authorised or nominated by the Chief Financial Officer, in writing, to undertake any of the functions of the Chief Financial Officer.

Best value

9. Budget holders shall ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services.

Administration

10. The Chief Financial Officer, as the Council's financial adviser, shall give information and advice as appropriate, with respect to the Council's finances, the financial implications of future policies, plans and programmes, financial performance and the financial aspects of their activities. Chief Officers shall consult the Chief Financial Officer in respect of any such matter before submitting any report to the Council, Cabinet, individual Cabinet Member, Committee, Panel or other member body as set out in the Council's Scheme of Assignment of Responsibility for Functions (Appendix 1).

11. The Chief Financial Officer shall participate in all financial negotiations with Government departments, local or public authorities, except to the extent that the Chief Financial Officer indicates otherwise.

12. The Chief Financial Officer may require to be involved in any matter which appears to the Chief Financial Officer to involve questions relating to the proper administration of the Council's financial affairs.

Accounting systems / accounting records

13. All accounting systems, procedures and supporting accounting records shall be in a form approved by the Chief Financial Officer.

14. The written approval of the Chief Financial Officer shall be required before the implementation of any new systems or procedures for the maintenance of financial records or records of assets and liabilities or any changes to such systems.

15. Chief Officers shall ensure that accounting systems and procedures approved by the Chief Financial Officer are observed.

16. Financial records and records of assets and liabilities shall be retained for such period as the Chief Financial Officer may prescribe.

Audit

17. The Council's responsibilities under the Accounts and Audit Regulations 2015 as amended and updated from time to time are delegated to the Chief Financial Officer.

The Chief Financial Officer shall maintain an adequate and effective system of internal audit (which may be provided by another local authority), which has authority for such purpose:

- a) to enter any land, building, vehicle or plant owned or used by the Council;
- b) to have access at all times to all records, documents or correspondences, including any stored by mechanical, electric or electronic means;
- c) to possess or to take copies of any record, document or correspondence;
- d) to require any information and explanation from any member or officer of the Council; and
- e) to have direct reporting access to the Audit and Governance Committee, in accordance with the Assignment of Responsibility of Functions to the Committee (Appendix 1) or as the Head of Internal Audit deems appropriate.

18. A Chief Officer, or any other member of staff or Member of the County Council, shall immediately inform the Head of Internal Audit of any loss or financial irregularity or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including any affecting cash, stores or other property of the Council. The Chief Financial Officer, having been consulted by the Head of Internal Audit, shall then determine the action to be taken.

Budget responsibilities

19. The Council shall determine an annual budget, which will include the annual revenue budget and the capital programme. The Council will issue a precept. The annual budget shall be allocated to Chief Officers in accordance with the functions delegated. Such allocations shall be cash limited. Following the Council's annual budget decision, together with the determinations made in pursuance of Financial Regulation 21, the Chief Financial Officer shall publish a guide to the deployment of the capital and revenue resources of the County Council.

20. Each Chief Officer identified as being responsible for managing budgets identified in accordance with financial regulation 19 above shall be accountable to the Cabinet for the allocated resources.

21. Chief Officers, in consultation with the Chief Financial Officer, shall determine detailed budgets for the deployment of resources allocated and may incur expenditure on, and shall collect income in respect of, the budgets for which they are accountable. All spending must be on items within the approved Policy Framework and any other approved policy and shall be contained within approved cash limits, except to the extent that the provisions for urgent decisions as set out in the Budget and Policy Framework Rules, allow expenditure which is contrary to or not wholly in accordance with the budget or policy framework.

22. Chief Officers may delegate budgets to officers within their Directorates. Such delegations shall be formal and shall be documented. Delegation of budgets may only be made in a manner which reflects the delegation of management and decision making responsibilities. Notwithstanding this, Chief Officers will remain accountable for the entire budget delegated to them.

23. Chief Officers shall make arrangements to monitor and manage budgets for which they are accountable. The Chief Financial Officer shall monitor the arrangements made by Chief Officers for implementing budgetary control and shall ensure that there are sound systems of budgetary control. The Cabinet shall receive a report, prepared jointly by the relevant Chief Officer and the Chief Financial Officer, commenting on financial performance to date.

24. A proposal of a Chief Officer to re-deploy revenue or capital resources (virement) shall be approved in the following manner:

Approval Level	Value of Proposal £000
Chief Officer(s) jointly with Chief Financial Officer	Up to 200
Chief Officer(s) jointly with Chief Financial Officer and in consultation With the relevant Cabinet Member with Responsibility	Over 200, up to 500
Cabinet	Over 500

25. A proposal to re-deploy revenue or capital resources approved in accordance with Financial Regulation 24 shall be included in the Report on financial performance required to be submitted to each meeting of the Cabinet by virtue of Financial Regulation 23.

26. Any proposal to re-deploy revenue or capital resources approved in accordance with Financial Regulation 24(b) will be reported to the Leader of the Group(s) not forming part of the ruling administration.

27. Chief Officers must inform the Chief Financial Officer, and report to the Cabinet any actual or anticipated shortfall or excess in the allocation of resources to services. The Cabinet shall issue such instructions as may be appropriate in the circumstances.

28. Chief Officers may make arrangements for budget holders to submit proposals for the carry forward from one financial year to the next of up to two percent of budget. The joint approval of the relevant Chief Officer and the Chief Financial Officer shall be required before any such proposal is implemented. No approval shall be granted which would cause any cash limited allocation to be exceeded. School Governing Bodies may carry forward balances in accordance with the Council's scheme for financing Schools.

29. A Chief Officer may submit proposals for the better use of resources between financial years. These may involve under-spending an allocation and carrying forward the balance to the following financial year; or overspending an allocation and deducting the amount overspent from the following year's allocation.

- a) The Chief Financial Officer shall have authority to approve such proposals up to the value of £200,000;

- b) Proposals for an amount exceeding £200,000 shall be recommended to the Cabinet jointly by the Chief Officer and the Chief Financial Officer for determination.

Budget preparation

30. All budgets shall be prepared in accordance with paragraph 2 of the Budget and Policy Framework Rules (Appendix 6) and in accordance with a timetable and format determined by the Chief Financial Officer and published in the Cabinet's Forward Plan of decisions. Budget reports shall be prepared for presentation to the Cabinet in accordance with the following provisions.

31. Each Chief Officer, jointly with the Chief Financial Officer (having consulted with the relevant Cabinet Members with Responsibility) shall report to the Cabinet initial proposals to deploy revenue and capital resources during the following financial year.

32. Each Chief Officer, jointly with the Director of Resources (having consulted with the relevant Cabinet Members with Responsibility) shall report to the Cabinet initial proposals for capital schemes to be included in a draft capital programme covering the medium term for approval by the Council. No schemes shall be proposed unless they are in accordance with Council's Capital Investment Strategy.

33. The Cabinet will consider a report on the Council's financial circumstances and will consult on its initial proposals including with the Overview and Scrutiny Performance Board and will take into account comments made in drawing up firm proposals to the Council, including the level of the precept to be set for the following financial year.

Procurement of works, goods, materials and services

34. The procurement of works, goods, materials and services shall be made in accordance with the Procurement Strategy, the Council's Contract Standing Orders and the Procurement Code.

35. To the extent that Standing Orders give Chief Officers freedom to enter contracts in such manner as seems to the Chief Officer to be appropriate and subject to the provisions of Financial Regulation 36, each Chief Officer shall establish, in writing, detailed arrangements for the handling of such contracts. Such arrangements may make different provision for:

- a) contracts of a different category;
- b) contracts of a different value; and
- c) different Approved Officers,

and in doing so shall have due regard to the need to obtain best value.

36. Chief Officers shall not have authority to enter any contract involving a finance or operating lease or a hire purchase arrangement without the approval of the Chief Financial Officer.

37. An official order form, approved by the Strategic Director for Commercial & Change, shall be used when entering any contract (as defined by Standing Orders), except where the nature of the transaction makes it inappropriate to do so. Chief Officers shall maintain lists of officers approved to authorise orders, specifying any limits on the level or scope of the approval.

Payment for works, goods, materials and services

38. The Chief Financial Officer shall make arrangements for the examination, verification and certification of invoices and other vouchers for payment. Each Chief Officer shall send a list of the names of officers empowered to authorise such documents and electronic orders processed through the Council's financial system to the Chief Financial Officer, together with specimen signatures.

39. The Chief Financial Officer may provide sums of money for such officers as may need them for the purpose of defraying County Council expenditure.

40. Where any contract makes provision for part payment upon formal certification of part performance, such payments shall be made by the Chief Financial Officer only on certificates issued by persons authorised by or on behalf of the Council for that purpose in connection with that contract.

Payments to employees and former employees

41. Payment to all employees and former employees of all salaries, wages, pensions, allowances, gratuities, emoluments and any other sums payable upon the termination of employment, including any redundancy payment, shall be made under arrangements controlled by the Chief Financial Officer.

42. Chief Officers shall notify the Chief Financial Officer (in the form prescribed) of all appointments, terminations of employment, absences and any other changes which may affect the pay or pension of present and past employees.

Income

43. The Chief Financial Officer shall control the arrangements for the proper recording of all sums due to the Council and for the prompt and proper accounting for all cash, including its collection, custody, control and deposit.

44. All official receipt forms, receipt books, tickets and other documents of a similar nature shall be ordered, controlled and issued by the Chief Financial Officer.

45. No amount due to the Council, once established, shall be discharged otherwise than by payment in full, or by writing-off the whole amount due, or an unpaid portion thereof. No amount due shall be written off except with the approval of the Chief Financial Officer (or officer appropriately delegated by him) after consultation with the appropriate Chief Officer. Any such approval shall be shown in the accounting records of the Council.

46. The Chief Financial Officer shall maintain a register of all debts written off in pursuance of Regulation 45.

47. Where any amount recoverable in any court is due to the Council and remains unpaid after payment has been formally demanded in writing by or on behalf of the Assistant Director for Legal and Governance, proceedings may be instituted by or on behalf of the Assistant Director for Legal and Governance without further reference to the Cabinet unless the Chief Officer responsible, the Chief Financial Officer or the Assistant Director for Legal and Governance wishes the matter to be referred.

Banking

48. The Chief Financial Officer shall make banking arrangements on behalf of the Council. No arrangements shall be made with the Council's bankers and no banking, building society, National Giro or similar account shall be operated, except by or under the authority of, the Chief Financial Officer.

Borrowings, other capital financing and investments

49. The Chief Financial Officer shall be the Council's registrar of stocks, bonds and mortgages.

50. All borrowings shall be effected in the name of the Council.

51. a) The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice as described in section 4 of that code.

b) The Chief Financial Officer will create and maintain, as the cornerstones for effective treasury management:

i) a treasury management policy statement stating the policies and objectives of its treasury management activities

ii) suitable treasury management practices setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will work and control those activities.

52. a) The Chief Financial Officer will report to the Council or Cabinet on its treasury management policies, practices and activities and as a minimum will submit an annual strategy and plan, including an investment strategy in advance of the year, and an annual report after its close, in the form prescribed in its Treasury Management practices.

b) The Chief Financial Officer will take all executive and administrative decisions relating to treasury management and in so doing will act in accordance with the Council's budget and policy framework and Treasury Management practices and CIPFA's Standard of Professional Practice on Treasury Management. The Chief Financial Officer will report from time to time to the Cabinet on the

implementation and monitoring of the treasury management policies and practices, including the investment strategy.

53. All investments of monies under its control shall be made in the name of the Council or in the name of nominees approved by the Cabinet.

54. All money within the jurisdiction of the Council shall be aggregated for the purposes of Treasury Management and be under the control of the Chief Financial Officer, except as procedures issued under these regulations may from time to time provide.

55. All securities (other than title deeds of land or buildings) the property of or in the name of the Council or its nominees shall be held in the custody of the Chief Financial Officer, the Council's bankers, or the Pension Fund Managers as appropriate.

Trustees, receivers, appointees and agents

56. All trust funds shall, wherever possible, be in the name of the Council and shall be operated in accordance with arrangements made by the Chief Financial Officer.

57. All officers acting as trustees by virtue of their official position shall deposit all securities relating to the trust with the Chief Financial Officer, unless the deed provides otherwise.

58. The Director of Adult Services and the Director of Children, Families and Communities may delegate any responsibilities associated with an appointment made by the Court of Protection as receiver in respect of individuals unable to manage their own financial affairs by virtue of mental disorder or incapacity.

59. The Director of Adult Services and the Director of Children, Families and Communities shall nominate in writing an officer or officers with authority to apply for appointment by the Secretary of State to act on behalf of individuals unable to act by reason of mental or other incapacity, in the exercise of rights under the Social Security Act. No other person, by virtue of their official position, may apply to act as an appointee.

60. The Director of Adult Services may not delegate any responsibilities associated with an appointment as an agent authorised to cash Social Security benefit for a person in residential accommodation provided under the Care Act 2014 (except as permitted by law). No other person, by virtue of their official position, may act as an agent for these purposes except with the express authorisation of the Director of Adult Services.

Assets

61. Chief Officers shall be responsible for the security of all assets under their control.

62. Assets include land, property, money, stocks, stores, furniture, equipment and electronic data.

63. Records of these assets shall be maintained in a form and to an extent approved by the Chief Financial Officer.

64. Where it is necessary for an employee of the Council to take custody of property which is not the property of the Council, that employee shall ensure that a complete inventory is prepared and that arrangements are made to secure the safe custody of each item of such property. The Chief Financial Officer should be informed of any new insurable risk.

Insurance

65. The Chief Financial Officer shall effect, or authorise the effect of, all insurance cover, maintain a register of such insurance and, except to the extent that the Director indicates otherwise, in writing, submit, negotiate and settle all claims made by or against the Council in pursuance of such cover.

66. The Chief Financial Officer shall report to the Cabinet not less than once in every two years on the insurance strategy for the authority.

67. Chief Officers shall:

- a) notify the Chief Financial Officer of the extent and nature of all new insurable risks and any alterations affecting existing insurable risks.
- b) Provide the Chief Financial Officer with all documents including witness evidence to enable investigation of a claim/potential claim as required.

68. Except to the extent that the Chief Financial Officer indicates otherwise, each Chief Officer shall inform the Chief Financial Officer as soon as practicable of any fire, explosion, flood, accident, loss, or other occurrence affecting the property of the Council or property held by the Council and shall, if required by the Chief Financial Officer, arrange for an estimated cost of making good the damage caused thereby.

69. Except to the extent that the Chief Financial Officer indicates otherwise, each Chief Officer shall inform the Chief Financial Officer of any occurrence involving:

- a) death of, or injury to, any employee of the Council, any Councillor, or any contractor or sub-contractor of the Council, whilst on Council business.
- b) the death of, or injury to, any person where such death or injury occurred on any property owned or used by the Council, or was occasioned by the conducting of the Council's undertaking:

and shall complete any necessary documentation as required by the Chief Financial Officer.

Ex-gratia payments

70. Subject to compliance with any statutory provisions, a Chief Officer (in consultation with the Assistant Director for Legal and Governance), has authority to make ex-gratia payments up to a limit of £5000. Where the amount exceeds £5000 the Cabinet (or Cabinet Member with Responsibility with delegated authority) or Appointments etc Panel

(depending upon whether the matter relates to an executive function) may approve an ex-gratia payment on the joint recommendation of the relevant Chief Officer, the Assistant Director for Legal and Governance and the Chief Financial Officer.

Preparation of statutory financial statements

71. The Chief Financial Officer shall make the necessary arrangements to facilitate the prompt preparation and completion of the final accounts of the Council at the end of each financial year. Chief Officers will assist the Chief Financial Officer by ensuring compliance with those arrangements.

Applications and claims for grant or subsidy

72. Before any application or subsequent claim for the payment of grant or subsidy is submitted to any Government department, it shall be sent to the Chief Financial Officer for examination and certification. The approval of the Chief Financial Officer shall be required before any bid or application or claim for grant or subsidy in respect of any revenue or capital initiative is submitted to any body or organisation.