

# Section 7 - Financial regulations

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## 4.7.1. Introduction

4.7.1.1. To conduct its business efficiently, Bury Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

4.7.1.2. These financial regulations provide clarity about the financial accountabilities of individuals - Cabinet Members, the Chief Executive, the Monitoring Officer, the Chief Finance Officer, and other Chief Officers. Each of the financial regulations sets out the overarching financial responsibilities.

4.7.1.3 These regulations should be read in conjunction with other internal regulatory documents that form part of the Council's Constitution. For example, the Medium and Long Term Financial Strategy, the Council's Procedure Rules, Schemes of Delegation, Terms of Reference of Overview and Scrutiny Committee and Article 4 of the Constitution which provides the meaning of the Council's budget. Additionally, Appendix A of these regulations sets out the Budget and Policy Framework Procedure Rules that also form part of the Council's Constitution.

## 4.7.2. Status of financial regulations

4.7.2.1. Financial regulations provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf.

4.7.2.2. The regulations identify the financial responsibilities of the full Council, Cabinet, Scrutiny Management and Resource and Performance Members, the Head of Paid Service (the Chief Executive), the Monitoring Officer, the Section 151 Officer and other Chief Officers. Cabinet Members 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 school governors, references to the Chief Officer in the regulations should be read as referring to them.

4.7.2.3. 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.

4.7.2.4. The Chief Finance Officer is the responsible Officer under S.151 of the Local Government Act 1972 and S.114 of the Local Government Finance Act

1988 for the proper administration of the financial affairs of the Council. The Financial Regulations have been designed to meet these legal requirements.

4.7.2.5. In order to meet these statutory responsibilities, the Chief Finance Officer is Head of Financial Services for the whole of the Authority and as such all staff who provide financial services are accountable to the Chief Finance Officer for the maintenance and promotion of the highest standards of financial management, integrity and administration in line with these Financial Regulations, the Accounts and Audit Regulations, Accounting Standards and Codes of Practice.

4.7.2.6. All accounting and financial systems operated by the Council shall be subject to minimum standards laid down by the Chief Finance Officer and any departure from using corporate financial systems may only be allowed after approval by the Chief Finance Officer.

4.7.2.7. The Chief Finance Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to the Cabinet Members.

4.7.2.8. For the purposes of these Regulations, "Chief Officer" shall include the holders of positions of Executive Director, Director and Chief Officers.

4.7.2.9. Chief Officers are responsible for ensuring that all staff in their departments are aware of the existence and content of the Authority'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 departments.

4.7.2.10. Chief Officers are responsible for the control of resources within their department and shall exercise that control within the Standing Orders and Financial Regulations and any other decisions of the Council. Within their areas of responsibility they shall consult the Chief Finance Officer with respect to any matter which is liable materially to affect the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to a Committee.

4.7.2.11. The Chief Finance Officer 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.

## 4.7.3. Financial Regulation A: Financial Management

### 4.7.3.1. Introduction

Financial management covers all financial accountabilities in relation to the running of the Authority, including the Policy Framework and Budget.

### 4.7.3.2. The Full Council

The full 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. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control. The framework is set out in its Constitution. The full Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.

The full Council is responsible for approving procedures for recording and reporting decisions taken. This includes those decisions delegated by and decisions taken by the Council and its Committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

The financial functions reserved for discharge by the full Council cover the following matters:

#### *Part 1*

- (a) To approve the Council's Revenue Budget and Capital Expenditure Programme
- (b) To set a Council Tax
- (c) To determine any matter involving expenditure not provided for in the Council's approved budget, subject to any agreed virement arrangements.
- (d) To fix Council house rents.
- (e) To approve any plan or strategy for the control of the Authority's borrowing or capital expenditure, including the adoption of a treasury management policy statement.
- (f) To approve policies and practices regarding the granting of a discretionary rate relief or remission of rates in accordance with Section 47 of the Local Government Finance Act 1988.

### 4.7.3.3. The Cabinet

The Cabinet is responsible for proposing the Policy Framework and Budget to the full Council, and for discharging Executive functions in accordance with the Policy

Framework and Budget. It is responsible for developing and implementing the Budget and for the allocation, management and control of the financial and other resources of the Council, within the Budget and Policy Framework approved by the Council. In it is also responsible for considering and making recommendations to the Council on the Revenue Budget and Capital Programme for each financial year and the setting of virement limits in accordance with Article 4 of the Council Constitution.

It also considers and makes recommendations to the Council on matters relating to the borrowing of money in accordance with Article 4 and the treasury management policy statement.

Executive decisions can be delegated to a Committee of the Cabinet, an individual Cabinet Member, an Officer or a Joint Committee.

The Cabinet is responsible for establishing protocols to ensure that individual Cabinet Members consult with relevant officers before taking a decision within his or her delegated powers. In doing so, the individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision. Appendix A details the financial implications and risk considerations that need to be taken into account when submitting a report to the Cabinet for a decision to be made.

Decisions on Executive functions are defined as:-

- Key Decisions
- Non-Key Decisions
- Operational Decisions

A 'Key Decision' is an Executive Decision (made by the Cabinet / Cabinet Member / Chief Officer acting in accordance with the responsibility for functions and delegations contained in Part 3 of the Council Constitution ) if it comes within one or more of the following categories:-

1. It is likely to be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough.
2. It is likely to have a major impact on the day to day life of a community living or working in the Borough.
3. It forms part of the development of, or a change to, the Policy Framework or Budget.
4. It involves revenue expenditure or saving that is neither provided for within the Budget, nor virement permitted by the Constitution.
5. It involves capital expenditure that is estimated to exceed £500,000 or is not provided for within the approved Capital Programme.
6. It involves a significant reduction in or significant change to any service or facility provided by the Council, such reduction or change not being within the Policy Framework or Budget.

7. It consists of the declaration of land or property, the estimated value of which exceeds £500,000, as surplus to the Council's requirements.
8. It involves securing approval in principle to the acquisition or disposal of land or property the value of which is estimated to exceed £500,000.
9. It involves securing approval in principle to the taking of, or the granting, renewal, assignment, transfer, surrender, taking of surrenders, review, variation or termination of any leases, licences, easements or wayleaves, at considerations in excess of £500,000 per annum or a premium of £500,000.
10. Its consequences are likely to result in compulsory redundancies or major changes to the terms and conditions of employment of a significant number of Council employees or in a major destructing of staffing resources.

#### 4.7.3.4. Committees of the Council

##### *Overview and Scrutiny Committee*

The Overview and Scrutiny Committee is responsible for scrutinising Executive decisions before or after they have been implemented and for holding the Cabinet to account. The Committee is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Authority. It is particularly concerned with the Council's budget, the management of its budget, revenue borrowing and assets and its audit arrangements; the management of the Council's land and property portfolio; the provision, management and planning of financial, personnel and training, property, information technology, legal, democratic, corporate policy and research, grants to voluntary organisations, health and safety, emergency planning services/activities; Financial reporting on Competitive Services including Direct Labour Organisations, Building Services and Architectural Practice; Related Best Value Reviews and Communications and Community Development issues.

##### *Audit Committee*

The Audit Committee is an advisory body and reports to the full Council. 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 approving, monitoring and reviewing internal and external audit plans and associated issues; receiving and considering on a quarterly basis details of internal audit reports undertaken by the Internal Audit Section; taking appropriate action to ensure the implementation and review of audit recommendations; dealing with any appropriate matter referred to the Committee by other bodies; approving the statement of accounts.

## *Standards Committee*

The Standards Committee is established by the full 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.

### 4.7.3.5. The Statutory Officers

#### *The Chief Executive*

The Head of Paid Service (Chief Executive) 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 full Council, the Scrutiny Management Committee and other Committees. 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 full Council's decisions (see below).

#### *Monitoring Officer*

The Monitoring Officer (the Assistant Director of Legal and Democratic Services) is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

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 responsibility.

The Monitoring Officer is responsible for advising all Councillors and Officers about who has delegated authority to take a particular decision.

The Monitoring Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the Policy Framework.

The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- Initiating a new policy
- Committing expenditure in future years to above the budget level

- Incurring departmental transfers above virement limits
- Causing the total expenditure financed from council tax, grants and corporately held reserves to increase by more than a specified amount

The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

### *Chief Finance Officer*

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
- Local Government Act 2000
- The Accounts and Audit Regulations 2015
- Local Government Act 2003

The Chief Finance Officer is responsible for:-

- the proper administration of the Authority's financial affairs
- setting and monitoring compliance with financial management standards
- provision of an internal audit service
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full 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

Section 114 of the 1988 Act also requires:

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

Section 25 of the Local Government Act 2003 (England and Wales) requires an Authority's Chief Finance Officer to make a report to the Authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The section requires Members to have regard to the report in making their decisions.

The Accounts and Audit Regulations (England) 2015 came into effect on 1 April 2015. Under the Regulations:

- Authorities are responsible for ensuring that financial management is adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of authorities' functions and which includes risk management arrangements
- the Chief Finance Officer must ensure that the accounting control systems determined by him are observed and that the accounting records of the body are maintained in accordance with proper practices and kept up to date
- Authorities must maintain adequate and effective systems of internal audit of their accounting records and systems of internal control in accordance with the proper internal audit practices.

Specifically the Authority's Chief Finance Officer shall be authorised to discharge any of the Council's functions in relation to financial matters including:-

- (a) the duties of the Chief Finance Officer
- (b) the administration of benefits
- (c) the collection of revenue (including debt recovery)
- (d) the administration of Council Tax and national non-domestic rates
- (e) internal audit
- (f) pensions
- (g) creditor payments
- (h) accountancy
- (i) the Council's insurance arrangements and risk management
- (j) the writing-off of debts from £2,001 to £5,000 with the Head of Revenues and Benefits being authorised to write-off debts of less than £2,000
- (k) the administration of payroll function
- (l) grants to the voluntary sector

(m) taking any action remitted to him/her under corporate policies and procedures

The Chief Finance Officer is also responsible for:-

**(a) Ensuring lawfulness and financial prudence of decision making**

After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the full Council or to the Cabinet in relation to an Cabinet function and the council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully

**(b) Administration of Financial Affairs**

The Chief Finance Officer will have responsibility for the administration of the financial affairs of the Council

**(c) Contributing to Corporate Management**

The Chief Finance Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice

**(d) Providing Advice**

The Chief Finance Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice

**(e) Giving Financial Information**

The Chief Finance Officer will provide financial information to the media, members of the public and the community

**(f) Duty to provide Sufficient Resources to the Monitoring Officer and Chief Finance Officer**

The Council will provide the Monitoring Officer and the Chief Finance Officer with such Officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed in accordance with Section 5 of the Local Government and Housing Act 1989 and Section 114 of Local Government Finance Act 1988 respectively.

#### 4.7.3.6. Chief Officers

Chief Officers are responsible for:

- ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer
- signing contracts on behalf of the Authority

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

The Guidance Note on Reports which form part of the Supporting Guidance to the Consultation document, details the need for the full financial implications of the development/issue to be included separately in the report rather than appear in the main body of the report.

The Head of Finance in each Department will assist the Chief Officer with this work. Appendix A of these Regulations provides further details.

Additionally, a statement by the Chief Finance Officer on the financial and risk implications of the report and whether the proposals in the report ensure financial prudence in decision-making, probity in budgeting, avoid financial impropriety and comply with Policy led budgeting, must be included. The statement can only be completed by the Chief Finance Officer, Head of Financial Management or Service Heads of Finance and, in respect of the latter, subject to clearance by the Director or Head of Financial Management.

Consultations with the Chief Finance Officer must be carried out at the earliest possible stage and well in advance of the date the report is required to be submitted to Democratic Services to be uploaded onto the Committee Management System for inclusion on the appropriate Agenda. Statements requested less than 5 days before the date for receipt of reports may not be completed and the report is then at risk of not being placed on the agenda.

#### 4.7.3.7. General delegations to officers in respect of financial matters

As detailed within the Council's Constitution.

##### *Revenue Expenditure*

- (a) To incur expenditure in respect of items included in approved revenue budgets, save to the extent to which the Council or the Cabinet 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.
- (b) To incur expenditure within the Revenue Budget in accordance with the virement procedures and delegated limits set out in the Financial Procedure Rules in the Council Constitution.
- (c) In an emergency, to incur immediately necessary lawful expenditure which shall be reported to the Chief Finance Officer at the first opportunity.

## *Capital Expenditure*

To incur expenditure on capital schemes in accordance with the arrangements set out in the Financial Procedure Rules in the Council Constitution.

## 4.7.3.8. Other financial accountabilities

### *Virement*

Please see separate Scheme of Virement

### *Treatment of year-end balances*

The full Council is responsible for agreeing procedures for carrying forward under and overspending on budget headings.

### *Accounting policies*

The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently in accordance with the Accounts and Audit Regulations 2015 and the Local Government Housing Act 1989. They will also follow the principles and form recommended by the Code of Practice on Local Authority Accounting issued by CIPFA and conform to CIPFA's Statement of Recommended Practice.

### *Accounting records and returns*

The Chief Finance Officer is responsible for selecting accounting procedures and records for the Authority.

### *The Annual Statement of Accounts*

The Chief Finance Officer is responsible for ensuring that the annual statement of account is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA / LASAAC). The full Council is responsible for approving the annual statement of accounts.

Chief Officers are responsible for the provision of information to the Chief Finance Officer in accordance with timescales and format set by the Chief Finance Officer and the external audit arrangements.

The Chief Finance Officer is responsible for the completion of all statutory financial returns and grant claims.

### *Advance Accounts and Assets*

The Chief Finance Officer is responsible for the establishment and management arrangements of all advance accounts. Such accounts shall be maintained on the imprest system.

Chief Officers are responsible for the operation of advance accounts. On leaving the employment of the Council or otherwise relinquishing control of an advance account or other assets, an Officer shall account to the Chief Officer for the amount of the advance and return of assets.

### *Banking Arrangements*

All arrangements with bankers shall be made by or under arrangements approved by the Chief Finance Officer, who shall be authorised to operate such banking accounts as are considered necessary. Schools operating their own bank accounts must obtain the approval of the Chief Finance Officer to the arrangements made.

All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody. Cheques on the Council's main banking accounts shall bear the facsimile signature of the Chief Finance Officer or be signed by the Chief Finance Officer or other Officer(s) authorised to do so.

All disbursements shall be made through the Council's main banking accounts except where the Chief Finance Officer approves alternative arrangements.

### *Financial Advice*

The Chief Finance Officer is responsible for providing financial advice to the Council on all those issues that are deemed corporate or which arise from the Chief Finance Officer's role as client/client agent for financial services.

The Chief Finance Officer has an overall responsibility to ensure that competent financial advice is provided to Committees and Departments. Chief Officers are responsible for ensuring that arrangements are in place to provide the financial advice and support needed to meet their requirements.

### *Local Management of Schools*

The Chief Finance Officer is responsible for the financial scheme of delegation to schools under LMS. Whilst the Council's Financial Regulations apply to all activities and services variations may be approved by the Chief Finance Officer under the scheme of delegation. The responsibility for delegating budgets to schools by an approved formula rests with the Executive Director of Children's Services who has the power to withdraw such delegation.

### *Payment of Accounts*

Apart from payments from advance accounts, the normal method of payment shall be by cheque drawn on the Council's banking account, or by direct bank transfer.

Chief Officers are responsible for the verification and certification in manuscript of invoices to ensure that:-

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

Chief Officers are responsible for processing the approved invoices via the corporate creditors system and within any timetable approved by Council.

Charges for services provided must be processed to recipient budget holders accounts in accordance with approved procedures and with the prior knowledge and approval by the receiving budget holder.

### *Travelling, Subsistence and Financial Loss Allowances*

All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified by authorised Officers, to the Chief Finance Officer in accordance with timetables set by the Chief Finance Officer.

Payments to Members and Co-opted Members of the Council and its Committee will be made by the Chief Finance Officer in accordance with approved procedures.

Claims for the payment of car allowances must be submitted no later than six months after the period being claimed, except for teachers.

## 4.7.4. Financial Regulation B: Financial Planning

### 4.7.4.1 Introduction

The full 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 corporate plan
- the budget
- the capital programme

## 4.7.4.2 Policy framework

The full Council is responsible for approving the Policy Framework and Budget. The Policy Framework comprises the following statutory plans and strategies:

- (i) Those plans and strategies required by law:
  - Community Safety Plan;
  - Plans and alterations which together comprise the Development Plan documents;
  - Youth Justice Plan
  - Gambling Act 2005 - Policy Statement of Principles
  - Licensing Act Statement of Licensing Policy
- (ii) Those other plans and strategies which the Council has determined should be adopted by the Council as part of the Policy Framework:
  - Bury's Council Vision Purpose and Values 2015-2020
  - Code of Corporate Governance
  - Tenancy Strategy
  - Health and Well Being Strategy
  - Risk Management Annual Report
  - Growth Strategy 2017
  - Plans and Strategies which comprise the Housing Investment Programme;
  - Other plans and strategies determined by the Council

The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the full Council by the Monitoring Officer.

The full Council is responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another. 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 set by the Council.

### *Preparation of the Corporate Plan*

The Chief Executive is responsible for proposing the corporate plan to the Cabinet for consideration before its submission to the full Council for approval.

### *Preparation of the Best Value Performance Plan*

The Deputy Chief Executive is responsible for proposing the Best Value Performance Plan (BVPP) to the Cabinet for consideration before its submission to the full Council for approval.

## *Preparation of the Medium Term Financial Strategy*

The Chief Finance Officer is responsible for proposing the Medium Term Financial Strategy to the Cabinet for consideration before its submission to the full Council for approval.

### 4.7.4.3. Budgeting

#### *Budget Format*

The general format of the budget will be approved by the full Council and proposed by the Cabinet on the advice of the Chief Finance Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

#### *Budget Preparation*

The Chief Finance Officer is responsible for ensuring that a Revenue Budget is prepared on an annual basis and a general Revenue Plan on a three-yearly basis for consideration by the Cabinet, before submission to the full Council. The full Council may amend the budget or ask the Cabinet to reconsider it before approving it.

The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Chief Finance Officer as soon as possible following approval by the full Council.

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.

#### *Guidelines on Budget Preparation*

Guidelines on budget preparation are issued to Members and Chief Officers by the Cabinet following agreement with the Chief Finance Officer. The guidelines will take account of:

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

The detailed form of capital and revenue estimates shall be determined by the Chief Finance Officer under the direction of the Cabinet.

Estimates of income and expenditure on revenue services and of receipts and payments on capital schemes shall be prepared by Chief Officers in consultation with the Chief Finance Officer who shall collate the estimates and reports to the appropriate Committees thereon.

The preparation of the corporate budget and advice on the setting of a Council Tax is the responsibility of the Chief Finance Officer.

### *Budget Monitoring and Control*

The Chief Finance Officer 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.

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. 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 to any problems.

Chief Officers are responsible for revenue and capital budget monitoring within the totals allocated in the corporate budget. Subject to any specific direction from the Cabinet, Chief Officers may transfer budget allocations within their Services as per the Scheme of Virement.

The Chair of the appropriate Committee or appropriate Member of the Cabinet or appropriate Lead Member shall be informed of any virements on a regular basis and shall be consulted on virement proposals involving key issue/development monies and budgets affecting other services of the Authority.

Chief Officers are responsible for ensuring that any overall overspendings at year end are recovered in the following year. Any overall underspendings at year end may be carried forward to the following year subject to the Cabinet's assessment of the corporate financial provision of the Council but in any case allowing a carry forward of 1% of net budget or £50,000 whichever is the greater.

### *Resource Allocation*

The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's Policy Framework.

### *Preparation of the Capital Programme*

The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Cabinet before submission to the full Council.

Upon the approval by the Council of a programme of capital expenditure Chief Officers shall be authorised:-

- (a) to take steps to enable land require for the purposes of the programme to be acquired in due time; and
- (b) to prepare a scheme and estimate including associated revenue implications for approval by the Cabinet.

#### 4.7.4.4. Maintenance of Reserves

It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the full Council on prudent levels of reserves and balances for the authority as per the requirement of the Local Government Act 2003 and following g the CIPFA Guidance Note on Local Authority Reserves and Balances (LAAP Bulletin 55, February 2003).

### 4.7.5. Financial Regulation C: Risk Management and Control of Resources

#### 4.7.5.1. Introduction

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

#### 4.7.5.2. Risk Management

The Cabinet is responsible for approving the Authority's Risk Management Policy Statement and Strategy and for reviewing the effectiveness of Risk Management. The Cabinet is responsible for ensuring that proper insurance exists where appropriate.

The Chief Finance Officer is responsible for preparing the Authority's Risk Management Policy Statement, for promoting it throughout the Authority and for advising the Cabinet on proper insurance cover where appropriate.

Chief Officers are responsible for identifying and managing the risks within their own services.

#### 4.7.5.3. Internal control

Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

The Chief Finance Officer 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.

It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

The Chief Executive and Leader of the Council are responsible for producing the Statement of Internal Control each year as part of the Statement of Accounts.

#### 4.7.5.4. Audit requirements

The Accounts and Audit Regulations 2015 issued by the Secretary of State for the Office of the Deputy Prime Minister require every Local Authority to maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.

The Chief Finance Officer shall arrange for an effective and independent internal audit function which operates in accordance with the principles embodied in CIPFA's UK Public Sector Internal Audit Standards, the National Audit Office's Code of Audit Practice, the Financial Reporting Council's Auditing Standards, and with any other statutory obligations and regulations.

The Chief Finance Officer or an authorised representative shall have authority to:

- (a) enter at all times onto any Council premises or land;
- (b) have access to all records, documents and correspondence relating to any financial and other transactions of the Council, including computer held information;
- (c) require and receive such explanations as are necessary concerning any matter under examination; and
- (d) require any employee and member of the Council to produce cash, stores or any other Council property under the employee's control.

The Public Sector Audit Appointments (PSAA) is responsible for appointing external auditors to each Local Authority. The basic duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

Revised procedures for 'local audit' in England took full effect in the 2018-19 financial year. They were introduced by the Local Audit and Accountability Act

2014. 'Local audit' relates to the audit procedure which must be followed by local authorities amongst other related bodies.

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

#### 4.7.5.5. Preventing fraud and corruption

The Chief Finance Officer is responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption Policy.

#### 4.7.5.6. Assets

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.

#### 4.7.5.7. Treasury management and trust funds

The Authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

The full Council is responsible for approving the Treasury Management Policy Statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities.

The policy statement is proposed to the full Council by the Cabinet. The Chief Finance Officer has delegated responsibility for implementing and monitoring the statement.

All money in the hands of the Authority is controlled by the Officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the Chief Finance Officer.

The Chief Finance Officer is responsible for reporting to the Cabinet a proposed Treasury Management Strategy for the coming financial year at or before the start of each financial year.

All Cabinet decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

The Chief Finance Officer is responsible for reporting to the Cabinet not less than four times in each financial year on the activities of the Treasury Management operation and on the exercise of his or her delegated Treasury Management powers. One such report will comprise an annual report on Treasury Management for presentation by 30 September of the succeeding financial year.

All investments of money under its control shall be in the name of the Council. Wherever possible all trust funds shall also be in the name of the Council.

#### 4.7.5.8. Staffing

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

The Chief Executive is responsible for providing overall management of staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

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.

#### 4.7.5.9. Insurances

The Chief Finance Officer is responsible for effecting all insurance cover and shall negotiate all claims in consultation with Chief Officers as necessary. This also includes off-site insurance in respect of school trips etc.

Chief Officers shall give prompt notification to the Chief Finance Officer of all new risks, properties or vehicles which require to be insured and of any alternations affecting existing insurances. All Chief Officers shall undertake risk management in accordance with any guidance issued from time to time by the Chief Finance Officer.

Chief Officers shall promptly notify the Chief Finance Officer in writing of any loss, liability or damage or any event likely to lead to a claim.

The Chief Finance Officer shall annually, or at such other periods as may be considered necessary, review all insurances in consultation with other Chief Officers.

Chief Officers shall consult the Chief Finance Officer and the Council Solicitor requesting the terms of any indemnity which the Council is requested to give.

#### 4.7.5.10. Inventories

Inventories shall be maintained by all departments recording furniture, equipment, plant and machinery. The extent to which property is recorded, and the form of inventory used, shall be agreed with the Chief Finance Officer. In addition Chief Officers must seek the approval of the Head of Information

Technology for all new information technology acquisitions, changes to equipment and alternations to maintenance contracts.

Chief Officers are responsible for arranging a complete check, at least annually, of all items recorded, for taking appropriate action in the event of any discrepancies, and for disposing of any surplus or obsolete items, and taking account of the Council's documents retentions policy. It is the responsibility of Chief Officers to ensure that all software used in their departments has a licence.

Council property must not be removed other than in connection with authorised Council business, and any such removal should be properly recorded.

#### **4.7.5.11. Security**

Chief Officers are responsible for maintaining proper security at all times for all buildings, contents, cash, computers and computer records under their control. They shall consult the Chief Finance Officer in any case where security is considered to be defective or where special security arrangements may be needed.

Maximum limits for cash holdings shall be agreed with the Chief Finance Officer.

Keys to safes and similar security receptacles are to be managed in accordance with guidance issued by the Chief Finance Officer.

Chief Officers are responsible for adhering to the corporate information Technology Security Policy and Procedures.

#### **4.7.5.12. Stocks and stores**

Chief Officers are responsible for the care and custody of all stocks and stores in their departments.

Stock levels shall not be carried in excess of normal requirements except in special circumstances authorised by the appropriate Chief Officer.

Chief Officers shall arrange for periodical test checks of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year.

The Chief Finance Officer shall be entitled to receive from each Chief Officer such information as he requires for accounting insurance and other purposes.

Chief Officers are responsible for the disposal of surplus or obsolete stocks in accordance with guidance issued by the Head of Internal Audit and Risk Management.

#### **4.7.5.13. Contracts**

All contracts shall be managed under guidelines issued by the Chief Finance Officer and the Council Solicitor.

All contracts on behalf of the Council shall be let in accordance with Standing Orders and must comply with European and competition legislation.

#### **4.7.5.14. Orders for work, goods and services**

Official orders shall be in a form approved by the Chief Finance Officer and the Council Solicitor and are only to be signed by Officers authorised by the appropriate Chief Officer who is responsible for the security of such order books.

Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments such as rents and rates, for petty cash or such other exceptions as approved by the Chief Finance Officer.

Each order shall conform to the directions of the Council with respect to central purchasing and the standardisation of supplies and materials.

Chief Officers shall keep records of authorised Officers and their signatures.

#### **4.7.5.15. Unofficial and voluntary funds**

Where an employee of the Council controls, by virtue of office, unofficial or voluntary funds, then the appropriate Chief Officer must ensure that adequate arrangements are made for the audit of those funds.

#### **4.7.5.16. Gifts and hospitality**

Chief Officers are responsible for ensuring that all employees, including themselves, follow the corporate guidelines and Code of Conduct on gifts and hospitality and on personal interests. In addition, guidance from professional institutes and other bodies must be followed in appropriate cases.

### **4.7.6. Financial Regulation D: Systems and Procedures**

#### **4.7.6.1. Introduction**

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

#### **4.7.6.2. General**

The Chief Finance Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Corporate financial systems include:

- a) General Ledger, accounting and financial reporting
- b) Accounts Payable (Creditors)

- c) Accounts Receivable (Debtors and periodic income)
- d) Income accounting and recovery, including Council Tax and National Non Domestic Rates
- e) Payroll
- f) Housing Benefits

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 departments.

Any changes to agreed procedures by Chief Officers to meet their own specific service needs should be agreed with the Chief Finance Officer.

Chief Officers should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.

Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Chief Officers must ensure that staff are aware of their responsibility under Freedom of Information legislation.

#### 4.7.6.3. Income and expenditure

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.

#### 4.7.6.4. Income

The collection of all money due to the Council shall be under the supervision of the Chief Finance Officer. Given the statutory requirements in respect of VAT and financial reporting, all income must be recorded promptly in a manner approved by the Chief Finance Officer.

Chief Officers shall furnish the Chief Finance Officer with particulars of all cash income collected, all accounts rendered for the recovery of income due and all contracts, leases or other agreements which involve the receipt of money by the Council.

All money received on behalf of the Council shall, without delay, be paid to the Chief Finance Officer or as the Chief Finance Officer may direct to the Council's or other banking account.

No deduction may be made from such money unless specifically authorised by the Chief Finance Officer.

Every transfer of money from one employee to another shall be evidenced in the records of the department(s) concerned by the signature of the receiving employee.

All receipts, tickets, collection strips and other receipting devices shall be the responsibility of Chief Officers. They should be designed, ordered, printed, numbered and securely stored, registered and issued in a manner approved by the Chief Finance Officer.

The Chief Finance Officer is responsible for the setting aside of provisions for bad debts in accordance with statutory accounting practice. The Chief Finance Officer is responsible for writing off irrecoverable debts from £2,001 to £5,000; with the Head of Revenues and Benefits writing off debts of less than £2,000; and with write-offs above £5,000 being subject to approval by the Cabinet.

The setting of charge levels is a matter for the appropriate Committees, having regard to statutory, VAT and budget requirements, and Standing Order 58.

#### **4.7.6.5. Payments to employees and members**

The Chief Finance Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

The payments of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the Council shall be made by the Chief Finance Officer or under arrangements approved and authorised by the Chief Finance Officer.

The maintenance of employee salary, wages etc., records are subject to statutory requirements and shall be subject to minimum standards laid down by the Chief Finance Officer.

Chief Officers shall promptly notify the Chief Finance Officer in the form prescribed, of all matters affecting the payment of salaries, wages etc. All payroll documents shall be certified in manuscript by or on behalf of Chief Officers.

Chief Officers are responsible for ensuring that any termination of employment is in accordance with corporate policy and for the financial consequences so arising.

Chief Officers shall keep records of authorised officers and their signatures.

#### 4.7.6.6. Taxation

The Chief Finance Officer 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 authority.

The Chief Finance Officer 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, and for all VAT and other taxation accounting arrangements.

#### 4.7.6.7. Trading accounts / Business units

It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts and business units.

### 4.7.7. Financial Regulation E: External arrangements

#### 4.7.7.1. Introduction

The Local Authority provides a distinctive 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.

#### 4.7.7.2. Partnerships

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

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 Authority's constitution. Where functions are delegated, the Cabinet remains accountable for them to the full Council.

The Chief Executive represents the Authority on partnership and external bodies, in accordance with the scheme of delegation.

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.

The Chief Finance Officer must ensure that the accounting arrangements (including the development of financial rules and regulations) to be adopted relating to partnerships with Greater Manchester Police and Fire Authorities, Six

Town Housing, Persona, Bury Primary Care Trust and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, including contracts with voluntary organisations. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

#### **4.7.7.3. External funding**

The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

#### **4.7.7.4. Work for third parties**

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

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# Appendix A

## Financial implications and risk considerations for reports for the Cabinet

You will need to separately identify the revenue and capital costs, where applicable, together with their sources of funding e.g. existing budgetary provision, virement from another budget, bid for resources (budget pressure) etc., for the current financial year and the following 2 financial years. This is in line with the requirements of the Prudential Code. Affordability of the development/issue is critical and for the following 2 years you will also need to consider the possible effect on Council Tax where there are considerable revenue implications, together with highlighting any savings that may arise from the development / issue.

### *Revenue*

You will need to provide a suitable breakdown of the type of expenditure and income, together with a total for both expenditure and income.

For example, standard groupings include:-

- **Employees** - salaries and wages; employers NI and superannuation contribution; agency staff; employee expenses; advertising costs etc.

- **Premises related expenditure** - e.g. energy costs; rents; rates; water services; fixtures and fittings; cleaning and domestic supplies etc.
- **Transport related expenditure** - staff travelling expenses; car allowances; public transport; contract hire and operating leases etc.
- **Supplies and services** - including equipment, furniture and materials; catering; printing, stationery and general office expenses; communications and computing; grants and subscriptions
- **Third Party payments** - payments to external providers or internal service providers. Can include: - payments to health authorities, government departments, other local authorities, joint authorities
- **Capital charges** - this records the revenue impact of capital items in the revenue account of a department.
- **Income** - e.g. government grants; customer and client receipts; contributions from other parties e.g. other local authorities, organisations

Highlight in these amounts those which are one-off costs/sources of funding and those which are ongoing costs/sources of funding.

### *Capital*

For schemes over £250,000 a project brief will need to be completed for approval by the Cabinet.

For expenditure you will need to break down the costs between works costs; fees/ salaries; furniture and equipment; land acquisition costs etc. For the sources of funding you will need to identify whether the source is government grant, capital receipts, loan, revenue reserves, external funding etc.

### *Risk considerations*

You will need to consider and highlight the risks and hazards that the Council/ Department may be faced with in connection with the development/issue.

Such risks and hazards can be:-

- **Legal** - associated with current or potential changes in national or European legislation, or possible breaches of legislation.
- **Competitive** - those affecting the competitiveness of the service.
- **Social** - those relating to the effects of changes in demographic, residential or socioeconomic trends on the organisations ability to deliver its objectives.
- **Financial** - connected with financial planning and adequacy of insurance cover and internal funds.
- **Physical** - those related to fire, security, accident prevention and health and safety.
- **Reputational** - those relating to the Council's reputation and the public's perception of its effectiveness and efficiency.

- **Environmental** - those relating to pollution, noise or energy efficiency.
- **Technological** - those relating to reliance on operational equipment e.g. IT systems or equipment and machinery, plus those associated with the Council's capacity to deal with the pace and scale of technological change.
- **Contractual** - those associated with the failure of contractors to deliver services or products to the agreed cost and specification.
- **Customers/Clients** - those associated with the failure to meet the current and changing needs and expectations of customers and