

## **Financial Procedure Rules**

### **Status and Overview**

The Council, as a publicly-funded organisation, must demonstrate the highest standards of financial control and stewardship of public resources. The Financial Procedure Rules, along with the Budget and Policy Framework and the Contract Procedure Rules in the Constitution, are a set of procedures that everybody working for or on behalf of the Council must observe in order to achieve those high standards.

### **Status of the Financial Procedure Rules**

1. The Financial Procedure Rules are an essential part of the Council's financial control framework. They apply to all business carried out by, or on behalf of, the Council and the West Midlands Metropolitan Authorities Pension Fund, whether by Councillors, employees, or third parties (including partnerships of which the Council is part) where appropriate (as determined by the Section 151 Officer). Separate Financial Procedures shall be issued by the Section 151 Officer for use by the Council's schools, drawing as appropriate on this document.
2. With regard to the West Midlands Metropolitan Authorities Pension Fund, in order to reflect the delegations to the Pensions Committee under the Council's Constitution when applying these Rules, the Pensions Committee should be substituted for the Cabinet or the Cabinet (Resources) Panel. In addition, the Pension Fund investment activity is governed by the Pension Fund's Statement of Investment Principles and Investment Compliance Manual and therefore these Financial Procedure Rules do not apply to this activity but any arrangements require approval of the Council's Section 151 Officer.
3. **Failure to comply with the Financial Procedure Rules and Contract Procedure Rules may lead to disciplinary action in the case of employees, or investigation by the Monitoring Officer and/or the Standards Committee in the case of Councillors.**
4. It is the responsibility of Directors to ensure that all employees reporting to them, directly or indirectly, are aware of and comply with the Financial Procedure Rules.
5. Directors must notify the Section 151 Officer of any failures to comply with the Financial Procedure Rules as soon as they become aware of them.
6. Where any individual or group has a responsibility under the Financial Procedure Rules, that responsibility may not be delegated unless the Financial Procedure Rules explicitly allow it.
7. Nothing in these Rules absolves, or is intended to absolve, any person of any statutory responsibilities.
8. Over and above complying with these Rules, employees and Councillors are expected at all times to demonstrate prudence and good stewardship of the Council's resources, and to act in the best interests of the Council at all times.

9. Employees must comply with all requests from the Section 151 Officer (or his/her delegate) for information required to discharge his/her statutory duties or fulfil his/her responsibilities under these Rules.
10. These Rules should be read in conjunction with the Budget and Policy Framework in this Constitution, the Contract Procedure Rules and the Human Resource Policies and Procedures.
11. Employees should contact Strategic Finance for advice if they are unclear about any part of these Rules.

## **Terminology**

1. Throughout this document, the following words are used as set out below:

“Approved Budget” –

- Revenue Budgets: the approved budget is the most recent budget for the current financial year that has been approved by the relevant person in accordance with the Financial Procedure Rules and the Budget and Policy Framework.
- Capital Budgets: the approved budget is the most recent budget over the period of the capital programme that has been approved by the relevant person in accordance with the Financial Procedure Rules and the Budget and Policy Framework.

“Director of Finance” - the Council’s appointed Officer under section 151 of the Local Government Act 1972 and who is responsible for the proper administration of the Council’s financial affairs. Also referred to as the Section 151 Officer, the Director of Finance’s role is independent and reports to Council. This role can also be fulfilled by another employee where authorised by the Director of Finance to act on their behalf.

“Budget”– the Council’s plan for a given financial year, expressed in financial terms. This includes all revenue and capital expenditure of all funds, whether presented collectively or separately.

“Budget Manager” – an employee of the Council (usually a Director, Head of Service or Manager) who is held responsible and accountable for a part of the Council’s expenditure (and, where applicable, income), and who has delegated authority to make certain decisions about expenditure as set out in these Rules.

“Capital Scheme” – a project or group of projects identified in the approved budget for the capital programme.

“Employee” – a person with a contract of employment with the Council, or a person employed on an interim or agency basis to carry out equivalent duties.

“Money Laundering Reporting Officer” – the employee designated under the Council’s Anti-Money Laundering Policy and Procedures.

“Person” – a Councillor or employee of the Council, or an individual acting as if they were an employee of the Council, or a group of Councillors, employees or such individuals.

“Provision” – an amount of money set aside by the Council in respect of a future requirement to transfer resources, arising from one or more past events, where the timing or amount of that transfer is not known with certainty.

“Reserve” – an amount of money set aside voluntarily by the Council to fund or partially-fund future expenditure plans.

“Virement” – a transfer of budget from one service or capital scheme to another.

## **Financial Administration and Control Responsibilities**

1. The Cabinet (Resources) Panel shall be responsible for overseeing the execution of financial policy, financial administration and control in the Council, and for supervising the provision of financial services, all subject to direction from the Council and Cabinet.
2. The Section 151 Officer shall be responsible for each of the following:
  - a. advising on the interpretation of and monitoring compliance with the Financial Procedure Rules;
  - b. financial training for all Councillors and employees in the Financial Procedure Rules and associated financial arrangements;
  - c. overseeing professional financial training, standards and ethics;
  - d. liaison with the Council’s external auditors on all matters relating to the Council’s financial arrangements.

## **1.2 Budget and Expenditure**

### **Expenditure**

1. No person shall commit the Council to any expenditure unless that expenditure is included in the approved budget without prior approval of the Section 151 Officer.
2. No Councillor shall commit the Council to any expenditure, except when acting as a group named within these Rules (or under appropriate delegation) and in accordance with these Rules.
3. No person shall commit the Council to expenditure on any of the following:
  - a. a service or capital scheme not individually identified in the approved budget;
  - b. grants to any outside organisation or individual not individually identified in the approved budget unless approved by the Cabinet Member for Resources, and the relevant Cabinet Member in consultation with the Director of Finance and relevant Director
4. Where the Council makes payment of one or more grants to a third party, the responsible Budget Manager shall ensure that procedures are in place regarding appropriate accounting records and delivery of agreed outputs. The Budget Manager shall make clear to the recipient that the Council retains the right to claw back monies where such procedures are not adequately observed.

### **Budget Preparation**

1. The budget shall be prepared in accordance with the Budget and Policy Framework Procedure Rules.
2. Each year, the Cabinet shall determine strategic guidelines for the following year's budget.
3. The budget shall be prepared in accordance with the Cabinet's strategic guidelines, and any guidance issued by or on behalf of the Section 151 Officer.
4. The Cabinet shall determine a recommended budget, which it will report to the Council in accordance with statutory timescales, and no later than March of the preceding financial year. This will include recommendations on Council Tax, housing rents, and other equivalent items of income. In the case of capital budgets, recommended budgets may be put to Council by Cabinet (Resources) Panel.
5. Before submitting its recommended budget to Council, the Cabinet shall refer it to the appropriate Scrutiny Panels and to public consultation, allowing sufficient time to reconsider and if appropriate revise it prior to submitting it to Council.
6. Following approval of the budget by Council, the Section 151 Officer shall prepare and issue a Budget Book, presenting the approved budget in a suitable format.

### **Budget Managers**

1. For each service and capital scheme for which he/she is responsible, each Director shall nominate an individual named employee to be responsible and accountable for the expenditure and income of that service. This named employee shall be the 'Budget Manager' for that service.
2. Each Director shall notify the Section 151 Officer of the Budget Manager(s) for his/her services and capital schemes and their nominated delegates in case of absence.
3. The Section 151 Officer (or his/her delegate) shall maintain the definitive record of Budget Managers.
4. In the event of a Budget Manager ceasing to be employed by the Council, the Director shall identify a new Budget Manager(s) for the services and capital schemes in question immediately. This and all other changes in Budget Manager responsibilities shall be notified to the Section 151 Officer immediately.
5. The Budget Manager shall be delegated responsibility to incur expenditure within the limit set for that service or capital scheme in the approved budget; and be held responsible for the generation of the service or capital scheme income included in the approved budget.
6. Directors, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of Agresso.

**Budget Monitoring**

1. Budget Managers, in liaison with the Section 151 Officer (or his/her delegate) shall monitor their expenditure and income, with reference to their budget, on an ongoing basis.
2. It shall be the responsibility of Budget Managers to obtain the appropriate information, in the appropriate timescales, to enable them to fulfil their responsibilities under these Rules.
3. If it appears that a Budget Manager is likely to exceed the revenue budget of one of his/her services he/she shall raise this with the Section 151 Officer (or his/her delegate) and take corrective action at the earliest opportunity.
4. If it appears that a Budget Manager is likely to exceed the annual or total budget of one of his/her capital schemes he/she shall raise this with the Section 151 Officer (or his/her delegate) and take corrective action at the earliest opportunity.
5. If, in a given financial year, the net expenditure for a revenue service is greater than that included in the approved budget, and the level of over spend exceeds a threshold determined by the Section 151 Officer, or the Section 151 Officer otherwise requests it, the Budget Manager for that service shall submit a report to the Cabinet (Resources) Panel explaining why the over spend has occurred and what actions have been or will be taken to prevent a recurrence of that over spend.
6. If the total expenditure for a capital scheme is greater than that included in the approved budget, and the level of over spend exceeds a threshold determined by the Section 151 Officer, or the Section 151 Officer otherwise requests it, the Budget Manager for that capital scheme shall submit a report to the Cabinet (Resources) Panel explaining why the over spend has occurred and what actions have been or will be taken to prevent similar over spends on other capital schemes. The approved budget is taken to be the total budget over the time frame included in the capital programme.
7. If the Section 151 Officer considers that the consequences of any such forecast over spend are material to the finances of the Council, or any fund of the Council, he/she shall submit a report to the Cabinet explaining the circumstances.
8. Budget monitoring reports shall be submitted to the Cabinet (Resources) Panel, co-ordinated by the Section 151 Officer, on a regular basis. These shall include forecasts for the current year, and separate identification of, and explanation for, all forecast variances against the approved budget in excess of 1% or £100,000, whichever is the highest, (whether favourable or adverse), and in any other instance where the Section 151 Officer requires an explanation to be provided.

**Outturn**

1. The Section 151 Officer shall submit a report to the Cabinet (Resources) Panel setting out the Council's outturn within four months of the financial year end.

2. The Section 151 Officer shall be responsible for the approval of any carry forwards of unused revenue budget from one financial year to another and shall report any carry forwards with the outturn for the year in question.
3. The Section 151 Officer shall be responsible for determining the method of financing of capital schemes.

### **Emerging Financial Liabilities**

1. If a Director or Budget Manager believes that the Council may have a financial liability which is not provided for in the approved budget or an existing provision or reserve, he/she shall bring this to the attention of the Section 151 Officer immediately.

### **Virements**

1. Budget Managers shall be delegated the authority to action in-year virements of budget only where all of the following apply:
  - a. the total value of the virement does not exceed £50,000\*;
  - b. the virement is to an existing service or capital scheme identified in the approved budget;
  - c. the Budget Managers of both services or capital schemes have approved the virement;
  - d. the Section 151 Officer (or his/her delegate) has approved the virement;
  - e. the virement would not result in an overall increase in the budget of the general fund, the housing revenue account or the capital programme;
  - f. in the case of revenue budgets, the virement is within one of the following groups of headings:
    - (i) Employees;
    - (ii) All other controllable expenditure.
  - g. virements to or from the budget have not been disallowed under the Virement Responsibilities paragraphs below.  
\* This limit is to be applied to the full-year equivalent budget, to the increase in gross expenditure or income (whichever is greater), and at service or capital scheme level.

### **Virement Responsibilities**

1. The Section 151 Officer shall be delegated the authority to action in-year virements of budget where the virement reflects a transfer of management responsibility, with no other changes in the objective or nature of the expenditure and income in question. In these circumstances, none of the conditions set out in the Virements section above shall apply, except (d) and (e).
2. Where Council have approved a budget for a capital programme on a non-specific basis, the Cabinet (Resources) Panel shall have delegated authority to approve the allocation of this capital budget to individual capital schemes.

3. All virements approved under the Virements section above shall be reported to the Cabinet (Resources) Panel on a regular basis, in a format considered suitable by the Section 151 Officer.
4. All other virements must be approved by the Cabinet (Resources) Panel. Approval must be sought by submission of a written report to the Panel, setting out the amounts requested and the reason why the virement is required.
5. Virements made under the Virements section above shall be regarded as having changed the approved budget accordingly.

### **Supplementary Budgets**

1. An overall increase or decrease in the Council's total budget, or the budget of the general fund, housing revenue account, or capital programme when considered separately, must be approved by Council (subject to the paragraph below).
2. Where all of the following apply, an overall increase or decrease in the Council's total budget may be approved by the Cabinet Member for Resources and the relevant Cabinet Member, in consultation with Director of Finance and the Monitoring Officer:
  - a. There is no increase or decrease in the net budget;
  - b. New or additional external income has been identified which was not included in the approved budget;
  - c. Such income has conditions attached by the person providing the income that constrain its possible range of uses;
  - d. The Section 151 Officer agrees that approval may be granted under this approval route.
3. Where approval to a supplementary budget is sought for the purpose of grant payment to an outside organisation or individual, this should be explicitly identified and approved in line with the in the approvals detailed above.

### **Payment of Grants to an Outside Organisation or Individual.**

1. No person shall commit the Council to expenditure on grants to any outside organisation or individual not individually identified in the approved budget
2. Where a payment of grant is not individually identified in the approved budget, the Cabinet Member for Resources, and the relevant Cabinet Member, in consultation with the Director of Finance and the relevant Director have delegated authority to approve the payment of grants to individual recipients.,
3. Where new external funding is received for the purpose of payment of grant to an outside organisation or individual, approval should be sought to this payment through the supplementary budget process.

**Fees and Charges**

1. The strategy for setting fees and charges within the Council's control, influenced by or associated with the Council, shall be approved by the Cabinet (Resources) Panel.
2. The approval of all fees and charges within the Council's control, influenced by or associated with the Council, shall be delegated to the Cabinet Member for Resources and the relevant cabinet member, in consultation with the Section 151 Officer and relevant Director.
3. In setting fees and charges, consideration shall be given to the following factors: underlying cost and the extent of cost recovery and or subsidy, comparison with other providers of similar or equivalent services, affordability and effect on demand, as well as any other relevant considerations.

All fees and charges shall take into account the full costs of the service in question, including recharges for support services and capital charges.

4. All fees and charges shall be fully reviewed at least once in any twelve month period.
5. At the point of review, all fees and charges shall take into account the increase (expressed in percentage terms) in the estimated costs of the service in question (taken over the forthcoming twelve months).
6. All fees and charges shall be approved on a VAT-exclusive basis.
7. The Section 151 Officer (or his/her delegate) shall maintain a register of all fees and charges currently receivable by, influenced by or associated with the Council.

**Revenue Contributions to Capital Outlay (RCCOs)**

1. No employee shall commit to the use of revenue resources to finance capital expenditure, nor make an entry in the accounts to reflect such use, without the prior and specific approval of the Section 151 Officer.
2. In the above paragraph, 'revenue resources' include amounts that are held in reserves, having been previously transferred from a revenue account.

**Accounting**

1. The Section 151 Officer shall determine the Council's accounting policies, and, where appropriate, estimation techniques.
2. The Section 151 Officer shall prepare the Council's annual financial statements in accordance with statutory requirements and other proper practice.
3. The Audit Committee shall approve the Council's financial statements.



4. The Section 151 Officer shall ensure that the Council complies with relevant tax legislation, and that the Council maintains adequate accounting records in respect of its tax affairs.
5. No employee shall undertake accounting duties unless that employee falls within the span of control of the Section 151 Officer, according to the organisational structure in place at the time. For the purposes of this paragraph, 'employee' includes individuals acting as if they were an employee of the Council.
6. For the purposes of the above paragraph, accounting duties shall be taken to include, but not be limited to: providing financial advice to Councillors and employees; preparing budgets; preparing financial information to be used in budget monitoring; preparing financial forecasts (except where that employee is a Budget Manager and is acting in that role). It shall not be taken to include making entries in the accounts and is not intended to prevent Budget Managers discussing relevant financial matters with Councillors when carrying out their service management responsibilities.
7. The application of 5 and 6 do not apply to the Pensions Committee activities, but any arrangements are subject to approval of the Council's Section 151 Officer.

### **Accounting Records**

1. The Section 151 Officer will designate the software packages that shall be the Council's definitive accounting record.
2. For the purposes of this section, 'accounting record' shall be taken to mean the record of all of the following: actual expenditure and income; commitments; forecast expenditure; the approved budget; balances; cash flows.
3. No other accounting records shall be created or maintained, except with the approval of the Section 151 Officer.
4. Any person entering data into the definitive accounting record (whether directly or by way of one of its feeder systems) shall be responsible for ensuring the accuracy of that data, including the correct coding.
5. Coding of transactions shall always reflect the objective and nature of the expenditure or income in question.
6. All accounting records shall be retained in line with the current corporate policy and guidance for document retention, or longer if instructed by the Section 151 Officer (or his/her delegate).
7. The Section 151 Officer (or his/her delegate) shall be responsible for ensuring that access to the accounting system is controlled and restricted appropriately.

**Grants**

1. No person shall apply for, or accept a grant on behalf of the Council without the prior approval of the Section 151 Officer.
2. No person shall commit the Council to any expenditure intended to be funded by grant until that grant has been formally confirmed by the grant provider and a supplementary budget has been approved, in line with the approval set out under Supplementary Budgets.
3. Budget Managers shall be responsible for ensuring that grant conditions are met and appropriate records maintained in support of grant claims. The Section 151 Officer shall determine the format and contents of records to be maintained.
4. Budget Managers are responsible for notifying Banking and Strategic Finance of any expected incoming sums to ensure they are allocated correctly and promptly to the correct budget.
5. The Section 151 Officer (or his/her delegate) shall maintain a register of all grants receivable by the Council.

**Leasing Arrangements**

1. No person shall enter into, or commit to enter into, a leasing arrangement or a lease-type arrangement without the prior approval of the Section 151 Officer.
2. The financial limits in the Contract Procedure Rules for approving and reporting on contracts apply to the approval and reporting of leases.

**Treasury Management and Financing**

1. No person shall do, or commit to do, any of the following without the prior approval of the Section 151 Officer:
  - a. lend or borrow funds under the control of or due to the Council;
  - b. enter into any credit agreement;
  - c. enter into an arrangement that is or may be classed as a loan at nil interest;
  - d. enter into a financial guarantee;
  - e. enter into any transactions involving financial futures, swaps, options, hedging and other similar financial instruments;
  - f. take any course of action that would give rise to a financial asset or liability of the Council except where this is in the course of delivering services or capital schemes included in the approved budget and it is in accordance with the other requirements of this paragraph.
2. All investments of money under the Council's control shall be made in the name of the Council or the name of nominees approved by the Cabinet (Resources) Panel or Pensions Committee as appropriate.

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3. All securities and the title deeds of all property in the ownership or name of the Council or its nominees shall be held in custody of the Chief Operating Officer.
4. All borrowing shall be carried out in the name of the Council by the Section 151 Officer and only he/she is authorised to invest any surplus funds under arrangements approved by the Cabinet (Resources) Panel or Pensions Committee.
5. The Section 151 Officer, in consultation with the Chief Operating Officer shall approve any lending, including to other organisations. All lending will be undertaken in the name of the Council.
6. The Section 151 Officer shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
7. All employees acting as trustees by virtue of their official position shall deposit all securities, etc., relating to the trust with the Chief Operating Officer unless the deed otherwise provides.
8. The Council has adopted the CIPFA Code on Treasury Management in the Public Services. In accordance with this, the Section 151 Officer shall submit to both the Council and Cabinet (Resources) Panel:
  - a. an annual report on the strategy and plan to be pursued in the coming year;
  - b. a mid-year review;
  - c. an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and treasury management practices.
  - d. regular monitoring reports on treasury management activities and risks.
9. The reports set out above shall include reports on the Council's treasury management indicators and prudential indicators.
10. The Council shall approve the prudential indicators for the Council.
11. The Section 151 Officer shall prepare and maintain the Council's treasury management policy and practices.
12. The Council will nominate a Scrutiny Panel to be responsible for ensuring effective scrutiny of the arrangements included in the Council's treasury management strategy and policies.

### **Provisions and Reserves**

1. The Section 151 Officer shall be responsible for advising Councillors on the Council's policy on provisions and reserves.

2. No provisions or reserves shall be established or dissolved without the prior agreement of the Section 151 Officer and approval by Cabinet (Resources) Panel.
3. No money shall be transferred to or from provisions or reserves without the prior agreement of the Section 151 Officer and approval by Cabinet (Resources) Panel.
4. Budget Managers, in conjunction with the Section 151 Officer (or his/her delegate) shall review all provisions and reserves relating to their services for adequacy and relevance, both at the financial year end and as part of the budget preparation process.
5. The Section 151 Officer shall determine, in conjunction with the Cabinet, an appropriate level of general reserves as part of the budget preparation process and shall advise the Council on the adequacy of the proposed level of reserves (in accordance with the requirements of section 25 of the Local Government Act 2003).

### **Medium Term Financial Forecasts**

1. The Section 151 Officer, in conjunction with Budget Managers, shall prepare medium term financial forecasts, spanning a period of no less than three future financial years, at regular intervals. These shall be reported to the Cabinet.

### **Reporting to Councillor Meetings**

1. All reports, with financial implications, to the following Councillor meetings must be submitted to the Section 151 Officer (or his/her delegate) prior to the meeting at which the report is to be received, allowing reasonable time for him/her to consider the report.
  - Council
  - Cabinet and Cabinet Panels
  - Scrutiny Board and Scrutiny Panels
  - Audit Committee
2. Any proposal included in a report to a Councillor meeting that has or could have financial implications must clearly state the actual financial implications if known; or a best estimate if not known; or an explanation of why an estimate cannot be provided.
3. All financial implications in any report to a Councillor meeting must be approved by the Section 151 Officer (or his/her delegate) prior to inclusion in the agenda papers.
4. The report must also include a statement of the headings within the approved budget on which those financial implications would impact. This should be clearly referenced to headings in the approved budget.

5. Financial implications must be evaluated in accordance with the budget guidelines existing at the time.
6. Reports with inadequate financial implications may be withdrawn from the agenda at the discretion of the Section 151 Officer.

**Bad Debt Write Offs**

1. Debt recovery will be pursued in accordance with the Council's current Collection and Debt Strategy.
2. For invoices raised before 1 April 2014:
  - a. The Section 151 Officer shall have delegated authority to write off sums due to the Council against the corporate bad debt provision where the sum due is less than £5,000 and the Section 151 Officer believes that there is negligible prospect of recovery.
  - b. Where the sum due is more than £5,000 the Section 151 Officer shall recommend to Cabinet (Resources) Panel whether the sum is to be charged to the corporate bad debts provision
  - c. The Section 151 Officer shall have delegated authority to write off sums due to the Council against the corporate bad debt provision regardless of value in cases of bankruptcy and liquidation.
3. For invoices raised after 1 April 2014:
  - a. The Section 151 Officer shall have delegated authority to write off sums due to the Council against the originating budget code where the sum due is less than £5,000 and the Section 151 Officer believes that there is negligible prospect of recovery.
  - b. The Section 151 Officer is the final arbiter if the Budget Manager disputes the write-off against the originating budget code.
  - c. Where the sum due is more than £5,000 the Section 151 Officer shall recommend to Cabinet (Resources) Panel whether the sum is to be charged to the originating budget code or the corporate bad debts provision.
  - d. The Section 151 Officer shall have delegated authority to write off sums due to the Council against the corporate bad debt provision regardless of value in cases of bankruptcy and liquidation.
4. All write-offs shall be reported to the Cabinet (Resources) Panel on a regular basis, in a format determined by the Section 151 Officer.
5. All recommendations by the Section 151 Officer for write offs of sums above £5,000 against the corporate bad debt provision or the originating service budget must be approved by the Cabinet (Resources) Panel on a regular basis throughout the year. Approval should be sought by submission of a written report to the Panel, setting out the amounts to be written off and the reason why writing off is considered to be an appropriate course of action, on an individual account basis.

### **1.3 Internal Audit**

1. The Section 151 Officer shall ensure that an adequate and effective internal audit of all Council activities is carried out in accordance Public Sector Internal Audits Standards.
2. For audit purposes, the Section 151 Officer, Head of Audit Services or their authorised representative shall be entitled, without necessarily giving prior notice, to require and receive:
  - a. access to any records (both computer and manual), documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature.
  - b. access at all times to any Council premises or land, where land or premises are in the control of a contractor such access shall be in accordance with the contract;
  - c. the production or identification by any employee of any cash, stores, or other property belonging to the Council, under the employee's control;
  - d. explanations concerning any matter under examination.
3. Wherever any matter arises which involves actual or potential financial irregularities, misappropriations or indications of corruption, the Section 151 Officer and/or Head of Audit Services should be notified immediately and he/she shall take such action as he/she considers necessary by way of investigation, report and referral to the Police. The Section 151 Officer and/or Head of Audit shall, where necessary, consult with the Chief Operating Officer concerning referral to the Police and notify the Head of Paid Service and the Council's external auditor in significant cases of fraud or corruption.
4. The Head of Audit Services shall produce audit reports as appropriate, and when an audit report is issued, the Director(s) concerned shall respond in writing on any recommendations made without delay.

### **1.4 Official Orders and Payments of Accounts**

#### **Official Orders**

1. Official requisitions, orders and goods received notifications shall be in a form agreed by the Section 151 Officer, and the Council's corporate computerised ordering and payments system(s) must be used when procuring work, goods and services.
2. Each Director shall determine the list of employees authorised to operate the Council's corporate computerised ordering and payments system(s) in his/her service group.
3. **Official orders must be issued for all work, goods or services to be**

**supplied to the Council subject to any exceptions as the Section 151 Officer, or their nominated delegate, may approve individually.**

4. Official Orders shall not be issued unless there is provision for the expenditure in an approved budget or a supplementary budget has been approved, and the appropriate action taken to conform with these Rules and the Contract Procedure Rules.
5. Where corporate contracts exist for the provision of work, goods or services they must be used. Any departure from these arrangements where a contract exists shall only be made where the appropriate Budget Manager in consultation with the Head of Procurement considers there are specific advantages to be obtained from using alternative arrangements.
6. Urgent orders may be given over the telephone, facsimile or other communication methods where exceptions have been agreed with the Section 151 Officer or his / her nominated delegate.
7. Orders requiring a number of deliveries or service calls over a period of time, shall be for a maximum duration of twelve months from the date the order is placed. If required, a new order shall be placed for each and every subsequent twelve month period.
8. Budget Managers will be responsible for ensuring open and finished orders are maintained, to ensure accurate year end accruals are processed.
9. Budget Managers are responsible for ensuring invoice payments comply with Public Contract Regulations (payment within 30 days, excluding period of dispute).
10. Budget Managers and authorised employees must comply with the council's current policy and procedures for use of purchasing cards and any associated guidance issued by the Head of Procurement,

### **Payment Of Accounts**

1. **Where an order is required and no such order has been raised, payment will not be made.**
2. Apart from petty cash and any exceptional payments agreed by the Section 151 Officer, the method of payment of sums due from the Council shall be by electronic means, drawn on the Council's bank accounts, or by cheque.
3. Approval of Discretionary Housing Benefit payments is delegated to the Revenues and Benefits Manager

### **1.5 Financial Arrangements for Contracts**

1. **All contracts on behalf of the Council must be arranged and executed in accordance with the Contract Procedure Rules.**
2. Payments on account to contractors for works contracts shall be authorised only on a suitable Certificate signed by the Budget Manager (or their nominee) which shall show the total amount of the contract and value of the work executed to date, retention money, amounts paid to date, and the amounts now certified.
3. Where a contract provides for payments to be made by instalments, a cost plan shall be prepared by the appropriate Budget Manager for such contracts and payments monitored against that plan. If it appears at any time that any approved contract cost will be exceeded due either to significant variations of either specification or price, a report setting out the circumstances and the revised estimated contract cost shall be submitted to the Cabinet as soon as possible.
4. The final certificate for a contract (as determined in the Contract Procedure Rules) shall not be passed for payment until the responsible Budget Manager (or their nominee) has prepared a summary statement and reconciliation of the contractor's final account and has notified the Section 151 Officer who may wish to examine it. In the event of an examination taking place, the Section 151 Officer shall be entitled to receive such further supporting documentation and explanation as may be necessary.
5. All contracts involving special financing arrangements shall be arranged by the Section 151 Officer in consultation with the Chief Operating Officer.
6. Directors, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of the Council's computerised procurement and payment system(s).

#### **1.6 Salaries, Wages, Pensions and Allowances**

1. **These Rules must be read in conjunction with the Council's current human resources policies and procedures.**
2. The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the Council together with payments of pensions and other associated payments from the West Midlands Metropolitan Authorities Pension Fund shall be made by, or under arrangements approved by the Section 151 Officer.
3. Each Budget Manager shall ensure that adequate budget funds exist before establishing new posts or committing to additional salary or expense costs.
4. Each Budget Manager shall update the Council's computerised human resources and payroll system(s) **without delay** with all matters affecting employee pay, and in particular:-



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- a. Establishing new posts, appointments, resignations, dismissals, suspensions, secondments and transfers;
  - b. Absences from duty for sickness or other reasons, including approved leave;
  - c. Approved changes in remuneration, other than normal increments and pay awards
  - d. Information necessary to maintain records of service for pensions, income tax, national insurance and other relevant matters.
5. Appointments and promotions of all employees shall be made in accordance with approved policies and practices of the Council and the approved establishments, grades and rates of pay.
  6. Budget Managers are responsible for ensuring that all time records or other pay documents, and all claims for payment of car allowances, subsistence allowances, travelling and incidental expenses are consistent with the post holder's terms and conditions of employment and current Council policy.
  7. All travel and expense claims must be evidenced by a receipt; failure to provide a receipt will result in the claim being rejected.
  8. All claims for mileage should be accompanied by a VAT receipt.
  9. Except with the approval of the Section 151 Officer all employees and pensioners will be paid by direct credit to a bank or building society account.
  10. No payment will be made to an individual employed on an interim or consultancy basis through the computerised ordering and payment system until the Budget Holder has seen evidence that they:-
    - a. have a unique income tax record; or
    - b. are employed through an established employment agency.
  11. Payment claims shall be made up to a specified day of each month. Unless exceptional circumstances can be demonstrated, payroll **claims** (including travel and expense claims) incurred more than **three months** prior to the submission of the claim will not be paid.
  12. The authorisation of transactions shall be taken to mean that the authorising Budget Manager is satisfied that the claims relate to authorised activities and any expenses claimed have been properly incurred, which should be evidenced with a receipt.
  13. Directors, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of the Council's computerised human resources and payroll system(s).

### **1.7 Banking Arrangements**

1. Under the general direction of the Cabinet (Resources) Panel all arrangements with the Council's bankers shall be made by or approved by the Section 151 Officer who shall be authorised to operate such bank accounts as he/she may consider necessary. No new bank account shall be opened for Council purposes without the approval of the Section 151 Officer.
2. Supplies of all bank stationery and bank cards shall be ordered only by the Section 151 Officer (or his/her delegate) who shall also make proper arrangements for their safe custody.
3. Cheques drawn on any of the Council's bank accounts shall bear the facsimile signature of the Section 151 Officer.
4. The Cabinet (Resources) Panel shall determine the scale of charges for payment by electronic payment cards

### **1.8 Imprest and Petty Cash Accounts**

1. The Section 151 Officer shall provide imprest accounts if considered appropriate for Budget Managers for the purpose of defraying petty cash and other expenses. Proper records of account in a form prescribed by the Section 151 Officer must be maintained by the Budget Manager (or their nominee) and reconciliations must be carried out on a regular basis.
2. Where appropriate, the Section 151 Officer may open bank accounts for use by imprest holders who shall ensure that such accounts do not become overdrawn. It shall be a standing instruction to the bank that duplicate copies of bank statements shall be submitted direct to the Section 151 Officer for monitoring purposes.
3. No income received on behalf of the Council may be paid into an imprest account, but must be banked or paid to the Council as provided elsewhere in these rules. No personal cheques are to be encashed from imprest accounts.
4. Payments shall be limited to items of expenditure of low value as defined by the Section 151 Officer.
5. VAT and other receipts for petty cash expenditure shall be obtained when possible and retained by the Budget Manager. Directors shall maintain a list of employees authorised to certify claims from petty cash together with specimen signatures.
6. Budget Managers responsible for imprest accounts shall, if so requested, provide to the Section 151 Officer a certificate as to the state of that account.
7. On leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest advance, the imprest holder shall account to their Director for the amount originally advanced.

8. Directors, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of the Council's computerised income management and payment system(s).

### **1.9 Income and Debt Recovery**

1. The Section 151 Officer shall approve the arrangements for the collection and banking of all money due to the Council.
2. Each Budget Manager shall ensure the prompt raising of debtor accounts for the recovery of income due in accordance with arrangements approved by the Section 151 Officer.
3. All items of stationery used in connection with the collection and recording of income shall be in a format specified by the Section 151 Officer, or under approved arrangements. The Section 151 Officer will determine the arrangements for their control.
4. Budget Managers will be responsible for ensuring invoices are paid in accordance with the required payment terms for the service provided and where appropriate, before further services are delivered.
5. All money received on behalf of the Council shall, without delay, be paid directly into the relevant Council bank account. No deduction may be made from such money without the written approval of the Section 151 Officer.
6. Budget Managers will be responsible for ensuring Banking and Strategic Finance are advised of any expected income to ensure it is allocated correctly and promptly.
7. Personal cheques shall not be encashed through the Council's bank accounts unless under a scheme approved by the Section 151 Officer.
8. Every transfer of official money from one employee to another will be evidenced in the records of the responsible service group(s) by the signature of the receiving employee.
9. **All employees receiving cash on behalf of the Council must ensure that they comply with the Council's Anti-Money Laundering Policy and Procedures.**
10. All individual cash payments receipted by the Council, in excess of the limit specified in the Anti-Money Laundering Policy, shall be reported to the Council's Money Laundering Reporting Officer.
11. All income streams in excess of £25,000 that were not included in the approved budget shall be reported to the Section 151 Officer at the earliest opportunity.
12. All invoices due for payment to the Council must be raised through the computerised debt recovery system(s).
13. The Section 151 Officer shall determine the repayment terms for invoices where payment is not made within the specified period.

14. No early repayment discounts will be offered, unless authorised by the Cabinet (Resources) Panel, who will determine the level(s).
15. The minimum value for the issue of invoices and payment reminders is to be set by the Section 151 Officer.
16. The Section 151 Officer shall determine the use of late payment fees.
17. The Chief Operating Officer shall determine on the basis of each specific case, whether legal action is to commence against a debtor through the County Court for non-payment of an invoice due to the Council.
18. The Chief Operating Officer shall agree with the Section 151 Officer the amount of interest to be charged and added to the amount due, when legal action commences.
19. The Chief Operating Officer shall agree, with the Section 151 Officer, the level of costs incurred as a result of legal action that are to be borne by the debtor.
20. Directors, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of the Council's computerised income management and debt recovery system(s).

#### **1.10 Stores and Stores Accounting**

1. It shall be the responsibility of Budget Managers to ensure that there is proper care and custody of the stocks and stores in their service groups and to ensure that all receipts and issues are properly recorded on the official records.
2. Stocks held shall not be in excess of normal operational requirements, except in special circumstances with the approval of the Cabinet (Resources) Panel.
3. Budget Managers shall, unless other arrangements are agreed with the Section 151 Officer, arrange for continuous or periodical physical stocktaking of stocks by persons independent of storekeeping or stores accounting and shall ensure that all stocks are checked at least once in every year. Any significant differences revealed on items of stock when a comparison is made between physical and book stock shall be reported by the Budget Manager to the Section 151 Officer in order that the appropriate adjustment may be made in the accounts.
4. Stores deemed to be surplus to requirements and saleable old materials shall not be disposed of except on written authority of the responsible Budget Manager. Sales of such items shall be made in accordance with these Rules.
5. Budget Managers shall supply the Section 151 Officer with such information as is required in relation to stores for accounting and costing purposes and a certificate of the stock held, as at the 31 March each year.
6. Budget Managers shall instigate such systems of identification marking as practicable in order to deter theft and make recognition possible.

**1.11 Inventories**

1. Inventories shall be kept by Budget Managers in every service group in a form approved by the Section 151 Officer.
2. Inventories shall record all items as specified by the Section 151 Officer. Where there are desirable items these should be recorded in inventories irrespective of price.
3. Inventory items should be recorded in inventories immediately on receipt, and where it is appropriate they shall be clearly and permanently marked as the property of the Council.
4. It shall be the responsibility of each Budget Manager to ensure that at least an annual verification of the inventory is made and the responsible employee shall certify the fact on the inventory record. Differences shall be dealt with as in the case of stores, and any action taken shall be recorded in the inventories.
5. The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes, except in accordance with specific directions issued by the responsible Budget Manager. Sales of such items shall be made in accordance with these Rules

**1.12 Insurances**

1. The Section 151 Officer shall effect all insurance cover.
2. The Section 151 Officer shall handle and negotiate all insurance claims, in consultation with Budget Managers where necessary.
3. Budget Managers shall give prompt notification to the Section 151 Officer of all new risks, new assets which require to be insured and any alterations affecting existing insurances.
4. Budget Managers must as soon as possible notify the Section 151 Officer in writing of any loss, liability or damage or any event likely to lead to a claim and take such other action without delay as may be necessary to satisfy any policy conditions. In the case of fire claims likely to exceed the current limit as specified by the Section 151 Officer, the Section 151 Officer should be notified immediately to arrange the appointment of a loss adjuster. The Council's approved procedures for handling insurance claims together with target times for completion should always be followed.
5. The Section 151 Officer shall annually, or at such other period as he/she may consider necessary, review all insurances in consultation with Budget Managers as appropriate. Budget Managers should ensure that they have maintained accurate schedules of equipment to be insured.
6. Budget Managers shall consult the Section 151 Officer and the Chief Operating Officer regarding the terms of any indemnity which the Council is requested to give.

7. Budget Managers shall keep suitable records to ensure that the inspections of engineering plant under their control, which is normally inspected by an insurance company, are carried out by the company within the periods prescribed by the relevant legislation. In the event of any failure by the insurance company to carry out the inspection within the prescribed periods, the Section 151 Officer shall be notified.

### **1.13 Security**

1. Budget Managers are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their control. Each Budget Manager shall consult the Section 151 Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
2. Maximum limits for cash holdings shall not be exceeded without the express permission of the Section 151 Officer.
3. Keys to safes and similar receptacles are to be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Section 151 Officer immediately.
4. Budget Managers are responsible for maintaining records of assets allocated to individual employees, using the council's computerised recording systems where instructed to do so.

### **1.14 Schedule of Responsibilities**

#### **Council**

The Council shall:

- Determine the Budget and Policy Framework.
- Approve the following year's revenue budget
- Approve the following year and medium term budget for capital.
- Approve the following year's levels of Council Tax and housing rents.
- Approve expenditure over and above the total provided for in the current year's budget (supplementary budgets).
- Receive a Treasury Management strategy and plan for the coming year, a mid-year review of these, regular monitoring reports on current Treasury Management activity, and a retrospective report on Treasury Management activity for a financial year.
- Approve the Council's prudential indicators.
- .

#### **Cabinet**

The Cabinet shall:

- Recommend an overall following year budget (both revenue and capital) to Council (see also 15 under Cabinet (Resources) Panel).
- Approve an overall increase or decrease in the Council's total budget, where certain conditions apply.
- Recommend the levels of Council Tax and housing rents to the Council.

- Determine strategic guidelines for the following year's budget.
- Determine a recommended budget, which it will report to the Council in accordance with statutory timescales, and no later than March of the preceding financial year.
- Refer the recommended budget to the appropriate Scrutiny Panels and to consultation, allowing sufficient time to reconsider and if appropriate revise it prior to submitting it to Council.
- Receive reports where there is a forecast over spend that is judged by the Section 151 Officer to be material to the finances of the Council.
- Determine the Council's policy on provisions and reserves
- Receive reports setting out the medium term forecast.
- Receive reports from the Section 151 Officer if he/she considers that the consequences of any forecast over spend are material to the finances of the Council.
- Receive reports if it appears at any time that any approved contract cost will be exceeded due either to significant variations of either specification or price

**Cabinet (Resources) Panel**

The Cabinet (Resources) Panel shall:

- Be responsible for overseeing the execution of financial policy, financial administration and control in the Council, and for supervising the provision of financial services, all subject to direction from the Council and Cabinet.
- Where required, determine a recommended capital budget, which it will report to the Council in accordance with statutory timescales, and no later than March of the preceding financial year.
- Receive budget monitoring reports.
- Receive outturn reports.
- Receive notification of budget carry forwards approved by the Section 151 Officer.
- Approve the allocation of capital budgets to individual capital schemes, where those budgets were originally approved on a non-specific basis by Council.
- Approve the arrangements for investing any surplus funds
- Approve virements exceeding the limit set by the Section 151 Officer.
- Approve the strategy for the setting of fees and charges.
- Approve the list of organisations in which funds under the Council's control may be invested.
- Receive a Treasury Management strategy and plan for the coming year, a mid-year review of these, regular monitoring reports on current Treasury Management activity including treasury management and prudential indicators, and a retrospective report on Treasury Management activity for a financial year.
- Receive notification of write offs of sums due to the Council approved by the Section 151 Officer.
- Approve the write off of sums due to the Council that the Section 151 Officer is not authorised to approve.
- Approve the holding of stocks in excess of normal operational requirements.
- Receive reports on significant differences between physical and book stock discovered in the course of a stock take or otherwise.

- Approve the establishment or disestablishment of provisions and reserves shall be established or dissolved
- Make recommendations to Council concerning the approval of capital budgets.
- Approve the transfer to or from provisions or reserves
- Give general direction to the Section 151 Officer on all arrangements with the Council's bankers
- Determine the scale of charges for payment by electronic payment cards.
- Authorise early repayment discounts for sums due and determine the level(s).

### **Scrutiny Board and Panels**

The Scrutiny Board and Panels shall:

- Scrutinise the budget recommendations made by the Cabinet.
- Scrutinise the Council's Treasury Management Strategy and Policies as delegated by Cabinet (Resources) Panel.

### **Audit and Risk Committee**

The Audit Committee shall:

- Approve the Council's financial statements.

### **Director of Finance**

As Section 151 Officer, the Director of Finance shall:

- Approve commitments to expenditure in future financial years for which there is, as yet, no approved budget.
- Prepare and issue a Budget Book.
- Maintain the list of Budget Managers.
- Submit reports to the Cabinet where an over spend on a service or capital scheme is forecast and is judged to be material to the finances of the Council.
- Submit budget monitoring reports to the Cabinet (Resources) Panel.
- Submit outturn report to the Cabinet (Resources) Panel.
- Approve the carry forward of unused budgets.
- Approve lower-value virements in accordance with the conditions set out in the relevant section. .
- Specify the limit above which virements require Councillor approval.
- Maintain the fees and charges register.
- Determine the Council's accounting policies and, where appropriate, estimation techniques.
- Prepare the Council's financial statements in accordance with statutory requirements and other proper practice.
- Ensure that the Council complies with relevant tax legislation, and that the Council maintains adequate accounting records in respect of its tax affairs.
- Designate the software packages that shall be the Council's definitive accounting record.
- Approve the use of any other accounting records.
- Be responsible for ensuring that access to the definitive accounting record is controlled and restricted accordingly.
- Approve grant applications.



## ***Financial Procedure Rule***

- Determine the format and content of records to be maintained in respect of grants.
- Maintain a register of all grants receivable by the Council.
- Approve commitments to enter into leasing or lease-type arrangements.
- Approve lending and borrowing of Council funds, and other sophisticated financial transactions.
- Be the registrar of stocks, bonds and mortgages and maintain records of all borrowing by the Council.
- Submit to the Cabinet (Resources) Panel a Treasury Policy Statement, regular reports on current Treasury Management activity, and a retrospective report on Treasury Management activity for a financial year.
- Be responsible for determining the Council's policy on provisions and reserves, and approve the establishment and dissolution of any provisions or reserves, and the transfers of money to or from provisions or reserves.
- Assist Budget Managers in reviewing the provisions and reserves relating to their service.
- Determine an appropriate level of general reserves as part of the budget preparation process, and advise the Council on the adequacy of the proposed level of reserves.
- Prepare medium term financial forecasts in conjunction with Budget Managers, at regular intervals for reporting to the Cabinet.
- Receive and consider all reports to certain Councillor meetings.
- Approve financial implications contained in any report to Councillor meetings.
- Withdraw reports with inadequate financial implications from the agenda of a Councillor meeting.
- Approve write offs of sums due to the Council in certain circumstances, as set out in the Financial Procedure Rules.
- Determine the format of reports notifying the Cabinet (Resources) Panel of write offs approved by the Section 151 Officer.
- Ensure that an adequate and effective internal audit of all Council activities is carried out.
- Be entitled to require and receive certain information and rights in respect of internal audit.
- Receive notification of actual or potential financial irregularities, misappropriations or indications of corruption, and take such action as he/she considers appropriate.
- Notify the Head of Paid Service and the Council's external auditor in significant cases of fraud or corruption.
- Produce audit reports as appropriate.
- Approve the format of official orders.
- Approve individual exceptions to the requirement to use official orders.
- Approve the arrangements for making payment of salaries, wages, pensions, compensation and other emoluments.
- Approve individual exceptions to the requirement for payment to employees to be made by direct credit.
- Approve the Council's banking arrangements, including the opening of a bank account for Council purposes.
- Order cheques and bank cards for the Council, and make proper arrangements for their safe custody.

## ***Financial Procedure Rule***

- Sign all cheques drawn on the Council's accounts.
- Provide imprest accounts if considered appropriate, and prescribe the form of records required to be kept in respect of those accounts.
- Open bank accounts for use by imprest holders, where appropriate, and receive bank statements for those accounts directly.
- Maintain the list of employees authorised to certify claims from imprest accounts.
- Approve the arrangements for the collection and banking of all money due to the Council.
- Approve the arrangements for the issue of debtor accounts.
- Approve the arrangements for the control of stationery connected with the collection and recording of income.
- Receive notification of all individual cash payments in excess of the Anti-Money Laundering Policy limit.
- Receive notification of all income streams in excess of £25,000 that were not included in the approved budget.
- Approve the minimum value for the issue of invoices and payment reminders
- Approve the use of late payment fees
- Receive notification of information required for stock accounting and a certificate of stocks held at each 31 March.
- Approve the format of inventories.
- Effect all insurance cover, and negotiate claims.
- Receive notification of all matters that may impact on insurance cover, or be likely to lead to a claim.
- Review all insurances in consultation with Budget Managers as appropriate.
- Receive notification from Budget Managers in the event of any failure by the insurance company to carry out an inspection of relevant engineering plant within the prescribed periods.
- Approve the holding of cash in excess of the specified maximum limit.
- Ensure compliance with the requirements of the Council's computerised financial, procurement, human resources and payroll system(s).

### **Chief Operating Officer**

The Chief Operating Officer shall:

- Hold all securities and the title deeds of all property in the ownership of the Council or its nominees.
- Receive notification of all individual cash payments in excess of the Anti-Money Laundering Policy limit.
- Determine on the basis of each specific case, whether legal action is to commence against a debtor through the County Court for non-payment of an invoice due to the Council.
- Agree with the Section 151 Officer the interest to be charged and added to the amount due, when legal action commences.
- Agree, with the Section 151 Officer, the level of costs incurred as a result of legal action that are to be borne by the debtor.
- Ensure compliance with the requirements of the Council's computerised financial, procurement, human resources and payroll system(s).

**Deputy Director of People and Change**

The Deputy Director of People and Change shall:

- Maintain the council's pay and human resources policies and procedures and issue instructions to Directors and Budget Managers as appropriate.
- Ensure compliance with the requirements of the Council's computerised human resources (s).

**Director**

A Director shall:

- Nominate Budget Managers for each service and capital scheme for which they are responsible and notify the Section 151 Officer of all changes.
- Notify the Section 151 Officer immediately of any emerging financial liabilities not provided for in the approved budget or an existing provision or reserve.
- Respond in writing on any recommendations made in an audit report without delay.
- Determine the service group employees who are authorised to use the council's computerised financial procurement, human resources and payroll systems.
- Take action where employees fail to comply with the requirements for use of the council's computerised financial procurement, human resources and payroll systems.
- Maintain a list of employees authorised to certify claims from petty cash together with specimen signatures.

**Budget Manager**

A Budget Manager shall:

- Be able to incur expenditure up to the limit set within the approved budget for each service or capital scheme for which they are responsible.
- Be responsible for generating income for services or capital schemes for which they are responsible.
- Submit reports to the Cabinet (Resources) Panel explaining over spends where required to do so by the Section 151 Officer.
- Monitor expenditure and income, with reference to the budget and in liaison with the Section 151 Officer, on an ongoing basis.
- Where he/she believes that it is likely that the budget will be exceeded for one of his/her services/s, raise it with the relevant Director and the Section 151 Officer (or his / her delegate) immediately.
- Notify the Section 151 Officer immediately of any emerging financial liabilities not provided for in the approved budget or an existing provision or reserve.
- Approve lower-value virements in accordance with the conditions set out in the relevant section.
- Arrange for reports requesting higher-value virements to be prepared and submitted to the Cabinet (Resources) Panel.
- Review all provisions and reserves relating to their services, in conjunction with the Section 151 Officer.
- Be responsible for ensuring that grant conditions are met and appropriate records maintained in support of grant claims.

## ***Financial Procedure Rule***

- Be responsible for notifying Banking and Strategic Finance of any expected incoming sums.
- Consult the Head of Procurement in cases of proposed departure from corporate contracts for the provision of work, goods or services
- Authorise payments on account to contractors and prepare the specified documentation
- Ensure the maintenance of open and finished orders
- Ensure invoice payments comply with the Public Contract Regulations
- Comply with current policy and procedures for the use of purchasing cards
- Prepare contract cost plans and summary statements in the format specified by the Section 151 Officer
- Ensure that adequate budget funds exist before establishing new posts or committing to additional salary or expense costs
- Update the Council's computerised human resources and payroll system(s) without delay with all matters affecting employee pay
- Ensure that all pay records and expense claims are consistent with the post holder's terms and conditions of employment and current Council policy.
- Maintain proper records of account for petty cash in a form prescribed by the Section 151 Officer
- Obtain VAT and other receipts for petty cash expenditure
- Where requested by the Section 151 Officer, provide a certificate as to the state of petty cash accounts
- Ensure the prompt raising of debtor accounts for the recovery of income due
- Monitor the recovery of income due in respect of invoices raised
- Instigate such systems of identification marking of stock as practicable in order to detect theft and make recognition possible.
- Ensure that a verification of the inventory is made as specified by the Section 151 Officer, and deal with any discrepancies as for stores.
- Notify the Section 151 Officer of all matters that may impact on insurance cover, or be likely to lead to a claim.
- Maintain accurate schedules of equipment to be insured.
- Consult with the Section 151 Officer and the Chief Operating Officer regarding the terms of any indemnity which the Council is required to give.
- Keep suitable records to ensure that the inspections of engineering plant under their control, which is normally inspected by an insurance company, are carried out by the company within the periods prescribed by the relevant legislation.
- Notify the Section 151 Officer in the event of any failure by the insurance company to carry out the inspection within the prescribed periods.
- Be responsible for maintaining proper security at all times for all assets under their control and consult the Section 151 Officer where security is thought to be defective.
- Ensure that there is proper care and custody of the stocks and stores in their service, and that all receipts and issues are properly recorded on the official records.
- Arrange for stocktaking of the stocks in their service, and report any significant differences between physical and book stock to the Section 151 Officer.

- Approve (in writing) the disposal of stores deemed to be surplus to requirements and saleable old materials.
- Provide the Section 151 Officer with such information as is required in relation to stores for accounting and costing purposes, and a certificate of the stock held at each 31 March.
- Keep inventories in a form approved by the Section 151 Officer
- Maintain records of assets allocated to individual employees, using the council's computerised recording systems where instructed to do so
- Ensure compliance with the requirements of the Council's computerised financial, procurement, human resources and payroll system(s).

### **Head of Revenues and Benefits**

The Head of Revenues and Benefits shall:

- Approve Discretionary Housing Benefit payments.
- Approve Discretionary Rate Relief applications
- Approve Discretionary Council Tax reductions
- Agree repayment arrangement for income owed to the Council
- Ensure compliance with the requirements of the Council's computerised financial systems.

### **Head of the Hub**

The Head of the Hub shall:

- Ensure compliance with the statutory financial responsibilities relating to Accounts Payable, Banking and Payroll, such as publication of spend under the Local Government Transparency Code and Public Contracts Regulations 2015, Payroll returns to HMRC and Constructions Industry Tax Deduction Scheme returns to HMRC.
- Maintaining procedures and monitoring compliance of users of purchasing cards.
- Ensure compliance with the requirements of the Council's computerised financial, and payroll systems.

### **Head of Procurement**

The Head of Procurement shall:

- Maintain the council's contract procedure rules and procurement strategy and issue instructions to Directors and Budget Managers as appropriate.
- Advise Budget Managers in cases of proposed departure from corporate contracts for the provision of work, goods or services
- Ensure compliance with the requirements of the Council's computerised financial and procurement systems.
- Maintain the council's policy on the use of purchasing cards.

### **Head of Audit Services**

The Head of Audit Services shall:

- Require and receive access to any records and Council premises, the production or identification of any cash, stores, or other property belonging to the Council and explanations concerning any matter under examination.

## **Financial Procedure Rule**

- Be notified immediately wherever any matter arises which involves actual or potential financial irregularities, misappropriations or indications of corruption
- Produce audit reports as appropriate

### **Schedule of Financial Limits**

<b>Budget Monitoring Reports to the Cabinet (Resources) Panel</b>	
Minimum limit for variances requiring separate identification in report	The higher of 1% of budget or £100,000
<b>Debt Write Offs</b>	
Maximum limit for individual debt write offs by the Section 151 Officer not requiring Councillor approval (except in cases of bankruptcy and liquidation, for which no limit applies)	£5,000
<b>Income</b>	
Minimum limit for individual cash receipts to be notified by Budget Managers to the Section 151 Officer	Limit as specified in the Anti-Money Laundering Policy
Minimum limit for unbudgeted income streams to be notified by Budget Managers to the Section 151 Officer	£25,000
<b>Leases</b>	
Financial limits for the approval and reporting of leases	Limits as specified in the Procurement Procedures
<b>Insurance</b>	
Minimum limit for claims for fire damage to be notified by Budget Managers to the Section 151 Officer	Limit as specified by the Section 151 Officer

## **Financial Procedure Rule**

<b>Payment Approval - Computerised Payment System(s)</b>	
Deputy Director / Director	£500,001 and above
Head of Service – Service-level approvals	£50,001 to £500,000
Manager – Cost Centre Group approvals	£5,001 to £50,000
Delegated Budget Approver – Cost Centre approvals	£0 to £5,000
Auto- Approval of contracted expenditure 'Auto Approval' is the approval of any line of an order under £200 in value providing the order has been raised against an approved contract or an approved supplier catalogue.	Under £200
<b>Debt Raising Approval - Computerised Payment System(s)</b>	
Limit where individual invoices must be approved by a Director or their nominated Budget Manager	£50,000 and above