

## **Chapter 4 Part 1: Financial Regulations**

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# **BROXTOWE BOROUGH COUNCIL**

## **FINANCIAL REGULATIONS**

### **1. GENERAL**

- 1.1 This Code of Financial Procedure Rules is designed to assist the Council to regulate and control the finances of all directorates and services of the Council.
- 1.2 Section 151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs”. In Broxtowe Borough Council, the Deputy Chief Executive is the Officer so responsible (the ‘Section 151 Officer’).
- 1.3 As such, the Deputy Chief Executive will exercise control over accounting arrangements and obtain uniformity therein throughout all directorates and services of the Council.
- 1.4 Each Chief Officer shall consult the Deputy Chief Executive regarding any matter within their purview which is liable materially to affect the finances of the Council, before any provisional or other commitment is incurred or before reporting thereon to the Cabinet. All Officers have responsibility for financial matters within their purview. Chief Officers are responsible for developing estimates and the Deputy Chief Executive is responsible for ensuring that they are robust and that there are sufficient reserves to deal with any unforeseen circumstances.
- 1.5 In these Financial Procedure Rules a reference to an Act of Parliament or Statutory Instrument includes a reference to any amendment or replacement to that Act or Instrument, or any consolidating re-enactment of it.
- 1.6 Any reference in these Financial Procedure Rules to a named Officer shall be deemed to include:
  - (i) a reference to any Officer who may at any time succeed to or carry out the functions of that named Officer (whether as a result of departmental reorganisation, change of post title or otherwise)
  - (ii) a reference to any Officer who is duly authorised by the named Officer to perform the relevant functions.
- 1.7 Any references to Chief Officer include the Chief Executive and Deputy Chief Executive when he or she is operating in the capacity of a Chief Officer.

## 2. **BUDGET**

- 2.1 The detailed form of capital and revenue estimates shall be determined by the Deputy Chief Executive in a manner consistent with the general directions of Cabinet for further consideration by full Council.
- 2.2 Estimates of income and expenditure on revenue and capital accounts shall jointly be prepared by Chief Officers and the Deputy Chief Executive.
- 2.3 Upon the approval by the Council of the revenue budget and programme of capital expenditure, the Chief Officer concerned shall be authorised to take steps to ensure that the budget and the programme, as amended from time to time, are implemented (with the exception of asterisked items, which require the prior approval of Cabinet), and provided that the expenditure on both capital and revenue accounts does not exceed the approved estimate.
- 2.4 Any proposal to Cabinet which would involve the incurring of expenditure shall be accompanied by a report of the Chief Officer concerned, indicating the sufficiency or otherwise of the relevant financial provision in the budget and/or the capital programme.
- 2.5 A medium term financial strategy, providing a forward assessment of the commitments of the Council, shall be produced as deemed necessary by the Deputy Chief Executive.
- 2.6 Where it appears that the amount of any estimate of approved expenditure may be exceeded or the amount of any approved income may not be reached, it shall be the duty of the Chief Officer concerned, after consultation with the Deputy Chief Executive, to inform Cabinet unless the additional cost can be contained within overall expenditure totals and met by approved virement within the limits specified below.
- 2.7 **Amendment to Revenue Budgets – Virement**
  - 2.7.1 The object should be to avoid the transfer of estimates and this is best achieved by sound and detailed estimating together with the accurate coding of expenditure during the year in accordance with the provisions made.
  - 2.7.2 Where it is desired to transfer funds between expenditure budgets, the following procedure shall be adopted, with the Deputy Chief Executive consulted in every case, to effect the necessary amendments to the approved budgets:
    - (i) Transfer between detailed budget codes within a particular cost centre up to a cumulative limit of £25,000 within each financial year (subject to exclusions at 2.7.2 below) can be authorised by the relevant Head of Service (as set out in the Scheme of Delegation at sections 7.3.1 to 7.3.11 inclusive), in conjunction with the Deputy Chief Executive, and actioned by Finance Services.

- (ii) Transfer between cost centres within a particular directorate / service area, up to a cumulative limit of £25,000 within each financial year, can be authorised by the Deputy Chief Executive following a request from the relevant Chief Officer. For any individual request between £25,000 and £50,000, the Deputy Chief Executive and the Chief Officer concerned should consult with the relevant Portfolio Holder for the service regarding the action taken. Any individual request above £50,000 will require the approval of Cabinet, having been recommended by the Deputy Chief Executive and the relevant Chief Officer. All transfers to be actioned by Finance Services.
- (iii) Transfer between corporate priority areas is subject to the appropriate authorisation of the Deputy Chief Executive (up to the £25,000) or the approval of Cabinet over this delegated limit.

2.7.2 No virement shall be undertaken with the purpose of utilising additional income for expenditure purposes and/or out of savings on payroll budgets without the express consent of the Deputy Chief Executive.

2.7.3 Virement between capital budgets is not allowed, including virement between revenue and capital budgets. It is, however, permissible for any approved capital contingency to be utilised and transfer requests for urgent works from contingencies can be authorised by the Deputy Chief Executive up to a value of £25,000 per scheme, subject to the limitation within the approved annual contingency budget.

2.7.4 There shall be no carry forward of any underspending on budgets into the following financial year without the express authorisation of the Deputy Chief Executive and the approval of Cabinet. When considering any applications for carry forwards, the Deputy Chief Executive shall consider the overall budget position of the Council.

2.7.5 The Deputy Chief Executive is authorised to introduce additional restrictions on virement.

### 3. **ACCOUNTING ARRANGEMENTS**

3.1 The Deputy Chief Executive shall be responsible for the financial organisation and accounting necessary to ensure the proper recording of all sums due from and accruing to the Council and for overseeing arrangements for the collection, custody, control, accounting and disposal of all monies including cash. The Deputy Chief Executive shall advise on proper accounting systems for the control of all assets (including stores) and, in liaison with other Chief Officers, ensure that proper standards of financial administration are maintained throughout the Council's business.

- 3.2 The Chief Officer of the directorate concerned shall consult the Deputy Chief Executive as to the form and manner of undertaking financial transactions and keeping financial records, statements and accounts. No change shall be made to any such system or matter without the Deputy Chief Executive's prior approval.
- 3.3 Financial records shall not be disposed of other than in accordance with the arrangements approved by the Deputy Chief Executive.
- 3.4 The following principles shall be observed in the allocation of accounting responsibilities:
- a) the duties of providing information regarding amounts due to or from the Council and of calculating, checking and recording these amounts shall be separated as completely as possible from the duties of collecting or disbursing them.
  - b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of those transactions.
- 3.5 A Chief Officer shall be able to transfer, subject to the Deputy Chief Executive's prior approval, individual capital or revenue estimates within the limits specified in these rules. Such revenue transfers shall be limited to estimates other than for recharges, capital charges, and estimates provided for specific items of expenditure.
- 3.6 The Deputy Chief Executive shall be kept informed by the appropriate Chief Officer of any change in charges or in fees determined by legislation and shall be consulted in relation to any other proposal to introduce new or amend existing charges for work done, services rendered, goods supplied, fees, tolls, scales of rent or similar income and any scale for the remission of sums due to the Council either wholly or in part. The appropriate Chief Officer, in consultation with the Deputy Chief Executive, shall review existing charges at least annually and shall report upon the results of such a review to Cabinet.
- 3.7 Chief Officers shall furnish the Deputy Chief Executive with such information as they may reasonably require from time to time in connection with the financial administration of the Council.
- 3.8 The Deputy Chief Executive shall produce, for the guidance of Officers responsible for incurring expenditure, such financial information as may be necessary for the efficient conduct of their functions.
- 3.9 The Deputy Chief Executive shall prepare a statement of all accounts of the Council after the close of each financial year. They shall prepare or liaise with the directorates concerned and with partner organisations in the preparation of financial returns required by government departments or other agencies.

- 3.10 Where an employee of the Council operates on behalf of the Council and/or Mayor an unofficial fund or funds as part of their duties or in connection with their duties, Chief Officers shall ensure that Proper Officers are appointed to administer the fund and that the fund is audited by persons having knowledge of the purpose of the fund. Any proposed unofficial funds shall have the prior approval of Chief Officers who shall maintain a record of all such funds and receive the audited accounts thereof. Such accounts shall be prepared annually or at the completion of the purpose for which the fund was set up, whichever is the earlier. The Deputy Chief Executive shall have access to any records relating to such funds.

#### 4. **AUDITS**

- 4.1 The Deputy Chief Executive shall ensure that an adequate and effective audit is undertaken of the Council's accounting records and of its system of risk management, control and governance processes in accordance with the Accounts and Audit Regulations 2015.
- 4.2 The role of Internal Audit is defined within the Internal Audit Charter, as periodically reviewed by the Chief Audit and Control Officer and approved by the Governance, Audit and Standards Committee. The work of Internal Audit is performed in accordance with Public Sector Internal Audit Standards and other associated guidance.
- 4.3 Internal Audit has been established to provide independent, objective assurance to the Council on its operations and to add value by assisting management to improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.
- 4.4 In accordance with Public Sector Internal Audit Standards, the work of the Internal Audit Service is performed utilising a risk-based approach. Primarily, this approach is made through the production and delivery of an annual Internal Audit Plan, based on an independent risk assessment of all aspects of the Council's operations in conjunction with Chief Officers, Heads of Service and other Senior Managers. Other ad-hoc reviews of specific areas of operations may also be occasionally performed at the request of the relevant Chief Officer.
- 4.5 The Deputy Chief Executive, or their authorised representative, if required to do so for the purposes of the internal audit, shall have authority to:
- a) enter at all reasonable times on any Council premises or land;
  - b) call for the production of all records, documents (including information recorded in an electronic form), cash, stores, correspondence or other Council property in the custody or under the control of any employee of the Council as are considered necessary by those conducting the internal audit;

- c) require and receive such explanations as are necessary concerning any matter under examination.

4.6 Officers shall ensure adherence to the Council's anti-fraud and corruption prevention policies and ensure that all suspected irregularities are reported accordingly. The Deputy Chief Executive shall be notified forthwith, by the respective Chief Officer, of any circumstances which suggest the possibility of irregularity affecting cash, stores or other property of the Council. Any irregularity shall be investigated and reported upon by the Chief Audit and Control Officer to the Deputy Chief Executive who shall, where appropriate, inform the Chief Officer of the circumstances concerned. If fraud or serious irregularity is disclosed, the matter shall be reported to the Chief Executive.

4.7 The Deputy Chief Executive shall submit accounts and documents to the Council's external auditors and give any explanation required by them in the performance of their duties.

## 5. **INCOME**

5.1 The collection of all money due to the Council shall be under the control and supervision of the Deputy Chief Executive. It is the responsibility of departments to ensure that sundry debtor invoices are raised where appropriate in respect of debts to the Council.

5.2 All receipt forms, tickets, books and other documents of a similar nature shall be ordered under the direction of the Deputy Chief Executive, who shall be satisfied as to the arrangements for their control and issue. No receipts shall be given except on an authorised form.

5.3 All monies received by an Officer on behalf of the Council shall be properly safeguarded and without delay paid to the Deputy Chief Executive or as they may direct to the Council's bank account. No deduction may be made from such money save to the extent that the Deputy Chief Executive may specifically authorise. Any refunds of overpayments must be made through the payments system and not out of income. Each Officer who so banks money shall enter on the paying-in slip a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise indicate the origin of the money.

5.4 All cheques shall be crossed specifically to the account of the Council when received.

5.5 Personal cheques shall not be cashed out of money held on behalf of the Council.

5.6 The Deputy Chief Executive shall be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. They shall have the right to inspect any document or other evidence in this connection, as he or she may decide.

- 5.7 Each Chief Officer shall furnish the Deputy Chief Executive with such particulars in connection with work done, goods supplied or services rendered and of all other amounts due, as may be required by them to record correctly all sums due to the Council and to ensure the prompt rendering of accounts for the recovery of such sums.
- 5.8 Every transfer of official money from one Officer to another will be evidenced in the records of the department concerned by the signature of the receiving Officer unless instructions to the contrary are issued by the Deputy Chief Executive.
- 5.9 The Deputy Chief Executive, after consultation with the Head of Legal Services and Deputy Monitoring Officer, shall recommend to Cabinet to write off amounts deemed to be irrecoverable, subject to individual amounts of £7,500 or less, and debts claimed and admitted under the provisions of the Insolvency Act 1985, being written off at their discretion. Items in excess of the delegated limit shall be referred to Cabinet for approval on the recommendation of the Deputy Chief Executive.
- 5.10 The Deputy Chief Executive will provide departments with an aged profile of outstanding debt on a monthly basis. Departments will be required to analyse this information and ensure that appropriate further action is taken where necessary.
- 5.11 The Deputy Chief Executive, in consultation with the appropriate Chief Officer, shall submit periodical reports to the relevant Committee on the collection of income and the level of arrears.

## **6. BANKING ARRANGEMENTS**

- 6.1 All arrangements with the Council's bankers concerning the Council's banking arrangements and the issue of payments, including cheques, shall be made by or under arrangements approved by the Deputy Chief Executive. The Deputy Chief Executive shall be authorised to operate such subsidiary banking accounts as they may consider necessary.
- 6.2 All cheques shall be ordered only on the authority of the Deputy Chief Executive who shall make proper arrangements for their safe custody.
- 6.3 a) Payments drawn on banking accounts of the Council shall bear the signature of the Deputy Chief Executive.
- b) Payments by cheque for amounts of £5,000 or above shall include a second signature of an authorised Officer in addition to that of the Deputy Chief Executive.
- 6.4 Overdrafts shall not be permitted on subsidiary bank accounts.
- 6.5 Banking accounts shall be reconciled with cash books at least once in each month.



## **7. TREASURY MANAGEMENT**

- 7.1 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Deputy Chief Executive.
- 7.2 All Executive decisions on borrowing, investment, financing and all other Treasury Management transactions shall be delegated to the Deputy Chief Executive or through them to their Officers, who shall all be required to act in accordance with the CIPFA Treasury Management in the Public Services Code of Practice; the CIPFA Prudential Code for Capital Finance in Local Authorities; and the rules and procedures laid down in the Council's Treasury Policy Statement, and Treasury Management Strategy Statement.
- 7.3 The Deputy Chief Executive shall be the Council's Registrar of Stocks, Bonds and Mortgages and shall maintain records of all borrowing of money by the Council.
- 7.4 Within the approved Capital Programme, where finance is to be provided by way of lease, the Deputy Chief Executive shall have authority to arrange such leases.
- 7.5 The Deputy Chief Executive may make arrangements for the issue of negotiable securities only within the limits authorised from time to time by resolution of the Council.
- 7.6 All borrowings and investments shall be effected in the name of the Council.
- 7.7 The Deputy Chief Executive shall be responsible for the safe custody of all securities.
- 7.8 The Deputy Chief Executive shall periodically report to Cabinet and the Governance, Audit and Standards Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to them. Such reports shall include at least a mid-year review of each year in question and an annual report on treasury management for presentation by 31 July of the succeeding financial year.

## **8. IMPREST ACCOUNTS**

- 8.1 The Deputy Chief Executive shall make such advances as they consider appropriate for the purpose of defraying petty cash and other expenses. Such accounts shall be maintained on the imprest system. A receipt shall be signed in respect of each advance by the Officer concerned who shall be responsible to account therefrom.

- 8.2 No income received on behalf of the Council may be paid into an imprest account. All such income must be paid to the Deputy Chief Executive or direct to the Council's banking account, as provided elsewhere in these Financial Regulations. No cheques are to be cashed from cash imprest accounts.
- 8.3 Vouchers for petty cash disbursements shall be obtained wherever possible and all vouchers shall be carefully preserved and forwarded to the Deputy Chief Executive with a claim for reimbursement at such period as shall be arranged with them.
- 8.4 Payment out of petty cash advances shall be limited to minor items of expenditure only and to such other items as the Deputy Chief Executive may approve. In no case shall the amount of any individual payment exceed £50 except by special arrangement with the Deputy Chief Executive.
- 8.5 All petty cash accounts shall be certified as correct by the Chief Officer concerned or other responsible person expressly authorised by them. When required by the Deputy Chief Executive, an Officer holding an imprest account shall certify the state of the account.
- 8.6 Chief Officers shall be responsible for ensuring that all cash balances are kept in a safe place and secure from unauthorised interference.
- 8.7 On leaving the employment of the Council or otherwise ceasing to hold an imprest balance, an Officer shall account to the Deputy Chief Executive for the amount advanced to them.

## **9. ORDERS FOR GOODS, SERVICES AND MINOR WORKS**

- 9.1 The custody and issue of all electronic and paper based Purchase Orders shall be maintained within the computerised financial management system under the direction of the Deputy Chief Executive.
- 9.2 The appropriate Chief Officer shall be responsible for all orders issued from their directorate. A list of all persons authorised to sign orders electronically or in writing shall be maintained by the Deputy Chief Executive and agreed with the relevant Chief Officers. No Officer shall authorise an order using any name or computerised registration other than their own. The authorising of the order shall indicate the following:
- a) that the goods or services are necessary for the discharge of responsibilities of the Council or to carry out functions approved by the Council under Section 137 of the Local Government Act 1972;
  - b) that there is provision for the cost within the approved annual estimates, supplementary estimate or special financial provision;
  - c) that Financial Procedure Rules have been complied with.

- 9.3 Official electronic and paper-based orders shall be in a form agreed by the Deputy Chief Executive and, where possible, shall indicate clearly the nature and/or quantity of work, goods or services required and any contract or agreed prices relating thereto. Electronically produced orders will be serially numbered and will be stored within the computerised financial management system. Paper-based order books will only be utilised in exceptional circumstances where access to the electronic based ordering system is not available.
- 9.4 All orders should specify that goods supplied must be accompanied by a delivery note and that invoices must be sent to the directorate or establishment issuing the orders as soon as possible after the despatch of the goods.
- 9.5 Orders on official pre-determined forms shall be issued for all works, goods and services to be supplied to the Council. Orders are not required for rents, rates or supplies of public utility services, nor for small purchases properly paid for by corporate purchasing cards or out of petty cash imprest accounts. Other exceptions must be agreed by the Chief Officer concerned with the Deputy Chief Executive.
- 9.6 Verbal orders shall be kept to a minimum and given only in cases of urgency, by an Officer authorised to sign the relevant order. They shall be confirmed either the same or next working day by electronic or written orders which shall be marked accordingly.
- 9.7 Each order shall conform with the directions of the Council with respect to central purchasing, the standardisation of supplies and materials and the Council's Procurement and Commissioning Strategy.
- 9.8 An exception exists to sections 9.4, 9.5 and 9.6 where corporate purchasing cards are used. This is dealt with in section 11 below.

10. **PAYMENT OF ACCOUNTS**

- 10.1 The payment of all accounts due from the Council shall be made by the Deputy Chief Executive, with the exception of payments made using corporate purchasing cards or from imprest or petty cash accounts. Payments shall be made by electronic payment (BACS) or other instrument drawn on the Council's banking account. Cheques are only used in exceptional circumstances.
- 10.2 Each Chief Officer shall arrange for invoices to be sent to the directorate or establishment issuing the orders, in accordance with directions to be specified on the orders and the supplier shall be asked to quote the name of the department, the number of the order and the place where the work was done or goods delivered.
- 10.3 Chief Officers are responsible for ensuring that all invoices are scanned and images made available within the financial management system.

- 10.4 Invoices shall not be made out by Officers of the Council except in any cases or category of cases agreed by the Deputy Chief Executive, nor shall any Officer add any item to an invoice tendered by a supplier. Any amendment to an account shall be made in ink on the invoice and initialled by the Officer making it, briefly stating the reasons where they are not self-evident. The invoice should then be re-scanned and indexed if necessary to show any amendment made.
- 10.5 The certification of accounts for payment shall be by the Chief Officer concerned or by an Officer authorised by them. A list of the Officers authorised to certify accounts and the respective limits on individual transaction value shall be maintained by the Deputy Chief Executive and agreed from time-to-time with the relevant Chief Officer. Authorised officers should ensure that such limits are not exceeded. Where limits are exceeded unintentionally, then the Deputy Chief Executive should immediately be informed.
- 10.6 The Chief Officer issuing an order shall be responsible for the examination, verification, processing and certification of the relevant invoice(s) and, similarly, for any other payment vouchers or accounts arising from sources in their directorate. The processing and certification of any invoice by or on behalf of a Chief Officer shall mean:
- a) that the goods have been received, examined and approved as to quality and quantity, or that service rendered or work done has been performed satisfactorily;
  - b) that, where appropriate, the goods or services conform with the order;
  - c) that the price is in accordance with the quotation, contract or current market rate, whichever is applicable, or is otherwise reasonable;
  - d) that all trade and cash discounts, other proper allowances and credits due and Value Added Tax are correct;
  - e) that the expenditure has been properly incurred, was duly authorised, is within the relevant estimate provision and that the allocations are correct;
  - f) that the account is arithmetically correct;
  - g) that the account has not previously been passed for payment and is a proper liability of the Council;
  - h) that appropriate entries have been made in inventories, goods received and/or stores records which are required to be kept;
  - i) that the account has been correctly entered into the computerised purchasing/payments system.
- 10.7 The invoice submitted for payment should be cross referenced to any official order numbers.

- 10.8 The duties of completing and certifying orders shall not be performed by the same Officer, subject to the Deputy Chief Executive being informed where such separation of duties is in any individual instance impracticable.
- 10.9 All copy invoices or statements processed for payment must be certified to show that payment has not previously been made for the goods or services in question and that appropriate checks have been made to this effect, except where firms normally submit copy invoices and the directorate has notified the Deputy Chief Executive accordingly. This certification should be entered onto the copy invoice or statement as appropriate and the document should be re-scanned or indexed if necessary to show this certification.
- 10.10 Duly checked and authorised accounts shall be processed for payment without delay. The Deputy Chief Executive shall examine them to the extent that they consider necessary, for which purpose he or she shall be entitled to make such enquiries and to receive such information and explanations as he or she may require.
- 10.11 Subject to the foregoing Financial Procedure Rules being complied with, the Deputy Chief Executive shall, within a reasonable period, pay all accounts passed to them for payment and shall ensure the prompt payment of such of those accounts as are of an urgent nature.
- 10.12 Each Chief Officer shall, as soon as possible after 31 March in each year, and in any case not later than a date to be specified by the Deputy Chief Executive, submit to the Deputy Chief Executive schedules of all outstanding revenue and capital accounts relating to the previous financial year and, when such accounts are subsequently processed for payment, they shall be identified accordingly.

## **11. USE OF CORPORATE PURCHASING CARDS**

- 11.1 Where purchases are made using a corporate purchasing card, orders will not be required but details should be maintained of all purchases made in accordance with procedures laid down by the Deputy Chief Executive.
- 11.2 Corporate purchasing cards should only be used for Council purchases, unless in exceptional circumstances and with the prior agreement of the Deputy Chief Executive. Usage should be in accordance with the conditions of use as laid down by the Deputy Chief Executive.
- 11.3 Limits exist as to individual transactions and cumulative credit allowed on each card. Authorised users should ensure that such limits are not exceeded. Where limits are exceeded unintentionally, then the Deputy Chief Executive should immediately be informed.
- 11.4 Corporate purchasing cards are the personal responsibility of those users to whom they are issued. Such authorised users should not pass their card or card details to other individuals to use it on their behalf without the prior approval of the Deputy Chief Executive.

- 11.5 All endeavours shall be made by the card user to obtain a VAT receipt for the transactions made.
- 11.6 It is not permitted for any Officer using a corporate purchasing card to use their own personal shopper loyalty cards to obtain points and/or cash for personal gain when making transactions on behalf of the Council.

12. **CONTRACTS FOR BUILDING, CONSTRUCTIONAL AND ENGINEERING WORK**

- 12.1 All contracts entered into by the Council shall be subject to the Council's Contract Procedure Rules.
- 12.2 The Deputy Chief Executive shall be informed as soon as possible of all contracts, agreements, awards or other instruments involving the payment or receipt of money on behalf of the Council. Any variations or extras agreed on behalf of the Council shall be reported by the appropriate Chief Officer to the Deputy Chief Executive. Where such variations or extras cannot be contained within the approved estimate, they shall be subject to the prior approval of Cabinet.
- 12.3 Where contracts provide for payment to be made by instalments, the Deputy Chief Executive shall arrange for the maintenance of a contracts register to show the state of accounts between the Council and the contractor, together with any other payments and the related professional fees.
- 12.4 All payments to contractors on account of contracts shall be on the basis of a certificate signed by the Chief Officer concerned or their authorised Officer, even where outside consultants have been employed. The certificate shall show the total amount of the contract, the value of approved variations thereto, the value of work done and the date of valuation, any amount deducted by way of retention, the amount previously paid and the amount now due for payment.
- 12.5 The Officer designated as Engineer or Architect in any contract for building, civil engineering or mechanical installations shall be the Officer responsible for the issue of all interim and final certificates or for the issue of variation orders. Every variation in any contract shall be authorised in writing by the Chief Officer or a duly authorised Officer.
- 12.6 The Deputy Chief Executive shall be informed of any variation considered essential in the exercise of professional judgement or other circumstances which, after allowing for contingencies already encountered, increases the total authorised amount of the contract.
- 12.7 If, at any time, it appears to the Chief Officer or to the person appointed to supervise the contract that the tender sum or total authorised amount of the contract may be exceeded by more than 10%, then a report of the circumstances shall be submitted to Cabinet for approval at the earliest opportunity.

- 12.8 Notwithstanding Rule 12.7 and in accordance with section 2 above relating to budgetary control and virement, if it appears to the Chief Officer or person appointed that the tender sum or the total authorised amount of a contract may be exceeded and cannot be contained within the annual estimates or by virement within the limits allowed, then such additional expenditure should not be incurred or authorised without the prior approval of Cabinet.
- 12.9 A final certificate of payment under contract shall not be issued, except upon the requirements of a particular contract by the Chief Officer or duly authorised person acting as supervising Officer, until:
- a) they have made available to the Deputy Chief Executive a detailed statement of account together with such vouchers, documents and information as the Deputy Chief Executive may require relating to prime cost items, quantities, variations, rates, additions or omissions,
  - b) the Deputy Chief Executive shall have been supplied with a certificate of the completion of the work,
  - c) the Deputy Chief Executive shall have agreed the amount to be certified,

Nothing in this Rule shall in any way detract from the responsibilities of the supervising Officer or of any other technical Officer having any duty towards the contract.

- 12.10 The Deputy Chief Executive shall, to the extent they consider necessary, examine final accounts for contracts and they shall be entitled to make all such enquiries and receive such information and explanations as they may require in order to be satisfied as to the accuracy of the accounts.
- 12.11 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Deputy Chief Executive for financial consideration and to the Head of Legal Services and Deputy Monitoring Officer for consideration of the Council's legal liability before settlement is reached.
- 12.12 Where completion of a contract is delayed it shall be the duty of the technical Officer concerned to take appropriate action in respect of any claim for liquidated damages and to report their action to Cabinet.
- 12.13 Every architect, engineer or other consultant appointed for the purpose of any contract for building, constructional or engineering works, whether as supervising Officer or otherwise, shall on engagement be placed under an obligation to conform to the requirements of the Financial Procedure Rules.
- 12.14 No site work on schemes for which a borrowing approval, subsidy approval or grant approval is required shall be started prior to the receipt of such approval. A copy of each appropriate approval must be forwarded to the Deputy Chief Executive.

12.15 All Officers and Members are required to provide a declaration of interest to the Monitoring Officer where contracts are entered into or orders placed with a third party where the Officer or Member concerned may have cause to be affected financially or otherwise by the decision. Further guidance is contained in the Member and Officer Codes of Conduct or may be obtained from the Monitoring Officer.

### 13. **SALARIES AND WAGES**

13.1 After taking account of the requisite arrangements outlined in section 3 of these rules, the payment of all salaries, wages and other emoluments to all employees or former employees of the Council shall be made by the Executive Director, in conjunction with the Chief Executive, who shall approve the method of payroll preparation and payment and the form of documents used and records maintained.

13.2 Each Chief Officer shall, as regards employees in their department, notify the Executive Director, the Deputy Chief Executive and the Chief Executive (for the Payroll, Human Resources and Finance Services teams who hold establishment records and budgets and make payments) as soon as possible and in the form prescribed by them of all matters affecting the payment of such emoluments, in particular:

- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
- b) absence from duty for sickness or other reason apart from approved leave;
- c) changes in remuneration other than normal increments and pay awards and agreements of general application;
- d) information necessary to maintain records of service for superannuation, income tax and national insurance, and of a like nature.

13.3 Appointments of all employees shall be made in accordance with the policies and regulations of the Council and the approved establishments, grades and rates of pay.

13.4 Each Chief Officer shall ensure that adequate records of all time worked are maintained in respect of all employees and that the terms and conditions of the work specifications are adhered to. The following procedures shall be observed in connection with the preparation, allocation and certification of attendance sheets:

- a) attendance sheets shall be prepared, from the details held in each operational area, and be authorised by the Chief Officer of the directorate or by any Officers authorised by them, in manuscript and in the authorised Officers own name,



- b) attendance sheets shall include a record of all employees in that department, and provide a record of the hours worked by each employee along with leave, overtime and sickness details,
  - c) operational managers are required to maintain such records as may be required by the Chief Officer of the directorate concerned, in order that the accuracy of the hours claimed may be ensured.
- 13.5 The names of Officers authorised to sign time records or other pay documents shall be periodically sent to the Deputy Chief Executive and the Chief Executive together with specimen signatures. All amendments to the list of such names shall be notified to the Deputy Chief Executive and the Chief Executive in writing.
- 13.6 Attendance sheets and other payroll data shall be forwarded to the Chief Executive to comply with such deadlines as may be required.

#### 14. **COUNCIL ASSETS AND PROPERTIES**

- 14.1 There shall be maintained a terrier/register of all properties owned by the Council (except dwellings provided under the Housing Acts) in a form agreed between the Head of Asset Management, the Head of Housing and the Deputy Chief Executive, recording the purpose for which the asset is held, location, extent, plan reference, purchase details, particulars of nature of interest, rents payable and particulars of tenancies granted. The Deputy Chief Executive will ensure that a revaluation programme is agreed to ensure that up-to-date valuations of assets are provided on the asset register.
- 14.2 The Head of Legal Services and Deputy Monitoring Officer shall have the custody of all title deeds under secure arrangements agreed with the Deputy Chief Executive.
- 14.3 All acquisitions and appropriations of land or property (except Council houses) exceeding £25,000 in value shall be referred to Cabinet for approval. The purchase of former Council houses and/or other land and property for Housing purposes will be authorised in accordance with policies and financial limits agreed and periodically reviewed by Cabinet. For all disposals of land, property or equipment (excluding Council housing) refer to sections 14.6 to 14.11 below.
- 14.4 Lettings, negotiations and settlement of leases and rents for Council-owned land or property (except Council houses) where the annual rental exceeds £10,000 shall be referred to Cabinet for approval. In respect of properties in Beeston Square only, lettings, negotiations and settlement of leases and rent for Council owned land or property where the annual rental exceeds £100,000 shall be referred to Cabinet for approval.
- 14.5 All easements, licences or other rights or interests affecting land whether granted or to be granted to or by the Council resulting in an annual rental in excess of £10,000, or a capital consideration in excess of £20,000, shall be referred to the Cabinet for approval.

### Sale of Council Assets

- 14.6 All disposals of land, property or equipment (excluding Council housing) estimated to be below £25,000 in value shall only be disposed of with the prior approval of the appropriate Senior Officer acting in accordance with the agreed policy governing the disposal of land and property owned by the Council and any other policy agreed from time to time by full Council and/or Cabinet.
- 14.7 All disposals of land, property or equipment (excluding Council housing) estimated to be between £25,000 and £100,000 in value shall only be disposed of with the prior approval of the appropriate Chief Officer acting in accordance with the agreed policy governing the disposal of land and property owned by the Council and any other policy agreed from time to time by full Council and/or Cabinet.
- 14.8 All disposals of land, property or equipment (excluding Council housing) estimated to exceed £100,000 in value shall only be disposed of with the prior approval of Cabinet. In such cases Cabinet will decide upon the details of disposal having regard to the approved policy governing disposal of land and property owned by the Council and any other policy agreed from time to time by a by full Council and/or Cabinet.
- 14.9 Wherever possible, the sale of assets by bid will be conducted electronically using the Council's preferred e-Tendering portal.
- 14.10 Bids shall remain in the custody of the Deputy Chief Executive or an Officer of the Council designated by them until they are opened. Where bids are not electronic, they shall be opened at one time, by the appropriate Senior Officer, in the presence of the Deputy Chief Executive or his/her representative. Commercial details within the bids shall be immediately initialled and dated by those present at the opening. The names of the bidders and the amounts of the bids shall be immediately recorded in a register kept by the Deputy Chief Executive and the persons present at the opening of such bids shall record their presence in the said register.
- 14.11 The appropriate Senior Officer shall accept the highest offer received subject to scrutiny and shall report the acceptance to Cabinet.

### 15. **STOCKS AND STORES**

- 15.1 Each Chief Officer shall be responsible for the care and custody of the stocks and stores in their directorate.
- 15.2 The method of valuation of stores shall be approved by the Deputy Chief Executive, in consultation with the appropriate Chief Officer, and all stores accounts and records controlling the receipt and issue of stores and equipment shall be kept in a form to be approved by the Deputy Chief Executive.
- 15.3 The Deputy Chief Executive shall be entitled to check stores and to receive from each Chief Officer such information as they require in relation to stores for the accounting, costing and financial records of the Council.

- 15.4 Stocks shall not be held in excess of normal requirements, except in special circumstances with the approval of the respective Chief Officer and the Deputy Chief Executive.
- 15.5 Chief Officers shall arrange for continuous stocktaking at each store and shall ensure that all stocks are checked at least once in every year. The Chief Officer concerned shall issue to the Deputy Chief Executive a certified return of stores on hand at each year end.
- 15.6 Stores deficiencies and surpluses arising from continuous stock checks will be transferred to a Stores On-cost Account subject to the approval of the Deputy Chief Executive. This procedure will apply unless the deficiency on an individual item arising from any stocktaking exceeds £2,000 or the total annual value exceeds £7,500, in which event a report must be submitted to the Cabinet by the appropriate Chief Officer seeking approval to effect an adjustment in the stores accounts.
- 15.7 Disposal of surplus or obsolete materials, stores or equipment shall not be made unless at least three tenders are first obtained, except where the Deputy Chief Executive has approved other arrangements for a particular sale or a particular type of sale. The procedures for receipt, opening and acceptance of tenders shall be described in the Procedure Rules relating to contracts.
- 15.8 Where the value of surplus or obsolete materials, stores or equipment exceeds £7,500 on a particular item, disposal shall not take place without prior consideration by Cabinet.

16. **VEHICLES AND PLANT**

- 16.1 Each Chief Officer concerned shall ensure that records are maintained in respect of vehicles and plant under their control. Such records shall be kept in a manner approved by the Deputy Chief Executive and shall include details of usage, mileage and fuel consumed.
- 16.2 The Deputy Chief Executive, in consultation with the appropriate Chief Officer, shall be responsible for calculating and reviewing from time to time the hourly rates to be charged for the use of vehicles and plant.

17. **SECURITY**

- 17.1 A nominated Officer of the Council shall be responsible for maintaining proper security at all times for all public buildings.
- 17.2 Each Chief Officer is responsible for the stocks, stores, furniture, equipment, cash and other items under their control. They shall consult the Deputy Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- 17.3 Each Chief Officer is responsible for items of furniture, equipment and cash and other items belonging to individuals who are not employees or Members of the Council temporarily taken into their control and shall record and make proper arrangements for the security of such items until they can be returned to the owner or the owner's representative.
- 17.4 Maximum limits for cash holdings shall not exceed the limits set down in the Council's policies of insurance, details of which shall be notified by the Deputy Chief Executive to the appropriate Chief Officers.
- 17.5 The Chief Officer shall arrange that designated Officers be responsible for the keys of all safes or similar receptacles and shall notify the Deputy Chief Executive of the names of such Officers. Such Officers shall keep the keys personally and not leave them on the premises. Duplicate keys shall be kept by the Chief Officer or in such a manner as may be approved by the Deputy Chief Executive. The loss of keys must be reported to the Deputy Chief Executive immediately.
- 17.6 Each Chief Officer shall be responsible for ensuring that information held within their directorate conforms to the Council's Information Management Strategy and Information Security Policy.
- 17.7 Each Chief Officer shall be responsible for ensuring that all information containing personal data within their directorate comply with the Council's Data Protection Policy and any other guidance as may be issued from time to time.

18. **INSURANCES**

- 18.1 The Deputy Chief Executive shall effect all insurance cover and, in consultation with other Officers where necessary, negotiate all claims and maintain the necessary records.
- 18.2 Each Chief Officer shall give prompt notification to the Deputy Chief Executive of the extent and nature of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances in their directorate.
- 18.3 Chief Officers shall notify the Deputy Chief Executive without delay and in writing, of any loss, liability or damage which constitutes a claim or is likely to lead to a claim. In no circumstances should an Officer admit liability for loss, damage or injury, however sustained.
- 18.4 All appropriate employees of the Council shall be included in a fidelity guarantee policy of insurance.
- 18.5 The Deputy Chief Executive shall carry out a review of insurances annually or at such other period as they may consider necessary, in consultation with other Chief Officers as appropriate.
- 18.6 Chief Officers shall consult the Deputy Chief Executive and the Head of Legal Services and Deputy Monitoring Officer regarding the terms of any indemnity which the Council is requested to give.

- 18.7 All employees using their car for Council business shall, on request, produce to the Deputy Chief Executive such policies or certificates of insurance and/or premium receipts and driving licences as may be necessary to ensure that adequate cover continues to be maintained against any liability of the Council arising out of official use.

19. **INVENTORIES**

- 19.1 Inventories in a form approved by the Deputy Chief Executive shall be kept of property belonging to or in the care of the Council and shall be maintained in all sections of all directorates. They shall be added to or amended by the Chief Officer in respect of the sections under their control and shall record an adequate description of furniture, fittings and equipment, plant and machinery. Items of a material value (over £250) should be notified to the Deputy Chief Executive in order that appropriate insurance cover can be provided. Advice as to items suitable to be shown on an inventory will be provided by the Deputy Chief Executive.
- 19.2 Each Chief Officer shall be responsible for making such checks upon items on the inventory as will ensure the accuracy of the records and the safeguarding of the equipment. Surpluses or deficiencies shall be reported to the Deputy Chief Executive and shall be noted on the inventories concerned.
- 19.3 The Deputy Chief Executive shall have access to all property of the Council and to audit the inventories.
- 19.4 All property belonging to the Council shall, as far as practicable, be marked in a suitable manner as being the property of the Council.
- 19.5 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific directions issued by the Chief Officer concerned.

20. **TRUST FUNDS**

- 20.1 All trust funds shall, wherever possible, be in the name of the Council.
- 20.2 All Officers acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the trust with the Deputy Chief Executive unless the deed provides otherwise.

## 21. **EXTERNAL ARRANGEMENTS**

### Partnerships and External Funding

21.1 Where the Council is involved with other organisations and partnerships in achieving its objectives, it is important that arrangements are rigorously controlled, with the highest level of probity as for any other arrangement. In particular, these rules will apply except where, in specific circumstances, the Deputy Chief Executive agrees that some alternative may be used, or where the Government and/or other funding body sets their own criteria and rules for the administration of grant funding.

21.2 The Deputy Chief Executive shall:

- Advise on the relevant controls that should apply to any arrangement, whether through these rules or some adequate alternative
- Ensure satisfactory accounting arrangements
- Ensure that any match-funding requirements are considered prior to entering into any such agreements
- Consider and, if necessary, challenge the business case for major projects and their future financial implications
- Certify all claims for payment in respect of grants awarded by any external organisation.

21.3 Chief Officers and Heads of Service shall:

- Consult with the Deputy Chief Executive in respect of financial controls
- Ensure that all agreements and arrangements are properly documented
- Provide appropriate information to the Deputy Chief Executive to enable proper accounting arrangements to be made
- Ensure that conditions of funding are duly complied with.

## 22. **OFFICERS' TRAVELLING AND SUBSISTENCE ALLOWANCES**

22.1 All claims for the payment of travelling, subsistence allowances, and incidental expenses in connection with the performance of duty, and for reimbursement of educational expenses incurred on approved courses of study shall be submitted to the Chief Executive. Such claims shall be duly certified as correct by each Officer submitting a claim in a form approved by the Chief Executive.

22.2 The names of Officers authorised to certify such claims shall be sent to the Deputy Chief Executive and the Chief Executive by each Chief Officer together with specimen signatures.

22.3 The certification by or on behalf of the Chief Officer shall be taken to mean that the certifying Officer is satisfied that the journeys were authorised, the expenditure properly and necessarily incurred and that the allowances are properly payable by the Council.

- 22.4 All claims shall be accompanied, as appropriate, by a valid VAT certificate relevant to the period of the claim and shall not otherwise be certified in accordance with Rule 22.1 above.

23. **MEMBERS' TRAVEL, SUBSISTENCE AND ATTENDANCE ALLOWANCES**

- 23.1 Procedure for submitting claims and making payments, and the documents to be kept in respect of Members' Travelling, Subsistence and Attendance Allowances shall be under the control of the Chief Executive and shall be as laid down in guidance which is available to all Members.

24. **FAILURE TO COMPLY WITH AND THE INTERPRETATION OF RULES**

- 24.1 Failure to comply with the Financial Procedure Rules is a breach of the Code of Conduct that is covered by the Council's Disciplinary Policy and Procedures.
- 24.2 The Deputy Chief Executive shall, if necessary, after consultation with the Monitoring Officer and the Chief Officer of the directorate concerned, report to the Cabinet any non-compliance with the Financial Procedure Rules.
- 24.3 Any doubt as to the interpretation of these rules, if unresolved after consultation with the Monitoring Officer, shall be referred to Cabinet.
- 24.4 The attention of all Officers and Members is drawn to the relevant Accounts and Audit Regulations and the CIPFA / IIA Public Sector Internal Audit Standards and associated Local Government Application Notes.