

Financial Regulations

(Excluding all Schools)

November 2015

**A component of good financial
management**



**Officers' & Members' roles &
responsibilities explained**

Table of Contents

Section	Details	Page No.
1	<u>Introduction</u>	3
2	<u>Financial Management – Roles and Responsibilities explained</u>	5
3	<u>Internal Audit</u>	10
4	<u>Risk Management</u>	12
5	<u>Fraud Prevention</u>	14
6	<u>Budget Management and Control</u>	17
7	<u>Revenue Budget Preparation</u>	20
8	<u>Capital Expenditure</u>	22
9	<u>Treasury Management (Investments and Borrowing)</u>	24
10	<u>Accounting Systems and Processes</u>	25
11	<u>Payroll</u>	27
12	<u>Ordering & Paying for Works, Goods & Services</u>	29
13	<u>Income Collection</u>	33
14	<u>Bank Accounts, Banking & Cash Handling</u>	35
15	<u>Asset Management</u>	37
16	<u>Asset Leasing</u>	39
17	<u>Insurance</u>	40
18	<u>VAT</u>	42
19	<u>Information Systems Management</u>	44
20	<u>'Employee' Interests, Gifts and Hospitality</u>	49
21	<u>Corporate Purchasing Cards</u>	52
22	<u>International Travel</u>	54
23	<u>Commissioning & Procurement</u>	56
24	<u>Member's Allowances & Expenses</u>	59
25	<u>External Arrangements Partnerships</u>	60
26	<u>External Funding</u>	63
27	<u>Work for Third Parties</u>	64
28	<u>Avon Pension Fund</u>	65

Section 1 - Introduction

Why do we need Financial Regulations?

The challenges faced by the Council to provide and maintain high quality services will continually change. In order to respond effectively to these challenges there is a need to effectively manage the resources used by the Council on behalf of the local taxpayer. Stewardship of Council finances requires high standards of financial integrity and accountability.

The Financial Regulations define the boundaries within which we operate to effectively manage risk. They clarify roles and responsibilities and provide a framework for decision making.

All large organisations have a set of rules to regulate their finances and to protect the interests of their stakeholders and staff. However, the rules themselves are not of any use unless they are known and understood.

Who should read and understand Financial Regulations?

The Council's Section 151 Officer, as the Council's statutory Chief Financial Officer is ultimately responsible for ensuring the proper administration of the Council's financial affairs. These regulations form part of the arrangements that the Council's Section 151 Officer has put in place to discharge his statutory responsibilities and compliance is required by Members, Officers and other individuals carrying out work on behalf of the Council. This includes Council employees working for the Avon Pension Fund. LEA Schools are required to comply with specific School Financial Regulations which have been incorporated into the Schools Financial Manual.

Strategic Directors and Divisional Directors are responsible for bringing the regulations to the attention of every member of staff, providing the necessary training and monitoring compliance.

Any known breaches of Financial Regulations must be reported via the relevant Divisional Director / Strategic Director to the Chief Finance Officer (Section 151 Officer- Local Government Act 1972). Failure to comply with Financial Regulations and Codes of Practice will be subject to investigation and may result in disciplinary action.

Codes of Practice

The Financial Regulations must be read in conjunction with the various Council Policies, Financial Standards and Codes of Practice, which provide details of the processes, procedures and controls, and which must be adhered to.

The Financial Regulations will be found on the Council's Internal Web site along with copies of all related Council Codes of Practice, Policies, Procedures and Financial Standards.

Compliance

Divisional Directors are responsible for ensuring that all staff (including non-permanent staff) in their services are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. Divisional Directors are responsible for reporting any breaches of the Financial Regulations to the Chief Finance Officer, who is also responsible for reporting, where appropriate, breaches of the financial regulations to Council and Cabinet. The Council's Disciplinary Policies / Procedures will be used if non-compliance is identified.

Maintenance

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. He / she may issue advice, guidance and procedures to underpin the financial regulations that members, officers and others acting on behalf of the Council are required to follow. Divisional Directors must advise the Chief Finance Officer on circumstances that may require the development of supplementary advice and guidance on financial procedures or systems of internal control.

Section 2 - Financial Management Roles & Responsibilities explained

The Council's Financial Regulations, Budget Management Scheme and the Codes of Practice on Matters of Financial Administration (including Officers' Code of Conduct) are bound separately but form part of the formal Constitution of the Council. The Council's Constitution is accessible through the [Council Website](#).

Sound financial management is critical to the Council in successfully achieving its plans, objectives and quality standards. Financial management is essential in order to:

- plan and maintain effective use of resources to achieve agreed service delivery standards;
- comply with legislation, related professional Codes of Practice and accounting standards;
- provide accurate, complete and valid accounts and information which demonstrate accountability to the public;
- ensure the appropriate use and security of financial and physical assets;
- help the Council conduct its affairs in an efficient, effective and economic manner.

Financial management is, therefore, concerned with the policies, processes, procedures and standards of the Council. Within this context the key areas of responsibility, and associated specific financial regulations, are as follows:

Council Members	<p>Approve Financial Regulations and Contract Standing Orders.</p> <p>Set the overall budget framework and monitor performance against agreed targets.</p> <p>Provide the reporting framework to monitor the achievement of Service objectives within the resources allocated.</p> <p>Determine the level of responsibility for financial management given to Services, Chief Officers and Local Managers.</p> <p>Administer the Avon Pension Fund on behalf of all four Unitary Authorities and other Fund employers.</p>
-----------------	--

<p>Corporate Audit Committee</p>	<p>The Council has delegated to the Corporate Audit Committee its powers and duties relating to the following matters:</p> <p>A) To consider and approve for publication on behalf of the Council, the Annual Accounts in accordance with the Accounts and Audit Regulations and any other relevant legislation or statutory guidance.</p> <p>B) To consider the Annual Governance Statement and Action Plan in accordance with the Accounts and Audit Regulations and any other relevant legislation or statutory guidance and make recommendations on this to the Executive or other appropriate body.</p> <p>C) To promote good governance arrangements within the Council and in its dealings with partner bodies and contractors, including compliance with legal and professional standards, in accordance with the Code of Corporate Governance.</p> <p>D) To agree the Council's External Audit Plan and proposed fees, within the budget agreed by the Council, and to monitor the delivery of that Plan.</p> <p>E) To agree the Internal Audit Plan, within the budget agreed by the Council, to monitor its delivery and effectiveness and to consider and make recommendations on any significant matters arising from Internal Audit work.</p> <p>F) To approve the Council's statutory accounting statements and policies.</p>
<p>Chief Executive</p>	<p>Provides strategic management and establishes a framework for management direction, style and standards.</p> <p>Secures a process for resource allocation that ensures due consideration of policy.</p> <p>Monitors the performance of the Council.</p>
<p>Chief Finance Officer</p>	<p>The Divisional Director (Business Support) carries out the statutory role of Chief Finance Officer:</p> <p>(a) The proper administration of the Council's financial affairs and advising on effective systems of internal control.</p> <p>(b) Setting and monitoring compliance with financial management standards.</p> <p>(c) Issuing advice, guidance and procedures to underpin the financial regulations.</p>

	<p>(d) Determining the accounting procedures and financial records for the Council.</p> <p>(e) Selecting accounting policies and ensuring that they are applied consistently.</p> <p>(f) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.</p> <p>(g) Providing financial information.</p> <p>(h) Preparing the revenue budget, supplementary revenue estimates and capital programme.</p> <p>(i) Treasury management.</p> <p>(j) The preparation and consolidation of the Council's accounts</p> <p>(k) Reporting to the Council on the robustness of the annual budget and the adequacy of the Council's financial reserves.</p> <p>(l) Report to the Council, Cabinet and external auditor if the Council or one of its officers :</p> <ul style="list-style-type: none"> • 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 Council. • is about to make an unlawful entry in the Council's accounts. <p>(m) Advising the Pension Committee on all matters of policy concerned with the administration of the Avon Pension Fund, including the investment management arrangements.</p>
<p>Strategic Directors</p>	<p>Establish clear accountabilities for all managers that include objectives of and responsibility for systems and information.</p> <p>Implement processes for considering the financial effects of policy and relating policy to resources.</p> <p>Monitor the delivery of policy and the use of resources, ensuring that appropriate action is taken where there is a mismatch.</p> <p>Clearly understand the consequences of a lack of control and ensure that Local Managers have effective procedures for safeguarding the Council's resources.</p> <p>Operate processes to check that established internal controls are in place and evaluate their effectiveness.</p>

<p>Monitoring Officer</p>	<p>The Divisional Director (Legal & Democratic) carries out the statutory role of Monitoring Officer. The Monitoring Officer reports to the Council if a contravention of law, Code of Practice or any maladministration has arisen through any decision or omission by the Council, by any Member, Committee or Officer of the Council.</p>
<p>Divisional Directors</p>	<p>Determine the appropriate level of control within their areas of responsibility in accordance with advice and guidance provided by the Chief Finance Officer, their Strategic Director and the Council's auditors.</p> <p>Ensure all their staff understand and comply with Financial Regulations, Contract Standing Orders, Council policies and procedures and Service specific instructions.</p> <p>Monitor compliance with these regulations, policies and instructions.</p>
<p>Chief Internal Auditor (Chief Audit Executive)</p>	<p>Provide an independent Internal Audit Service which has unfettered access to the Chief Executive and Senior Management and is able to access all relevant records and information within the Authority to carry out its role.</p> <p>Provide independent, objective assurance / advice to management on the operation of internal controls (including financial) to improve an organisation's operations.</p> <p>Provide an annual opinion on the framework of internal control and risk management.</p> <p>Investigate on behalf of the organisation any suspected financial irregularities or misuse of resources and ensure that there is a system in place to allow staff, contractors or the public at large to report serious concerns confidentially.</p>
<p>External Audit</p>	<p>Report on whether the Council's accounts and statements present fairly the Council's financial position.</p> <p>Report on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.</p> <p>Grant Claim certification.</p>

<p>All Employees</p>	<p>Have a responsibility for following Financial Regulations and other Council policies & adopted regulations (including Contract Standing Orders, Code of Conduct) and Service specific instructions.</p> <p>Help the Council achieve open and honest administration by supporting approved fraud prevention strategies and avoiding potential conflicts of interest.</p> <p>Assist the Council's audit processes.</p> <p>Keep accurate and comprehensive records to support the transactions undertaken on the Council's behalf.</p>
----------------------	--

In addition, please refer to:

[The Council's Constitution](#)

Section 3 – Internal Audit

Why is this important?

The purpose of this section of the regulations is to highlight the authority delegated to the Council’s Chief Audit Executive (term used by the Public Sector Internal Audit Standards), when reviewing the accounting and financial arrangements within the Council.

Statutory Requirements:

The Accounts and Audit Regulations 2011, Part 2 (6), require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. These Regulations cover the requirements of Section 151 of the Local Government Act 1972, which states that authorities must “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for administration of those affairs.”

Objectives & Role of Internal Audit:

Accordingly, Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

1. The organisation is responsible for maintaining an adequate and effective internal audit of the accounting and financial transactions, including any operations that affect the financial arrangements of the Council.
2. Internal Audit is independent in its planning and operation.
3. Internal Audit complies with the United Kingdom Public Sector Internal Audit Standards.
4. The Chief Audit Executive or their authorised representative, shall have authority to:
 - a) Enter at any reasonable times, any operational or administrative Council premises or land and have access to all Council property.
 - b) Have access to (and where necessary to copy or retain) all records whether manually or electronically held, documentation, correspondence and computer systems relating to any transaction of the Council, or non-official funds operated by Council staff,
 - c) Require and receive such explanations as are necessary concerning any matter under examination,
 - d) Require any employee of the Council to produce or account for cash, stores or any other property under their custody or control,
 - e) Examine any work or services carried out for the council by an employee or contractor, and any goods purchased on behalf of the Council,
 - f) Review appraise and report on the soundness, adequacy and application of internal controls. This includes those controls to protect Council resources, property and assets from loss / waste.

5. The Council's Chief Audit Executive shall have direct access and the right of report to the Chief Executive, Strategic Directors, Chief Finance Officer, the External Auditor, Leader of the Council, Chair of the Corporate Audit Committee and Chair of the Council's Policy Development & Scrutiny Panels, where appropriate.

In addition, please refer to:

[Internal Audit Service Charter](#)

Section 4 – Risk Management

Why is this important?

Risk management is an integral part of the corporate governance framework for Local Government. This is detailed in the Council's Local Code of Corporate Governance which is reviewed annually and reported in the Council's Annual Governance Statement.

The Council's Risk Management Strategy will help support and underpin the delivery of its Vision & Values.

Objectives of risk management processes:

- Protecting and adding value by supporting the achievement of the Sustainable Community Strategy.
- Improved strategic, operational and financial management.
- Contributing to more efficient use/allocation of resources.
- Mitigation of key threats and taking advantage of key opportunities.
- Protecting and enhancing assets and image.
- Improving decision-making (making the right decisions).
- Safeguarding of tangible and intangible assets.
- Promotion of innovation and change.
- Optimising operational efficiency and therefore delivering efficiency gains and value for money.
- Allocating time and management effort based on formal assessment of threats and opportunities.
- Avoid nasty surprises, shocks, crises and the time taken to 'fire fight' these.
- Improved customer service delivery.

Key Responsibilities for Staff & Members:

1. Council Members gain an understanding and promote risk management and its benefits throughout the Council & its partners, ensuring Members take risk management into consideration when making decisions.
2. Both the Cabinet and Elected Members oversee the effective management of risk throughout the Council and its partnerships, and gain an understanding of its benefits, ensuring officers develop and implement a comprehensive approach to risk management.
3. The Corporate Audit Committee provides independent assurance of the risk management framework and associated control environment, independent scrutiny of the Council and partners financial and non-financial performance, and oversee the financial reporting process.
4. The Cabinet Member for Resources is responsible for approving the Council's risk management strategy, and promoting a culture of risk management and awareness throughout the Council.

5. The Directorate Management Teams gain an understanding and promote the risk management process and its benefits, oversee the implementation of the risk management strategy and agree any inputs and resources required supporting the work corporately.
6. Strategic and Divisional Directors ensure that the risk management process is promoted, managed and implemented effectively in their service areas within the organisation. Liaising with external agencies to identify and manage risk. Disseminating relevant information to service managers and employees.
7. Service Managers raise awareness, manage and implement the risk management process effectively in their service areas, recommending any necessary training for employees on risk management. Incorporating risk ownership through the appraisal scheme with employees and share relevant information with colleagues in other service areas.
8. All employees of the Council manage risk effectively in their jobs, liaising with their line manager to assess areas of risk in their job. Identify new or changing risks in their job and feed these back to their line manager.
9. The Audit & Risk Team challenge the risk management process, including the identification and evaluation of risk and provide assurance to Officers and Members on the effectiveness of controls.
10. The Chief Finance Officer supports the Council and its services in the effective development, implementation and review of the Council's risk management processes. Identify and communicate risk management issues to services, and assist in undertaking risk management activity through training or direct support.

In addition, please refer to:

[The Council's Risk Management Strategy](#)

Section 5 – Fraud Prevention

Why is this important?

“Keeping our House in Order” - Bath and North East Somerset’s Fraud Prevention Statement

We all have a special responsibility for dealing with public funds and assets. The Council controls millions of pounds of public money and we must take very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject.

Bath and North East Somerset acknowledges the responsibility it has for the administration of public funds and wishes to emphasise to the public and its staff the importance it places upon probity, financial control and transparency in its administration.

The Council is committed to prevention, deterrence, detection and investigation of all forms of fraud and corruption.

The Council recognises that fraud and corruption undermine the high standards of public service, which it promotes, and reduces the resources available for the good of the whole community.

The statement applies to all Members and employees of the Council and demonstrates to the community of Bath and North East Somerset Council our commitment to combating fraud and corruption wherever it is found.

The Fraud Prevention Statement – Key Principles:

Leading by example, our Council will ensure that:

- Everyone within the organisation takes responsibility for the prevention and detection of fraud and corruption.
- There is compliance with key policies and procedures.
- Fraud is not tolerated and that all such cases are thoroughly investigated.
- All officers and Members have proper training and guidance regarding anti-fraud and corruption issues.
- High standards of internal control are promoted.
- There is a safe environment to report suspected cases of fraud and corruption.
- Rigorous action is taken against anyone found guilty of fraud or corruption. This will be through the Council’s disciplinary process and by taking legal action as appropriate.

Key Responsibilities for Members and Staff:

1. Strategic & Divisional Directors are responsible for the prevention and detection of fraud, error and wasteful practices within their Service environment.
2. They must inform the Chief Finance Officer and / or the 'Chief Audit Executive', immediately of any suspected financial irregularity.
3. The Council's Chief Finance Officer and / or the 'Chief Audit Executive', shall report to the Chief Executive and relevant Strategic Directors any circumstances which could involve the Council in unlawful expenditure or action which could result in a potential loss or deficiency to the Council or unlawful entries in the accounts.
4. All employees have an important part to play in reporting concerns about wrong doing at work by other employees, Councillors, suppliers, contractors or others acting on behalf of the Council.
5. In this respect, employees are under a duty to assist with the discharge of these responsibilities by reporting to their managers, or through the Council's Whistleblowing Policy, any instance where financial irregularity is suspected.
6. Abuse of the Whistleblowing Policy by raising malicious, unfounded allegations will be treated as a serious disciplinary matter.
7. In addition, the Council has a legal duty to implement a procedure to enable the reporting of suspicions of money laundering. Accordingly, any Member or employee, who in the course of Council business becomes aware that criminal property or funds could be involved, should report their suspicion promptly, in accordance with the Anti-Money Laundering Policy. Failure to do this may result in a criminal offence being committed.
8. The UK Bribery Act, 2010 which came into force on the 1st July 2011 introduces a corporate offence of failure to prevent bribery.

The three key offences under the Act which may have an impact on the authority are:

- Bribery of another person
- Accepting a bribe
- Failing to prevent bribery

The offences carry criminal penalties for individuals and organisations. Individuals can be imprisoned for up to a maximum of ten years. Both individuals and organisations can be subject to an unlimited fine.

The Act states that organisations will be responsible for their employees' corrupt acts unless they can show they had adequate policies and procedures in place to combat bribery.

Staff are responsible for the prevention, detection and reporting of bribery and other forms of corruption. If any member of staff or Council Member has concerns regarding a suspected instance of bribery they must refer to the Council's Whistleblowing Policy and report the matter.

In addition, please refer to:

[The Council's Anti-fraud and Corruption Policy](#)
[Whistleblowing Policy](#)
[Fraud Response Plan](#)
[Anti-Money Laundering Policy](#)
[Council's Employee's Code of Conduct](#)
[Council's General Employment Standards and Rules](#)

Section 6 - Budget Management and Control

Why is this important?

Budgets (spending plans) are needed so that the Council can plan, monitor and control the way resources are allocated and spent. Budgets reflect Council, Portfolio, Service and local priorities and give authority to Local Managers to incur expenditure to meet targets.

Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, which reviews and manages spending against budget during the financial year. In addition, it provides the mechanism that calls to account managers responsible for defined elements of the budget.

The purpose of the Budget Management Scheme rules

- a) To ensure that income and expenditure are in line with the agreed Council budgets and service plans (consistency of purpose),
- b) Overall Financial control of Council income and expenditure.

The implications of poor budget management

1. The Council may not be operating within the law;
2. Policies and objectives may not be achieved;
3. Resources may not be used in accordance with agreed authority;
4. Failure to secure value for money (efficient & effective use of resources);
5. Decisions made without the benefit of full or appropriate information;
6. Inability to take appropriate action at the right time.

Key requirements for budget management and control

Section A: Revenue Budgets:

- Budget approval is required for all expenditure.
- The Chief Executive and Strategic Directors have overall responsibility for the delivery of the strategic objectives for their areas of responsibility and thus have a responsibility for effective performance monitoring of Divisional Directors on matters of budget management.
- Divisional Directors are responsible for Budget Management.
- Each Divisional Director will develop and maintain effective arrangements for financial management within his/her Service area.
- Each Divisional Director will nominate a Budget Manager for each cost centre heading, as appropriate.
- Budget Managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- Budget Managers follow an approved certification process for all expenditure.

- Income and expenditure must be properly recorded and accounted for by all Budget Managers. This is achieved by ensuring the accurate use of accounting codes and timely monitoring of financial information.
- Budget Managers are responsible for maintaining a current forecast of their budget and communicating this to their Finance Team. Where a Variance, the difference between forecast and budget, is recurrent this should be identified for future correction.
- Services are to be managed within their budgets using financial forecasting, virement and carry forward, as appropriate.
- Expenditure is committed only against an approved budget head.
- Any virement which has the effect of changing a policy contained in the Policy Framework must be approved by the Council.
- All virements must be reported to the Cabinet on a quarterly basis.
- Any proposed use of general balances, in excess of limits set by the Budget Management Scheme, must be recommended by the Cabinet and/or approved by the Council.
- Any Council earmarked reserve set aside by Council for a specific purpose may not be spent on any other purpose without the permission of the Council.
- Informal Cabinet and Senior Management Team will receive monthly finance dashboard reports starting with actual v budgets for May to be reported in June.
- The Cabinet will receive budget monitoring reports (including capital monitoring) at its public meetings four times a year (normally in September, November, February and July).
- The Cabinet is required to approve the outturn position in July following the financial year end.

Section B: Capital Budgets:

- Divisional Directors are generally responsible for budget management of all capital schemes (including major and other projects) within their service area, but all capital schemes must have a designated responsible Budget Manager who may or may not be a Divisional Director.
- Before any scheme is included in any programme, budget management responsibility must be assigned.
- The Capital Programme is agreed by Council.
- The Project Management Handbook sets out the process for managing a project of any type or value, along with roles and responsibilities of all parties involved and provides the necessary templates and guidance to manage a project through to completion.
- With effective budget planning and management, overspending should not occur. If, however, one occurs it must be recovered. The Divisional Director is responsible for making proposals for the avoidance or recovery of any overspending to their Strategic Director in the first instance.
- Capital schemes must have a review and reporting process. For example, Directors Reviews will receive reports of progress in order to focus on the key issues and project spend, and associated funding and revenue implications.
- Council will approve a sum that is to be set aside to reflect the overall risk from capital projects it has approved

Appendix 6

- Strategic Directors will be responsible for ensuring the principles of this scheme are understood and enforced within their Service areas.

In addition, please refer to:
[The Budget Management Scheme](#)

Section 7 – Revenue Budget Preparation

Why is this important?

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The annual Revenue and Capital budgets are the financial expression of the Council's plans and policies.

The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Council to budget for a deficit. All key decisions on revenue expenditure must be made by Cabinet Members.

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around how virements / journals operate, the operation of cash limits, and sets the level at which funds may be reallocated within budgets.

A report on new proposals should explain the full financial implications, following consultation with the Chief Finance Officer or designated Finance Manager. Strategic Directors must present a balanced budget and plan to contain the financial implications of such proposals within their cash limit.

Key Responsibilities for Members and Staff:

1. Specific budget approval is required for all expenditure.
2. Budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Strategic Director for their budgets and the level of service to be delivered. Key savings and developments are included in service delivery plans (for subsequent monitoring) and individual employee's Performance Development Review.
3. Preparation of the budget complies with all legal requirements.
4. The format complies with the requirements of the Chief Finance Officer and, where necessary, has regard to relevant accounting standards.
5. The format reflects the accountabilities of service delivery
6. The Chief Finance Officer will:
 - (a) Advise the Cabinet and Council on the format and timing of the budget to be approved by the full Council.
 - (b) Prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
 - (c) Determine the detailed form of revenue budgets and the guidelines for their preparation, after consultation with the Cabinet and Strategic Directors.

- (d) Prepare and submit reports to the Cabinet on the aggregate spending plans of directorates and on the resources available to fund them, identifying, the implications for the level of Council Tax to be levied.
- (e) Advise on the medium-term implications of spending decisions.
- (f) Encourage the best use of resources and value for money by working with Strategic Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

7. Strategic Directors will:

- (a) Prepare draft budgets of income and expenditure, in consultation with the Chief Finance Officer, to be submitted to the Cabinet.
- (b) Prepare draft budgets that are timely, balanced and consistent with any relevant cash limits, and with guidelines issued by the Cabinet. The format should be prescribed by the Chief Finance Officer, in consultation with the Cabinet.
- (c) Integrate financial and budget plans into service planning, so that budget plans are reflected, where appropriate, by financial and non-financial performance measures.
- (d) In consultation with the Chief Finance Officer and in accordance with the laid-down guidance and timetable, prepare detailed draft revenue and capital budgets for consideration by the appropriate Cabinet Member.
- (e) When drawing up draft budget requirements, Strategic Directors will have regard to:
 - spending patterns and pressures revealed through the budget monitoring process
 - targets for growth/reduction set out in the medium term financial plan
 - fall out of external funding
 - legal requirements
 - other policy requirements as defined by the full Council in the approved policy framework
 - initiatives already under way.

In addition, please refer to:

[The Budget Management Scheme](#)
[Medium Term Financial Plan](#)
Service Plans

Section 8 – Capital Expenditure

Why is this important?

1. Capital expenditure involves acquisition or enhancement of fixed assets which have a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. Capital expenditure must comply with the Council's Contract Standing Orders.
2. The Local Government Act 2000, as amended in March 2002, requires local authorities to determine expenditure limits above which such expenditure would be a key decision. All key decisions on capital expenditure must be taken by Cabinet Members.
3. The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key Responsibilities for Members and Staff:

1. The Chief Finance Officer will bring together Directorate estimates for capital schemes and to report them to the Cabinet for approval or prioritisation within existing resources. Council approval is required where a Strategic Director proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
2. The Chief Finance Officer will submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.
3. The Chief Finance Officer will issue guidance concerning capital schemes and controls. The definition of 'capital' will be determined by the Chief Finance Officer having regard to government regulations and accounting requirements.
4. The Chief Finance Officer will obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
5. Divisional Directors must comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer, including ensuring that all capital proposals have undergone a full project appraisal, through submission of Project Initiation Document to Divisional Directors Group.
6. Divisional Directors must prepare regular reports reviewing the capital programme provisions for their Services. They must prepare at least quarterly returns of estimated final costs of those schemes in the approved capital programme for submission to the Cabinet and to the Chief Finance Officer.
7. Divisional Directors must ensure that full records are maintained for all capital contracts.
8. Divisional Directors must proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer.

9. Divisional Directors must consult with the Chief Finance Officer, and to obtain authorisation from the relevant Cabinet Member, prior to the implementation of key decisions as part of the capital programme.
10. Divisional Directors must prepare and submit reports to the Cabinet Member, of any variation in contract costs greater than the approved limits. The Cabinet Member must meet cost increases by virement from savings elsewhere within their overall capital programme.
11. Divisional Directors must prepare and submit reports to the Cabinet Member, on completion of all projects where the final expenditure exceeds the approved budget by more than an agreed amount.
12. Divisional Directors must ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Finance Officer and, if applicable, approval of the scheme through the capital programme.
13. Divisional Directors must consult with the Chief Finance Officer and to seek appropriate approval (Council / Cabinet) where the Strategic Director proposes to bid for capital financing to support expenditure that has not been included in the current year's capital programme.
14. Divisional Directors in service areas which generate VAT exempt income must liaise with the Council's VAT and Project Accountant at the earliest opportunity, to ensure impact on partial exemption is properly managed.

In addition, please refer to:

[The Budget Management Scheme](#)
[Medium Term Financial Plan](#)
Service Plans

Section 9 - Treasury Management (Investments & Borrowing)

Why is this important?

Significant sums pass through the Council's accounts each year which need to be securely managed and controlled to maximise the Council's income. This is done in accordance with codes of practice that have been established with the aim of providing assurance that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's funds.

Key Objective: The Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management in Local Authorities and with the Council's Treasury Management Policy statement.

Key Responsibilities of Staff & Members:

1. **The Chief Finance Officer will:**
 - Prepare the Council's Treasury Management Policy Statement and Strategy in accordance with the CIPFA Code of Practice on Treasury Management in Local Authorities and to arrange for all Council borrowing and investment in such a manner as to comply with this Statement/Strategy.
 - Ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the full Council.
 - Ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate Strategic Director.
 - Authorise all borrowings in the name of the Council.
 - Act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.
 - Report to the Council, as requested, on Treasury Management activities.

2. **Strategic Directors will:**
 - Ensure that loans are not made to, and that interests are not acquired in, companies, joint ventures or other enterprises without the approval of the full Council, following consultation with the Chief Finance Officer.

In addition, please refer to:

[Code of Practice No.1 – Investments & Borrowing](#)
Treasury Management Strategy
Treasury Management Policy Statement

Section 10 – Accounting Systems and Processes

Why is this important?

It is important to ensure that the Council maintains effective & efficient systems of accounting and financial control are in place in order that its assets and interests are effectively safeguarded against loss. It is important that all stakeholders have confidence in the integrity of the Council's financial administration.

Objectives of Accounting Systems and processes:

- To ensure that a true and complete record of all Council transactions is maintained.
- To ensure that the Council complies with legislation / regulations.

Implications if above objectives are not achieved:

1. The Council may not operate within the law;
2. Incorrect management information, leading to poor decision making;
3. Financial loss;
4. Reputational loss, e.g. through publication of a critical External Auditors report;

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer will be responsible for maintaining the accounts of the Council and for the approval of all accounting records and financial systems.
2. All Divisional Directors must ensure that responsibility for the preparation and processing of accounting information e.g. coding of income and expenditure is assigned to specified Officers, transactions are authorised / approved by responsible officers and an audit trail is maintained.
3. Capital expenditure must be accounted for separately from revenue expenditure and must, therefore, be coded to the appropriate capital expenditure code.
4. The Chief Finance Officer will be responsible for producing the timetable and standards for the production of final accounts each year.
5. The Chief Finance Officer shall agree all borrowing and lending arrangements and these shall operate in accordance with the Council's Treasury Management Policy Statement and the appropriate accounting bodies' Codes of Practice. All investments, borrowing, leasing and other capital financing arrangements shall be effected in the name of the Council.

6. The Head of Property, shall hold all securities that are the property of or are in the name of the Council or its nominees and the title deeds of all properties in its ownership, in safe custody.
7. The Chief Finance Officer will:
 - Ensure that the Council does not enter into leasing contracts which compromise the Council's spending limits set with regard to its Prudential Indicators.
 - Provide financial expertise and advice on leasing arrangements and contracts.
 - Ensure that best value is achieved in leasing contracts, including aggregation of the Council's leasing requirement where appropriate.

All Strategic and Divisional Directors must refer all proposed leasing arrangements, within their Services, to the Chief Finance Officer.

8. All Trust Funds shall, wherever possible, be in the name of the Council and all officers acting as trustees by virtue of their official position shall deposit all securities and other documentation relating to the Trust Fund with the Chief Finance Officer.
9. The Chief Finance Officer will ensure that all Finance Managers and their teams work to recognised Financial Standards and will ensure that clear instructions are issued to all relevant members of staff on key processes, including:
 - Control Accounts
 - Coding Protocols
 - Cash Flow Management
 - Capital Grants
 - Capital Expenditure
 - Capital Charges
 - Balance Sheet Balances
 - BACS Payments
 - Accounting statements
 - Monthly Accruals
 - Year End Accruals
 - Interfaces with the Financial Management System
 - Suspense Accounts

In addition, please refer to:

[Code of Practice No.2 – Petty Cash Accounts / Client Cash Floats](#)

Section 11 - Payroll

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only to the right people and that payments accord with individuals' conditions of employment.

It is important that all payments are accurately and completely recorded and accounted for, as this ensures accurate information for budget holders.

Income Tax and National Insurance contributions to HM Revenue & Customs must be complete and accurate. Individuals defined as employees must be paid through the Council's Payroll System.

Objectives of payroll processing:

- Payments are only made to those entitled to payments, (i.e. employees or pensioners) at the correct rate and time.
- All payments and associated deductions are properly accounted for.
- Processes are in place to meet Corporate and Service needs for accurate and timely management information regarding payroll costs.

Implications if above objectives are not achieved:

1. Payments are made:
 - for work not undertaken,
 - to a person not entitled,
 - at the wrong rate,
 - that contravene employment legislation,
 - leading to potential financial loss;
2. Adverse publicity because of failure to pay efficiently and effectively;
3. Untimely and inaccurate information to budget holders;
4. The Council being penalised by the HM Revenue & Customs for failure to account for statutory deductions, e.g. Income Tax and National Insurance contributions.

Key Responsibilities for Staff & Members:

1. The payment of salaries, wages, allowances, pensions and other emoluments must be made under arrangements approved and controlled by the Chief Finance Officer.
2. Divisional Directors are responsible for providing the Payroll Service with the details of those Officers (4th tier Officers and above), in that Service area, that can authorise payroll documents / transactions.
3. All salary and wages notifications must be properly authorised and in accordance with the employment contract.

4. All travelling, subsistence and other allowances (including staff Professional Subscriptions), for both staff and Members, must be paid through the Council's Payroll system.
5. The use of Petty Cash Account or other non-PAYE payment systems are not permitted under any circumstances, for the payment of salaries, wages, travelling and subsistence expenses.
6. No payments should be made to Self Employed Individuals without an assessment of that individual's employment status first being made in line with the HM Revenue & Customs criteria.
7. Each Divisional Director is responsible for ensuring that the person engaging someone to perform a task determines their employment status and whether they should be paid via payroll.
8. All Payroll documents / forms submitted must be the latest approved version.
9. Appropriate budget provision must be available.
10. Salary payments are made in accordance with employment law.
11. Statutory deductions are made in accordance with regulations and properly paid over to appropriate bodies.
12. Other non-statutory deductions, e.g. Union subscriptions, are made in accordance with authorised requests.
13. Pension enhancements are awarded in accordance with approved policies.
14. All payments made are properly recorded and correctly charged to the appropriate expenditure codes and management information issued in a timely manner.
15. Members of staff who owe debts to the Council will have these debts deducted promptly from salary.
16. It is the responsibility of all Council Members and members of staff to immediately contact both their Manager and the Payroll administrators when they discover that any overpayment of salary, wage or allowance has occurred.

Failure to do this knowingly will be regarded as theft, under the law, and will be the subject of disciplinary action by the Council against the Member or officer concerned

In addition, please refer to:
[Code of Practice No.3 – Payroll](#)
[Code of Practice No.4 – Employment Status](#)
[HR Policies & Procedures – Pay & Benefits](#)

Section 12 – Ordering and Paying for Works, Goods & Services

Why is this important?

The Council must be able to demonstrate probity and value for money in spending public money, in accordance with its Procurement Strategy and Contract Standing Orders.

All Council Members and employees of the Council have a responsibility for spending public funds wisely and ensuring that all payments are valid, legal and represent the best use of resources.

Objectives of order and payment processes:

- To secure value for money by obtaining the best price for the quality of works, goods and services required.
- The Council only pays bona-fide organisations or individuals the correct amount at the appropriate time in line with appropriate contractual terms and conditions
- The Council properly accounts for works goods & services ordered and payments due or made.
- The Council complies with legislation covering VAT, payments to Sub-Contractors and other taxable payments
- The Council undertakes appropriate employment status checks on organisations or individuals in line with HM Revenue & Customs requirements

Implications if above objectives are not achieved:

1. Council pays more than necessary for goods or services.
2. Payments are made for goods / services not required or not received.
3. Duplicate payments are made.
4. Council fails to pay for goods or services in a timely basis resulting in adverse publicity, loss of goodwill.
5. Incorrect recovery of VAT leading to assessments and penalties from HM Revenue & Customs or loss of recoverable VAT.
6. Incurring HM Revenue & Customs penalties for failing to assess employment status appropriately.
7. Inaccurate and untimely information provided to budget holders.

Placing Official Orders:

1. Officers **must** only use Council monies for the purchase of works, goods & services which are for the express use of the Council. Elected Members, employees or others engaged with the Council **must not** use the Council's ordering or payments systems for personal use or benefit.

2. Members, Officers and individuals engaged to work for the Council **must** declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with these Financial Regulations (Section 20) and the relevant Council's Code of Conduct.
3. Officers **must** issue Official Orders for all goods and services unless there is a specific exemption or alternative as outlined in the Procurement Strategy and / or Contract Standing Order.
4. Divisional Directors **must** designate specific employees who are authorised to place orders on their behalf and operate procedures which secure value for money. The procedures **must** be properly recorded, communicated to staff and continuously monitored.
5. All Official Orders **must** be raised through the Council's Financial Management System.
6. There may be occasions, in cases of emergency only, when a verbal order is placed. These must be the exception rather than the rule and **must** always be confirmed by the issue of an Official Order.
7. Before placing orders for goods and services the budget holder responsible **must** ensure that there is sufficient budget available.
8. All orders placed **must** comply with the Council's Contract Standing Orders, which provides guidance on obtaining alternative prices, seeking value for money and complying with National and European requirements.

Receiving Goods & Services:

9. When receiving works, goods or services, the budget holder is responsible for ensuring that timely checks are made to ensure that:
 - The works goods or services are in accordance with the order placed,
 - Any faults or deficiencies are reported to the contractor/supplier and remedial action taken,
 - Where necessary, inventories or stock records have been updated,
 - Goods delivered are placed in the safe custody of their authorised recipient.

Making Payments:

10. All payments on behalf of the Council will be made with the authority of the Chief Finance Officer.
11. Payments **must not** be made unless the works, goods and/or services have been received by the Council to the correct price, quantity and quality standards, and that an invoice for the same works, goods and/or services has not been previously passed for payment.

12. Divisional Directors **must** designate specific employees who are authorised to approve invoices for payment on their behalf.
13. There must be a separation of duties between the Officer raising the Purchase Requisition and the Officer authorising the Requisition to enable a Purchase Order to be generated. This is important because invoices linked to an Official Purchase Order will be processed and paid without any further authorisation. If for reasons of efficiency a Divisional Director enables an Officer to both generate and approve a Purchase Requisition then that Divisional Director must ensure that the expenditure is scrutinised by another Officer within a reasonable period of time, this could be linked to the 'goods / services received' recording system.
14. All Divisional Directors **must** ensure adherence to all instructions issued by the Chief Finance Officer in respect of year-end accounting arrangements.
15. Payments to employees of salaries, wages, and travel & subsistence expenses **must** be made through the Payroll system and not via any other payment system.
16. Where appropriate Corporate Purchasing Cards can be used to make payments (see Section 21).
17. Officers must ensure that appropriate VAT documentation is obtained from the contractor / supplier to ensure that VAT is correctly accounted for and that the Council can maximise recovery of recoverable VAT.
18. The Council must comply with the requirements of the Construction Industry Scheme when paying construction industry subcontractors, as described in Code of Practice No.7.

Making Payments through Petty Cash Accounts / Client Cash Floats:

19. All payments through Petty Cash Accounts / Client Cash Floats must be made in accordance with guidelines set down in the Code of Practice No.2.
20. The Chief Finance Officer will authorise the use of a Petty Cash / Client Cash Floats or change float.
21. The Service operating the Petty Cash Account / Client Cash Float must arrange for a nominated Responsible Officer to keep and maintain the account. The name of the Responsible Officer and the purpose of the account must be notified to the Chief Finance Officer.
22. Responsible officers must maintain records and operate the account in accordance with the Petty Cash Accounts / Client Cash Floats Code of Practice.
23. Receipts, vouchers and invoices must be retained to substantiate every transaction.

24. Personal loans must never be given or personal cheques cashed from the Petty Cash Account / Client Cash Float.
25. Wherever possible VAT should be identified on payments made, so that the Council can recover the VAT. VAT may only be claimed where the Council has a valid VAT invoice bearing the VAT registration number of the supplier. For further details on whether VAT should be claimed please refer to the VAT guidelines.

In addition, please refer to:

[Code of Practice No.2 – Petty Cash Accounts / Client Cash Floats](#)

[Code of Practice No.5 – Ordering of Goods & Services](#)

[Code of Practice No.6 – Payment of Accounts](#)

[Code of Practice No.7 – Construction Industry Scheme](#)

[Council Contract Standing Orders](#)

[VAT Guidance](#)

Section 13 – Income Collection

Why is this important?

Income can be vulnerable to loss. Effective income collection systems are necessary to ensure that all income due is properly identified, collected, receipted, banked, and brought to account.

Objectives of income processes:

- To ensure that all sources of income that may be due to the Council are identified, claimed and collected at the right time.
- All payments received are accepted, recorded, reconciled and banked promptly and correctly.
- Local Managers and employees have a clear understanding of their responsibilities regarding the identification, collection, banking and reconciliation of income due to the Council.

Implications if above objectives are not achieved:

1. Income being lost to the Council;
2. Resources may be wasted by the failure to collect income quickly and economically;
3. Adverse publicity caused by the failure to collect income efficiently and effectively;
4. Theft, misappropriation or loss of income;
5. High levels of bad debt leading to a large number of write-offs.
6. Failure to deal with VAT correctly results in assessments and penalties from HM Revenue & Customs or a loss of income to the Council

Key Responsibilities for Staff & Members:

1. All arrangements for the collection, accounting and banking of income due to the Council must be subject to the approval of the Chief Finance Officer.
2. The appropriate Divisional Director will be directly responsible for the safe custody, recording, control, issue and use of official receipting systems, receipt books, tickets, account books and other income documentation in their specific Service area.
3. Responsibility for income collection must be separated from the person raising the debtor account on the accounting system.
4. Only payment or write-off shall discharge all sums due to the Council.
5. All refunds of overpayments must be made through the Council's Creditors system and NOT out of income. To help prevent money laundering activity refunds must always be paid back to the same bank account as the original payment. Any large cash payments to be refunded must be considered in

terms of potential money laundering prior to authorisation of the refund amount.

6. Individuals must not borrow Council monies. Borrowing monies includes holding or banking personal cheques in exchange for Council cash.
7. All amounts written-off will be authorised by the Chief Finance Officer and the Head of Legal Services (or their nominated representatives) and / or the appropriate Cabinet Member, in accordance with the Council's Code of Practice.
8. Sums due to the Council as debts from members of staff shall be deducted promptly from salary. Divisional Directors will ensure that all debts due are recovered promptly and any outstanding balances due, at the time of cessation of employment, are deducted from employee's final salary or any other monies due to that employee.
9. VAT is charged where appropriate, in accordance with the HM Revenue & Customs regulations. Where an individual Service makes a new type of charge for any reason they must consult the Council's VAT Analyst before setting prices.
10. Divisional Directors must ensure that all members of staff, within their Service, responsible for the collection and reconciliation of income, comply with the requirements of the Council's Anti-Money Laundering Policy.

In addition, please refer to:

[Code of Practice No.8 – Income Collection](#)
[Council's Anti-Money Laundering Policy](#)
[VAT Guidance](#)

Section 14 – Bank Accounts, Banking and Cash Handling

Why is this important?

Local Managers and employees need to have a clear understanding of their responsibilities regarding the setting up and use of Council Bank Accounts, banking processes and cash handling. Most bank accounts are held and managed centrally. However, there will be Local Managers who are responsible for voluntary funds, petty cash accounts and other bank accounts.

Objectives of Banking & Cash Handling processes:

- To ensure that all income and expenditure is transacted through authorised bank accounts.
- To ensure that all money is held securely.
- To ensure monies are banked in an authorised bank account in a timely manner and accurately recorded.
- To ensure all transactions are bone fide, accurate and within predetermined limits.

Implications if above objectives are not achieved:

1. Theft or loss;
2. Staff and premises vulnerable to attack;
3. Resources wasted due to poor cash flow management;
4. Inability to prove that deposits have been made into the bank account or that payments have been made by debtors;
5. Damage to the Council's reputation through adverse publicity;
- 6 Failure to deal with VAT correctly results in assessments and penalties from HM Revenues & Customs or a loss of income to the Council.

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer will be responsible for making such arrangements as are appropriate and necessary with the Council's Bankers relating to all financial transactions.
2. The Chief Finance Officer will ensure that proper arrangements are made for the secure printing, secure retention and issue of cheques.
3. All bank accounts must be opened and closed by the Chief Finance Officer. Any subsidiary Bank Accounts can only be opened with the express authority of the Chief Finance Officer, who will provide specific instructions on the control and use of such accounts.
4. Any overdraft on the aggregated Council's main bank accounts is permitted only to the extent authorised by the Chief Finance Officer. Overdrafts are not permitted on any other bank accounts.

5. The Chief Finance Officer will make available written guidance on the processes to be followed to transfer monies electronically (CHAPS / BACS).
6. The Chief Finance Officer will specify arrangements for the collection and banking of all income due to the Council, and to approve the procedures, systems and documentation for its collection, security and banking.
7. All money received by an employee, on behalf of the Council, must be properly recorded and paid without delay into the Council's bank account.
8. Where third parties are contracted to bank income on behalf of the Council, the Chief Finance Officer will specify and agree the contract arrangements, prior to entering into any such contract.
9. The Chief Finance Officer shall ensure that the reconciliation of all bank accounts held by the Council is undertaken at regular intervals to ensure the prompt investigation of discrepancies.
10. All keys to safes and similar receptacles must be carried by the person responsible at all times; loss of such keys must be reported, without delay, to the Chief Finance Officer (Internal Audit Function).
11. The Chief Finance Officer will authorise the use of a petty cash account or change float.

In addition, please refer to:

[Code of Practice No.2 – Petty Cash Accounts / Client Cash Floats](#)
[Code of Practice No.9– Bank Accounts, Banking & Cash Handling](#)

Section 15 – Asset Management

Why is this important?

The Council holds fixed and moveable assets in the form of land, buildings, plant and machinery, vehicles, equipment, software, and other items with significant value. It is important that all assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. Inventories of moveable items are particularly important in connection with potential insurance claims.

Objective of asset management:

- To ensure that assets are used to achieve the approved policies and objectives of the Council with the minimum level of waste, inefficiency or loss for other reasons.

Implications if above objective is not achieved:

1. Money may be wasted by acquiring inappropriate assets;
2. Assets may be used inefficiently;
3. Loss or damage;
4. Money may be wasted by maintaining obsolete or unnecessary assets;
5. Income may be lost by not achieving best terms for disposal of assets.

Key Responsibilities for Staff & Members:

1. Every Divisional Director shall be responsible for the custody of all buildings, equipment, stocks, stores, vehicles, furniture and cash used within their Service environment and for their general security.
2. Official inventories and stores records shall be kept under arrangements approved by the Chief Finance Officer, and all desirable and portable property shall be securely marked "Property of Bath & North East Somerset Council".
3. Items recorded in official inventories must subject to a regular independent physical check (at least annually). All discrepancies should be investigated and pursued to a satisfactory conclusion. Any discrepancies not resolved must be reported to the appropriate Divisional Director and Internal Audit.
4. The Chief Finance Officer (or their authorised representative) has the right of access to all Council establishments, to verify stores, records or accounts.
5. Divisional Directors should ensure that stocks and stores are not carried in excess of economic requirements.

6. All 'moveable' property will only be disposed of in accordance with the Council's Stocks and Stores and Inventories Codes of Practice.
7. The Chief Finance Officer will maintain a register of all assets owned by the Council.
8. Divisional Directors shall inform the Chief Finance Officer of all relevant details, including financial implications, relating to the purchase, lease, holding or sale of assets held on the Council's behalf. In particular, the Head of Property will use Valuation Schedules for property assets to enable annual verification of the value of these Council assets.
9. All Divisional Directors responsible for the private property of a person under their guardianship or supervision shall arrange for an inventory / record of items / amounts held and ensure the safe custody of this property.
10. All Council assets must be used solely for official Council business. Council assets must not be used for personal use.
11. Where any irregularity is suspected in the custody or use of a Council asset, the matter must be treated as a financial irregularity and reported immediately to the appropriate Divisional Director and Internal Audit function.

In addition, please refer to:

[Code of Practice No.10 – Stocks and Stores](#)

[Code of Practice No.11 – Inventories](#)

Asset Management Strategy

Section 16 – Asset Leasing

Why is this important?

The Council has freedoms to pursue various capital and revenue options for the funding of asset acquisitions. It is therefore important to ensure the most cost effective form of funding is sourced for each acquisition. This may or may not be leasing, but where leasing is pursued the reporting requirement must be carefully considered.

Objectives of controlling Asset Leases:

- To ensure terms and conditions of leases are appropriate.
- To ensure the lease is correctly recorded in the Council's accounts.
- To ensure compliance with Procurement Regulations.

Implications if above objectives are not achieved:

1. The cost of leasing the asset is greater than alternative finance options.
2. The Council's accounts are incorrectly stated.
3. Legal challenge as a result of a breach in Procurement Regulations.

Key Responsibilities for Staff & Members:

1. Every Strategic and Divisional Director must refer all proposed leasing arrangements, within their Services, to the Chief Finance Officer.
2. Approval must be obtained from the Chief Finance Officer for all asset leases.

Section 17 – Insurance

Why is this important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Insurance, either through external providers or through the Council's own fund, form a vital part of the management of these risks.

Objectives of Insurance:

- To ensure that risks exceeding acceptable levels are determined and adequately insured against where appropriate.
- Material risks are monitored on an ongoing basis, and the level of insurance cover (external or internal) adjusted accordingly.

Implications if above objectives are not achieved:

1. The Council maintains insufficient risk reserves or insurance policies to cover the potential financial costs of replacement.
2. Claims are not processed efficiently or effectively.
3. Adverse publicity for the Council.

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer shall be responsible for:
 - a) Effecting appropriate insurance cover and maintaining the relevant administrative systems.
 - b) To manage the Council's internal funding, including prescribing how claims on the Council's Insurance Fund should be made.
 - c) To negotiate all claims in consultation with the Insurers, Legal Services and other officers, as necessary.
 - d) To include all appropriate employees of the authority in a suitable fidelity guarantee insurance, and provide adequate public liability, and employer's liability cover.
 - e) To offer insurance cover to schools in accordance with the Scheme of Delegation.
 - f) To periodically undertake a general revaluation of Council buildings and effect appropriate changes to the corresponding insurance cover following revaluation.
 - g) To identify claims trends and implement appropriate risk management measures.
2. Divisional Directors shall notify the Chief Finance Officer (or their Insurance representative) promptly on any matters affecting insurance cover, including all new risks and amendments to existing risks.
3. Divisional Directors shall notify the Chief Finance Officer (or their Insurance representative) immediately, in writing, of any accident, loss, liability or

damage or any event likely to lead to a claim on or by the Council whether covered by insurance or not. An admission of liability or blame should not be made either verbally or in writing.

4. Divisional Directors shall take all reasonable measures to reduce risk and liability within their Service areas. In addition, they shall ensure that work for external organisations is appropriately covered by professional indemnity insurance.
5. Members and Officers of the Council who intend to travel abroad on official business must ensure that the necessary insurance cover has been arranged.

In addition, please refer to:

[Code of Practice No.12 – Insurance](#)
[Code of Practice No.13 – International Travel](#)

Section 18 – Value Added Tax (VAT)

Why is this important?

The purpose of this section of the regulations is to ensure that service managers and employees have a clear understanding of their responsibilities regarding VAT.

Like all organisations, the Council is responsible for ensuring that its VAT affairs are managed efficiently and in accordance with legislation. Tax issues are often very complex and the penalties for incorrect accounting for VAT can be severe. It is therefore very important that all officers are aware of their role so that the Council adheres to current VAT law and best practice.

In particular the Council can only recover VAT incurred on 'VAT-exempt' business activities if the total falls below its 'partial exemption' limit. Detailed planning is required to ensure that the Council can continue to recover this VAT, on both new schemes and existing expenditure.

Objectives of taxation control processes:

To ensure that the Council only pays the correct amount of VAT and accounts for it in accordance with statutory requirements:

- budget managers are provided with relevant information and kept up to date on VAT issues
- budget managers are instructed on required record keeping
- all taxable charges and payments are identified, properly carried out and accounted for within stipulated timescales
- records are maintained in accordance with Council instructions and subject to internal checks
- accurate returns are made to the appropriate authorities within the stipulated timescale.

Implications if above objectives are not achieved:

1. Unnecessary payment of taxes or under-recovery of tax due, leading to wasted resources;
2. Failure to identify taxable income and pay over the tax due, leading to possible assessments, interest and penalties, as well as considerable extra work;
3. Incorrect or duplicate recovery of VAT paid to suppliers, again leading to additional costs and work;
4. Inadequate planning or lack of consultation leads to poor decisions, resulting in errors or a loss of income;
5. Failure to consult early on expenditure related to VAT-exempt income adding to the risk of the Council breaching its 'partial exemption' limit at a cost of over £1m

Key Responsibilities:

1. The Chief Finance Officer will:

- Maintain up to date guidance about VAT for Council employees on the intranet, and provide updates and advice to staff.
- Respond to all queries from Services, seeking external advice if necessary.
- Make checks of VAT charged to customers and to be reclaimed, then ensure completion of a monthly return of VAT inputs and outputs to Her Majesty's Revenue & Customs (HM Revenue & Customs).
- Deal with all visits and correspondence from HM Revenue & Customs.
- Ensure that the VAT incurred in relation to 'exempt' business income is not at risk of exceeding the partial exemption limit in any financial year, and undertake the annual calculation after the year end.

2. Divisional Directors will have responsibility:

- To ensure that staff are trained to deal with VAT correctly
- To ensure that the correct VAT is paid from income due to the Council, and that VAT on purchases is recovered in line with HM Revenue & Customs regulations.
- To follow the instructions on taxation issued by the Chief Finance Officer on the Council's VAT intranet site and in other documents.
- To check the VAT status of any new type of income with the VAT Analyst
- To ensure that all new schemes, in particular involving capital expenditure or changes to current arrangements, that in service areas which involve VAT-exempt income, are notified to the Council's VAT Analyst at the earliest opportunity.
- To liaise with the Council's VAT Analyst if there is any type of query concerning VAT or if it is believed that an error may have occurred.

In addition, please refer to:

[VAT Guidance](#)

Section 19 - Information Systems Management

Why is this important?

Information is a key business enabler and Services are heavily reliant on information and information systems (electronic or manual) to deliver services and manage business processes. As such, reliable and well managed information systems are an essential element of service provision.

The purpose of this section of Financial Regulations is to ensure that users of the Council's information and information systems are aware of their role and responsibilities relating to the processing, handling and storage of information.

Objectives and Risks

The principle objectives of good information systems management are to ensure that:

- All information systems conform to Council policies and standards;
- Systems are reliable and well managed, information is secured and protected and that confidentiality, integrity and availability are maintained;
- Systems are procured, developed, implemented and maintained to ensure that maximum benefit is obtained by using them to their full potential; and
- Contingency plans are developed and maintained so that loss and service delivery disruption is minimised in the event of disaster occurring.

The Council's information and information systems are important business assets and as such need to be appropriately managed to ensure that customer satisfaction, competitive edge, financial viability, legal compliance and reputation are maintained.

Information and information systems are faced with risks and threats from a wide range of sources, including technology-assisted fraud, espionage, sabotage, vandalism and environmental disasters such as fire and flood.

In order to mitigate these risks the Council has identified the following factors as critical to the successful implementation of good information systems management.

1. Information Management Policies

The Chief Finance Officer shall ensure that appropriate policies and procedures are in place to set clear direction in line with business objectives and demonstrate support for, and commitment to, information management standards throughout the Council.

The Council's principle objectives in good information management are outlined in the [Information Security Policy](#) and [Electronic Communications - Acceptable Use Policy & Guidelines](#).

NB Details of the essential supporting policies are provided in the appropriate sections below.

2. Organisational Security

The Chief Finance Officer shall ensure that a management framework is established to initiate and control the implementation of good information management throughout the Council.

Information management is a business responsibility shared by all information users, therefore all managers and users have a role and responsibility for adopting good practice, processing information in a secure and efficient manner and complying with Council Policies and standards.

3. Asset Control

Owners should be identified for all assets, hardware, software and information, and the responsibility for the maintenance of appropriate controls should be assigned. The implementation of specific controls may be delegated by the owner as appropriate but the owner remains responsible for the proper protection of these assets.

Information, (including: databases & data files, contracts & agreements, system documentation, user manuals, training material, operational or support procedures), is an asset and to ensure that information receives an appropriate level of protection it should be classified to indicate the need, priorities, and expected degree of protection. The Council's information classification scheme should be used to define an appropriate set of protection levels and communicate the need for special handling measures.

Further guidance is to be found at Appendix B of the [Information Security Policy](#).

4. Records Management

Records Retention - System owners are responsible for disseminating responsibility to their staff, to ensure that all records are kept for the minimum amount of time as detailed in the Council's [Records Retention Schedules](#).

The [Retention of Records Policy](#) provides further detail.

Records Disposal - All hardware, software and records, (both electronic and hardcopy), that are obsolete or have reached the end of their lifecycle should be securely destroyed in accordance with the Council's disposal policies.

Initial guidance is available in the [Confidential Waste Guidelines](#) and the [Records Management & Data Quality, and Disposal of Removable Media Policies](#) provides further detail.

5. Personnel Security

The Head of Human Resources shall ensure that information management responsibilities are addressed prior to engagement and that the terms and conditions of employment provide assurance that employees, contractors and third party users understand their responsibilities.

All employees of the Council and, where relevant, contractors and third party users should receive appropriate awareness training and regular updates in Council policies and procedures. Third party users are required under the Application Hosting Policy to sign an agreement in relation to their roles and responsibilities.

6. Physical and Environmental Security

To prevent unauthorised access, damage, or interference to Council premises, equipment and information processing facilities the Chief Finance Officer is to ensure that procedures are implemented that ensure:

- all critical and/or sensitive information processing facilities and equipment are housed in secure areas;
- buildings are protected by defined security perimeters, with appropriate security barriers and entry controls; and
- precautions are taken to ensure that access to all PCs, laptops and any other communications devices is restricted at all times to authorised personnel. (Refer to the System Access & Password Management Policy)

7. Information Processing

The Chief Finance Officer and Head of IT Services are to ensure that responsibilities and procedures for the management and operation of all information processing facilities are established. Segregation of duties should be implemented, where appropriate, to reduce the risk of negligent or deliberate system misuse.

8. Access Control

Access to information, information processing facilities, and business processes should be controlled on the basis of business and security

requirements. Access control rules should take account of the Council's policies for information dissemination and authorisation.

The [System Access and Password Management Policy](#) provides further detail.

9. System Procurement, Development and Maintenance

Information management requirements should be identified and agreed prior to the any procurement, development and/or implementation of information systems. All information management requirements should be identified at the requirements phase of a project, justified, agreed, and documented as part of the overall business case for an information system.

Major procurement of hardware and software systems is in the first instance to be referred to the Council's IT Client Services Delivery and Corporate Procurement Managers for advice and approval. The Information Governance Team must also be consulted to ensure that security, legal compliance and information management issues are managed.

10. Information Security Incident Management

The Head of IT Services shall ensure that formal security incident reporting and escalation procedures are in place.

All employees, contractors and third party users should be made aware of the procedures for reporting the different types of incidents, events and weaknesses that might have an impact on the management of the Council's information and information systems.

The [Security Incident Management Policy](#) provides further detail.

11. Business Continuity Management

The Chief Finance Officer and Head of IT Services shall ensure that a business continuity management process is implemented to minimise the impact on the Council and recover from loss of information assets (which may be the result of, for example, natural disasters, accidents, equipment failures, and deliberate actions) to an acceptable level through a combination of preventive and recovery controls.

This process should identify the critical business processes and integrate the information security management requirements of business continuity with other continuity requirements relating to such aspects as operations, staffing, materials, transport and facilities.

12. Compliance

The Chief Finance Officer shall ensure that adequate policies and procedures are in place to ensure compliance with all relevant legislation in respect of information held, both electronic and hard copy, including, but not limited to:

- Data Protection Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Computer Misuse Act 1990
- Copyright, Designs and Patents Act 1988

Divisional Directors shall ensure that the processing of person-identifiable information within their service areas is carried out in accordance with the 8 Data Protection Principles.

Divisional Directors are to ensure that adequate processes and procedures are in place within their service areas to liaise with the Information Compliance Manager to ensure that information requests are satisfied within the statutory timescales contained within the appropriate legislation.

Divisional Directors shall inform the Council's Information Governance Manager (Compliance) of all issues concerning data protection identified within their service areas.

The [Data Protection Act Policy](#), [Freedom of Information Act Policy](#) and [Environmental Information Regulations Policy](#) provide further details.

Information Management Contact Details

If users are in any doubt as to the appropriateness of their information processing they can obtain further advice and support from Information_Governance@bathnes.gov.uk

In addition, please refer to:

[Data Protection Act Policy](#)
[Freedom of Information Act Policy](#)
[Environmental Information Regulations Policy](#)
[Security Incident Management Policy](#)
[System Access and Password Management Policy](#)
[Confidential Waste Guidelines](#)
[Disposal of Removable Media Policy](#)
[Records Management and Data Quality Policy](#)
[Records Retention Schedules](#)
[Retention of Records Policy](#)
[Information Security Policy](#)
[Electronic Communications – Acceptable Use Policy](#)
[Clear Workspace Guidelines](#)

Section 20 – ‘Employee’ Interests, Gifts and Hospitality

Why is this important?

The public is entitled to expect conduct of the highest standard from Local Government employees. Public confidence in the integrity of such persons will be shaken by the least suspicion, however ill-founded, of influence being exerted on Council business, through financial (or other) inducements or conflicts of interests.

The purpose of this section of the regulations is to ensure that all employees (and other individuals engaged in official Council business) have a clear understanding of their responsibilities when they have an interest or receive / give gifts and hospitality related to their Council position.

Failure to declare interests, gifts and hospitality could be a breach of legislation. Section 117 of the 1972 Local Government Act requires individuals to declare any financial interest, whether direct or indirect, in any existing or proposed contract. The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It is also be an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. A corporate offence is created under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place "adequate procedures" designed to prevent bribery by or of persons associated with the organisation.

Objectives of guidance and rules governing possible conflicts of interest:

The key objectives are:

- Ensure that the interests of the public remain paramount;
- Officers are impartial and honest in the conduct of their official business;
- Public monies is used to the best advantage of the Council, always ensuring value for money.

It is important that all potential conflicts of interests are properly identified and recorded and that a record of appropriate action taken is made. This will assist in maintaining public confidence and assist in achieving the Council’s commitment to tackle fraud and corruption within or external to the organisation.

Key Responsibilities for Employees and other individuals engaged on Council business:

1. All employees must be aware of the Employees Code of Conduct.
2. On starting employment / engagement (consultant or agency worker) on Council work or at any time during the period of employment / engagement individuals must declare ‘interests’ using the electronic Register of Interests.

3. The Register of Interests will be maintained to enable employees to submit on-line declarations (accessible through the Council's Intranet). Interests will include:
 - Organisation Membership (not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct)
 - Other employment / business
 - Land Interest
 - Financial Interest
 - Family / Friends

4. During the course of their duties, employees may receive offers of gifts and hospitality of one form or another and it is important that employees are able to recognise what is, and what is not, acceptable. The following guidelines should be adhered to:
 - Acceptance or refusal of gifts and hospitality must be recorded in Gifts & Hospitality Electronic Register. Each register entry will be subject to management approval and periodic Audit inspection.
 - Gifts which may be sent / offered to employees by outside contractors or organisations should be returned politely with a suitable official letter, and details recorded in the Register.
 - Gifts can only be accepted when they are of nominal value, functional, items suitable for business use, e.g. diaries, calendars, and pens.
 - On no account should an employee accept either secondary employment or a financial payment from any person, body or organisation, with which the Council is involved, e.g. contractors, developers, consultants.
 - Normally, visits by employees to exhibitions, demonstrations, conferences, business meals, social functions, in connection with their official duties shall be at the Council's expense.
 - Where hospitality, in the form of meals and drinks, is offered by a third party, this is normally only acceptable where it forms part of, or immediately follows on from, normal business meetings/discussions held during the normal working day.
 - Where offers of hospitality are made, i.e. invitations to dinners, these should only be accepted if there is a clear and demonstrable benefit to the Council, and the hospitality would not expose the Council to criticism that the provider of the hospitality was achieving undue influence. Attendance must have the relevant Divisional Director's approval in advance, and must be recorded in the Register of Gifts and Hospitality.
 - Offers of hospitality in the form of purely social events and sporting occasions should on **no account** be accepted when these are from organisations with which the Council has commercial links. However, invitations to social events from non-commercial organisations with which the Council has a partnership arrangement will be acceptable, but must have the Divisional Director's advance approval, and must be recorded in the Electronic Register. Offers of hospitality refused must, in addition, be recorded in the Register.
 - Regular social contact, i.e. drinks in a public house, with representatives of organisations which supply, or hope to supply, goods or services to the

Council must be avoided. Where such instances do occasionally take place, i.e. after late working, officers should ensure that they “pay their way” and that the costs of such contact are not met in full by the other party.

- For their own protection, officers may wish to consider recording such events in the Electronic Register.
 - Apart from participating in concessionary schemes arranged by the Council, trade unions or other groups for their members, employees shall not avail themselves of the services of contractors employed by the Council for acquiring services, materials, labour or plant at cost, trade or discount prices.
5. Suspected irregularities concerning conflicts of interest, giving and acceptance of gifts & hospitality must be reported without delay to the Chief Audit Executive, and where appropriate, to the Chief Executive and the appropriate Cabinet Member.
 6. Employees responsible for the purchase of goods and supplies on behalf of the Council should note that any promotional offers given by suppliers are the property of the Council.
 7. These promotional offers normally take the form of a free gift, a holiday offer or vouchers towards goods. Promotional offers should **ONLY** be used for the benefit of the Council, and the Divisional Director concerned will decide how such offers are to be used.
 8. All promotional offers accepted and declined and the course of action determined by the Divisional Director must be recorded in the Electronic Register.

Section 21 – Corporate Purchasing Cards (Credit Cards)

Why is this important?

A corporate purchasing card is an efficient and effective option of procuring goods and services which are generally a one off or ad hoc expense. Only authorised permanent employees will be provided a purchasing card with the agreement of the relevant Divisional Director.

The purpose of this section of the regulations is to ensure that all employees have a clear understanding of their key responsibilities when using the Council's Corporate Purchasing Card.

Objectives of the Corporate Purchasing Card:

Purchasing Cards streamline the purchasing process and offer the following benefits:

- Reduce Supplier Set-Up in the Council's Financial System
- Reduce number of purchase orders raised and invoices processed,
- Increase speed of payment to suppliers,
- Increase the speed of obtaining goods and services.

Implications if the purchasing card is not used appropriately:

1. Failure to secure value for money (there's a requirement to obtain quotes and tenders - Contract Standing Orders);
2. Payments are made for non-business use goods and services;
3. Payments are duplicated;
4. Loss of recoverable VAT;
5. Fraud & theft
6. Inaccurate coding of Expenditure

Key Responsibilities for Staff:

1. The Chief Finance Officer, Strategic Procurement Manager, or Corporate Finance Manager will be responsible for authorising all Purchasing Card application forms.
2. Divisional Directors must authorise the issue of all new Purchasing Cards to members of permanent staff within their Service.
3. Divisional Directors will be responsible for agreeing the transaction, monthly credit limits and categories of expenditure for all Corporate Purchasing Cards issued within their Service.
4. All Cardholders must abide by the requirements of the Purchasing Card Terms & Conditions and the Purchasing Card Procedure Guide.
5. The cardholder must ensure that the Purchasing Card issued to them is kept in a safe place at all times and access is strictly limited.

6. The Purchasing Card must only be used to purchase goods or services on behalf of the Council and must only be used by the named cardholder.
7. All purchasing card holder should obtain a VAT or “retailer’s” receipt. This should be retained until the card holder has verified the sums shown on the monthly statement.
8. Some suppliers are “VAT-enabled” and the statement will show purchases net of VAT. For those suppliers where the amounts are shown gross and (subject to being material as defined in the guide) the cardholder should reclaim VAT for these items and when it is reclaimed they must retain the receipt to evidence the transaction.
9. The cardholder must ensure that purchasing card transactions are accurately coded in the Council’s Financial System.
10. Divisional Directors must ensure that the detailed procedures and key controls, as specified in the Purchasing Cards Procedures Guide, are strictly followed.
11. Any misuse of the Purchasing Card will be treated as misconduct and subject to normal disciplinary procedures.

In addition, please refer to:

Corporate Purchasing Card Procedures Guide
Purchasing Card Terms & Conditions

Section 22 – International Travel

Why is this important?

If International travel, by Council Officers and Members, is not administered efficiently and robustly, the Council is very open to criticism and loss of reputation.

It is critical that the decision making process and rationale is clearly documented to include all aspects of the trip, such as expected outcomes/benefits, lead officer, number of council officers, external parties/delegates, rationale for numbers etc, overall budget required and reporting requirements both before and after the trip.

The Council's Financial Regulations and Standing Orders will continue to apply when arranging and making payments for international visits.

Objectives of International Travel Guidelines:

- To ensure that Council Members and Officers obtain value for money and that the Council only incurs expenditure on activities relating to officially approved international visits.

Implications if above objectives are not achieved:

1. Failure to secure value for money.
2. Travel not officially authorised
3. Resources may be used inappropriately
4. Loss of reputation to the Council and adverse publicity
5. Loss of recoverable VAT

Key Responsibilities for Staff & Members:

1. The Council's Financial Regulations and Contract Standing Orders will continue to apply when arranging and making payments for international visits.
2. All Council Members and Officers must have formal, official approval before taking part in an international visit and entering into any commitments concerning that visit. An 'International Visits Approval Form' must be completed in each case.
3. This Code of Practice will apply to all parts of international journeys, including the initial and final part of the journey in the U.K.
4. All staff taking part in international visits are under an obligation to minimise official expenditure, e.g. economy class air fares. However, staff should not expect to be out of pocket on official visits (unless they undertake optional or private extensions or modifications to essential itineraries).
5. The maintenance of detailed and precise records of expenditure, together with obtaining receipts for all expenditure incurred, are essential. All

financial records, associated with the visit, must be retained, as specified in the attached Code of Practice. Reimbursement of expenses claimed will only be made against receipts.

6. Travel Insurance must be obtained from the Council's Insurance Officer immediately on booking any travel arrangements.
7. If free accommodation is offered in a host country, either in the homes of colleagues or elsewhere then staff should accept it following completion of an H&S assessment.
8. Council Purchasing Cards (Credit Cards) must only be used for Official Council expenditure incurred on approved visits. To ensure that the card can be used outside of the UK, the Purchase Card Administer should be notified of travel dates and intended location.
9. A report detailing the benefits of the visit must be submitted to the relevant Strategic Director, Divisional Director, and / or Cabinet Member upon the completion of the visit. This report should detail the objective / purpose of the visit (as detailed on the 'International Visits Approval Form').

In addition, please refer to:

[Code of Practice No.13 - International Travel](#)

Section 23 – Commissioning & Procurement

Why is this important?

1. The Council spends a large sum of money each year on contracts, for works, supplies or services. These Financial Regulations apply to all contracts and must be read in conjunction with the Council's Procurement Strategy and Smarter Commissioning & Procurement Framework which includes the Council's Contract Standing Orders.

These Financial Regulations are intended to support the Council's Procurement Strategy in order to:

- Secure the best value for the Council,
- Prevent corruption or the suspicion of it; and
- Subject to the above, be fair and transparent to those seeking to contract with the Council.

Objectives of our Procurement Strategy:

- To prioritise Social Value for our community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable.
- To always aim to think innovatively and work across organisational and service boundaries. This means identifying opportunities with partners and a one-council approach to our sourcing needs.
- To always aim to deliver value for money to the taxpayer. We will provide clarity on expectations, be commercial in our approach and drive efficiency and benefits out of our systems'
- To use intelligent information and analysis to understand our market place and create a workforce with the right capacity and skills to exploit this knowledge for our community.
- To provide a fair, consistent and proportionate framework of governance, rules and guidance to enable us to be transparent and accountable for our decisions

Objectives of the Smarter Commissioning & Procurement Framework

- To ensure that works, goods and/or services meet the needs of the Council
- To secure value for money by obtaining the best price and quality for works goods and/or services ordered.
- To establish contractual arrangements that clearly defines the responsibilities of each party to the contract.
- To ensure the Council complies with EU legislation.
- To ensure that appropriate contract management arrangements are put in place.

Implications if above objectives are not achieved:

1. Failure to support local economy and our communities;
2. Failure to secure value for money;
3. Failure to be transparent around our systems, objectives and processes;
4. Delays to delivery of contracts whilst legal challenges are dealt with and increased costs incurred in order to defend the Council's position.

Key Responsibilities for Staff & Members:

1. Divisional Directors **must** establish a commissioning intentions schedule that at minimum covers a rolling long term programme (3 to 5 years) of future commissioning and procurement activity.
2. Every contract made by the Council **must** be awarded in line with the Council's Procurement Strategy (Smarter Commission & Procurement Framework) including complying with the Council's Contract Standing Orders.
3. Divisional Directors **must** ensure that all Officers in their Service that have been nominated as 'Responsible Officers' (RO) for contract management purposes have been appropriately trained in the use of the Smarter Commissioning & Procurement Framework (including use of the Council's e-procurement systems).
4. Divisional Directors **must** ensure that all contracts are appropriately recorded on the Council's Contracts Register.
5. Divisional Directors **must** ensure that requests for quotations and invitations to contract with the Council comply with Council's E Procurement Policy.
6. Where corporate contracts are in place Divisional Directors **must** ensure they are used.
7. The RO for each contract shall ensure that all instructions have been appropriately authorised and issued before the goods are ordered, services requested or works are undertaken.
8. The RO must obtain appropriate VAT advice in relation to all contracts to provide services to the public to ensure the appropriate VAT treatment is applied.
9. The RO **must** ensure that all contract documentation is correct (obtaining appropriate technical advice) before agreeing on the Council's behalf. This will include any clearance required through the Council's Democratic processes.

10. Any changes to the nature, value, term or any other changes **must** be agreed by the Divisional Director in line with the contract variation process identified in the original contract (subject to appropriate technical advice and clearance through the Council's Democratic processes. Any change **must** be reflected and updated on the Contract Register.
11. All instructions to suppliers and payment arrangements **must** be in a form agreed by the Chief Finance Officer or his/her delegated Officer.
12. The Chief Finance Officer **must** agree arrangements for the financial vetting of prospective contractors.
13. The Divisional Director **must** establish appropriate contract management arrangement for the regular review of contractual performance of the contractor that allows performance issues to be identified and addressed in line with the terms of the contract.

In addition, please refer to:

[Council Contract Standing Orders](#)
Council Corporate Procurement Strategy

Section 24 – Members’ Allowances and Expenses

Why is this important?

It is important that payments of Members’ allowances and expenses are accurate, timely, and authorised in accordance with the scheme adopted by the Council. Expenses must be incurred on Council business and properly payable.

Objectives of the Members’ Allowances and Expenses processes:

- To ensure that proper authorisation procedures are in place.
- To ensure payments are made on the basis of correctly submitted / evidenced claims.
- To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines.
- To ensure compliance with HM Revenue & Customs regulations.

Implications if above objectives are not achieved:

1. Failure to comply with HM Revenue & Customs regulations
2. Unauthorised payments are made
3. Inaccurate payments are made
4. Loss of reputation

Key Responsibilities for Members and Staff:

1. All Members must adhere to the “Bath & North East Somerset Members’ Allowances Scheme”, approved by Full Council.
2. Any amendments to the scheme will be solely determined by the Council following receipt of recommendations from the Independent Remuneration Panel.
3. The Chief Finance Officer is authorised, on receipt of verification from the Solicitor to the Council of a claim from a Member, to pay the appropriate allowances in accordance with the payment arrangements described in the scheme.
4. Travel and subsistence allowances may be claimed by Councillors. The arrangements for these allowances are included in Part 2 of the scheme.
5. Subsistence allowances may be claimed by Councillors, in respect of each occasion on which a Councillor carries out a duty as specified in Schedule 2 to the Scheme.
6. In order to claim subsistence allowance a claimant must have personally incurred expenditure on subsistence.

In addition, please refer to:

[Councillors’ Allowances Guidance](#)

Section 25 – External Arrangements Partnerships

Why is this important?

Partnerships bring together key public agencies, the business community and the independent sector (voluntary and community sector organisations, further and higher education, neighbourhoods) to address the shared priorities for the area and to tackle the issues that no single agency can do on their own. The Council provides a distinctive leadership role for the community to promote / improve the economic, social or environmental well-being of its area and people. Local Authorities can mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

A Partnership is a joint working arrangement where the partners:

- are otherwise independent bodies;
- agree to jointly deliver common goals and outcomes for the community;
- share accountability, risks and resources, and
- create an organisational structure with agreed processes and programmes.

Partners have common responsibilities:

- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- be open about any conflict of interests that might arise, including those where Council staff have been seconded to work on the project;
- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to act wherever possible as ambassadors for the project.

Key controls

The key controls for partnership arrangements are:

- ensuring that partnership arrangements are underpinned by clear and well documented internal controls.
- risk management processes are in place to identify, assess and allocate all known risks.
- appraisal processes are in place to assess the viability of the partnership in terms of resources, staffing and expertise.
- the roles and responsibilities of each partner involved in the project are agreed and formally accepted before the project commences.
- adequate arrangements are in place to ensure the accountability of other organisations for Council money, and that such money is only released against proper controls.

- regular communication is maintained with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- documentation is in place setting out and limiting the commitments of parties to each other and the project.

Responsibilities of the Chief Finance Officer

- 1) To advise on effective controls that will ensure that resources are not wasted.
- 2) To advise on the key elements of funding a project. They include:
 - scheme appraisal for financial viability in both the current and future years.
 - risk appraisal and management.
 - resourcing, including taxation issues.
 - audit, security and control requirements.
 - carry-forward arrangements.
- 3) To ensure that the accounting and reporting arrangements are satisfactory.
- 4) To advise on the governance and performance management of partnership arrangements.
- 5) To ensure that when the Council is the "Accountable Body" there are adequate controls and governance arrangements in place.

Responsibilities of Strategic Directors

- 1) That the key components of a Partnership Governance Framework are in place. This includes:
 - Ensuring that, before entering into agreements with external bodies, a business case and risk management appraisal has been prepared and considered.
 - Ensuring that all agreements and arrangements are properly documented.
 - Ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council.

Detailed Requirements

1. The Cabinet is responsible for approving significant partnership arrangements. The Cabinet is the focus for forming partnership arrangements with other public, voluntary and community sector organisations to address local needs.
2. The Cabinet can delegate functions, including those related to partnership, to officers. This is set out in the scheme of delegation that forms part of the Council's constitution. When functions are delegated, the Cabinet remains accountable for them to the whole Council.
3. A Business Case for partnership must be submitted for approval to the Cabinet for significant partnerships. A thorough risk assessment of the partnership must be made as part of the Business Case.
4. For each approved partnership, a Link Officer must be appointed. The Link Officer is responsible for reviewing governance arrangement and effectiveness and reporting to the relevant Strategic Director.
5. A Partnership Agreement must be completed and signed by all members of the Partnership.

This agreement must follow an approved format as agreed with Council Solicitor.

6. The Link Officer must perform a review of the partnerships governance, performance and effectiveness at least annually for review by the Cabinet or relevant Strategic Director. The review must demonstrate a continuing business case for the partnership or if not exiting the partnership must be considered.
7. The partnership must perform regular risk assessments and maintain a risk register.
8. It shall be clear that officers put forward to represent the Council on partnerships and external bodies are there on the Council's behalf and to ensure that the Council's interests, position and aspirations are protected. If the achievement of the objectives of the partnership becomes inconsistent with this, there is a conflict of interest. If there is a conflict of interest, an officer's first duty is always to the interests of the Council. Where an officer is appointed to a legally constituted company (not a partnership) the officer will be bound by the company's memorandum and articles. In this appointment the officer must represent the interests of the Company.

Section 26 – External Funding

Why is this important?

External funding is potentially a very important source of finance, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external sources such as the National Lottery and European Union provide additional resources to assist the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

Key controls

The key controls for external funding are that:

- funds are accepted only if they meet the priorities approved in the policy framework by the full Council.
- the requirements of the Funding Body are clearly understood to ensure that key conditions of funding and any statutory requirements are complied with.
- any match-funding requirements are given due consideration prior to entering into long-term agreements and that revenue budgets reflect these requirements.

Responsibilities of the Chief Finance Officer

- 1) To review all grant application prior to submission.
- 2) To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 3) To ensure that audit requirements are met.

Responsibilities of Strategic Directors

- 1) To obtain approval from Chief Finance Officer or his / her representative for grant applications.
- 2) To ensure permissions are in place to incur expenditure funded by grant, including Full Approval status within Capital Programme where appropriate.
- 3) To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
- 4) To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenues are able to meet these requirements.
- 5) To ensure that all claims for funds are made by the due date.

Section 27 – Work for Third Parties

Why is this important?

Local authorities can enter into a wide range of agreements to do work with each other and with some (but not all) public bodies. It is usually illegal for them to enter into agreements to do work for the private sector. Such an agreement may enable the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires (i.e. within the Council's legal powers).

Key controls

The key controls for working with third parties are that:

- proposals are costed and reviewed for accuracy and completeness prior to submission;
- no process is started that might lead to the Council agreeing to do work for an outside body whether public sector or otherwise, without first seeking the advice of the Council Solicitor as to whether this is within the Council's legal powers;
- no process is started that might lead to the Council agreeing to do work for an outside body, whether public sector or otherwise without first establishing and recording that there is a clear economic case why doing the work is in the Council's best interests;
- contracts are drawn up using with the advice / guidance of the Council Solicitor;
- guidance is issued with regard to the financial aspects of third party contracts and the maintenance of the contract register;
- the Council has insurance cover for any potential liabilities that could arise to the recipient of the service and any third party, and that the cost of this has been included with the overheads when calculating the fees to be charged.

Responsibilities of Chief Finance Officer

- 1) To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Strategic Directors

- 1) To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- 2) To ensure that the Council does not enter into any agreement that is beyond its power.
- 3) To ensure that no contract is subsidised by the Council.
- 4) To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5) To ensure that the Service / Team has the appropriate expertise to undertake the contract, and that such contracts do not impact adversely upon the services provided for the Council.
- 6) To ensure that all contracts are properly documented.

Section 28 – Avon Pension Fund

1. In its role as 'administering authority', Bath & North East Somerset Council has executive responsibility for the Avon Pension Fund. The Council is legally responsible for the Fund as set out in the Local Government Pension Scheme Regulations.
2. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee.
3. The Pensions Committee shall be responsible for the strategic policy of the Avon Pension Fund and the Fund's investment management arrangements. The Pensions Committee shall also make whatever arrangements it considers appropriate for the custody of the Fund's investments.
4. The Head of Property shall maintain a terrier of all investment properties owned by the Fund.
5. The Council shall manage on an agency basis any cash balances belonging to the Avon Pension Fund which are held with the Council's bankers. A Service Level Agreement with the Council's Treasury Services Section shall regulate the way in which these balances are managed.
6. The Chief Finance Officer shall report quarterly to the Pensions Committee on the performance of the Fund's investment managers and all other matters affecting the administration of the Fund's investments. The mandates of the investment managers shall be subject to periodic review.
7. The Pensions Committee shall appoint an actuary to the Fund and shall review the appointment periodically.
8. The Pensions Committee shall appoint a "local referee" to the Fund in compliance with the Internal Dispute Resolution Procedure set out in the Local Government Pension Scheme Regulations and shall review the appointment periodically.
9. The Pensions Committee shall approve an annual budget for the Fund's administrative expenses and all disbursements shall be met from within this budget. Reports monitoring expenditure against budget shall be submitted to the Pensions Committee quarterly.
10. Except where otherwise provided, the Pensions Committee shall approve all discretionary policies outside of those exercised by the Administering Authority under the Local Government Pension Scheme Regulations.
11. The Chief Finance Officer shall approve a list of authorised signatories, which shall apply to all disbursements made by the Fund.

Appendix 6

12. The Chief Finance Officer shall be responsible for preparing an Annual Report and Accounts for the Fund.
13. The Chief Finance Officer shall make arrangements for the collection of all employer and employee contributions due to the Fund.
14. The Chief Finance Officer shall make arrangements for the payment of transfer values owed by the Fund and the collection of transfer values owed to the Fund.
15. The payment of all benefits will be made under arrangements approved and controlled by the Chief Finance Officer.