

APPENDIX 1

CHAPTER 11 - FINANCE, CONTRACTS AND LEGAL MATTERS

FINANCIAL PROCEDURE RULES

The Council's Financial Procedure Rules apply to all officers of the Council, the principles of the FPR's are contained within this constitution, the complete FPR's can be found within the Library of the Council's Committee system and via a link on the Finance & ICT page of the Intranet. It must be understood that these rules, whilst situated separately are in their principles part of the Council's Constitution and officers must ensure and as such officers must ensure with all principles and processes are complied with.

The Council's Financial Regulations set the control framework for five key areas of activity:

A. FINANCIAL PLANNING

Covers Capital Strategy, Treasury Strategy, Revenue Strategy, Revenue Budgeting, Capital Programme and Budgeting, Reserves and Key Decisions.

1 Cabinet is responsible for receiving the Medium Term Financial Plans (MTFP) and formally agreeing the annual budget, in line with statutory guidance. The Chief Executive, Deputy Chief Executive, and Service Directors and Heads of Service are responsible for contributing to the development of these plans, while the Head of Corporate Finance and ICT is responsible for preparing and presenting them to Council for consideration.

B. FINANCIAL MANAGEMENT

Covers Revenue budget monitoring and control, Virement, Treatment of year end balances, Capital Budget Monitoring, Accounting Policies, Accounting records and returns, Annual Statement of Accounts, Contingent Liabilities, Financial implications of reports.

2 The Head of Corporate Finance and ICT is responsible for developing, maintaining and monitoring compliance with an effective corporate financial framework. This will encompass detailed financial regulations, professional standards, key controls and good financial information. The Chief Executive, Deputy Chief Executive, Service Directors and Heads of Service will operate within this framework, alerting the Head of Corporate Finance and ICT to any risk of non-compliance.

C. RISK MANAGEMENT AND CONTROL OF RESOURCES

Covers Risk Management and insurance, Internal Control, Audit requirements, Preventing fraud and corruption, Assets, Treasury Management, Investments and Borrowing, Trust funds and funds held for third parties, Banking, Imprest Accounts, Staffing Costs.

3 The Audit and Governance Committee are responsible for agreeing the Authority's risk management strategy, policy and supporting guidance and for reviewing the effectiveness of risk management within the Council. The Head of Corporate Finance and ICT is responsible for developing, maintaining and advising upon robust systems for risk management and systems of internal control. This will be monitored through an effective internal audit function. The Chief Executive, Deputy Chief Executive and Service Directors are responsible for establishing sound arrangements within these systems and notifying the Head of Corporate Finance and ICT of any suspected non-compliance.

D. SYSTEMS AND PROCEDURES

Covers general processes and procedures, Income, Ordering and Paying for Works, Goods and Services, Payments to employees and Members, Taxation, trading accounts/business units, Internal Recharges.

4 The Head of Corporate Finance and ICT is responsible for the Authority's accounting control systems, the financial accounts, supporting information and all financial processes or procedures. The Chief Executive, Deputy Chief Executive and Service Directors are responsible for the proper operation of all systems, processes and procedures. All exceptions to the corporately agreed standards will be agreed with Head of Corporate Finance and ICT.

E. EXTERNAL ARRANGEMENTS

Covers Partnerships, External Funding, Work for third parties, Local Authority Companies.

5 The Head of Corporate Finance and ICT is responsible for promoting the same high standards of conduct in the management of partnerships as within the Authority. The Chief Executive, Deputy Chief Executive and Service Directors are responsible for ensuring that the Council's interests are protected in such arrangements and that appropriate advice is taken at all stages.

FINANCIAL ARRANGEMENTS

6 All arrangements controlling receipts and payments of the Council as required by the Local Government Act 2000 and any statutory instrument, circular, rule, order or regulation made under or as a consequence of any of the provisions of that Act, shall be in accordance with the Financial Regulations of the Council for the time being in force.

7 The Audit and Governance Committee shall be responsible for periodically reviewing the Financial Regulations and its associated schedules and for recommending to the Cabinet any necessary amendments.

8 It shall be the duty of the Cabinet, subject to the approval of the Council, to regulate and control the finances of the Council in accordance with Standing Orders and Financial Regulations.

Overall Financial Responsibilities

9 Financial management covers all financial accountabilities in relation to the running of the authority including the policy framework and budget. It is not possible to draft regulations or rules that cover every eventuality or circumstance. Consequently, the principles of sound financial management, proper exercise of responsibility, and accountability, as set out in Financial Regulations, should be applied in all circumstances, even where any particular circumstance is not specifically referred to.

10 Overall financial responsibilities for decision-making bodies are set out in the relevant Chapter of the Constitution.

WHAT THE RULES ARE DESIGNED TO PREVENT

11 Financial Procedure Rules/Regulations and their associated schedules and all other financial instructions, procedures and policies are required in order to outline the rules and regulations of the Council and provide guidance to Departments to enable them to fulfil their part in the day to day financial workings of the Council. (Further guidance will be available on the Council's Intranet). It is necessary to have sound financial and operational controls in order to prevent:

a) Fraud and other offences; and

b) Waste, extravagance, inefficient administration or poor value for money.

12 Financial Procedure Rules as outlined above are designed to prevent poor practice. The list below is not an exhaustive list but is intended to identify examples of poor practice which should be avoided. These include:

- a) The use of “verbal orders”;
- b) Orders being issued without the proper authorisation;
- c) Authorising purchases even though the individual does not have the power to do so;
- d) Miscoding of expenditure in order to hide spend within existing codes;
- e) Spending in areas where there is no approved budget. If there is the need to spend in areas where there is insufficient budget, then monies should be vired (transferred) from other areas;
- f) Enter into leases where the individual does not have the authority to do so;
- g) Buying off-contract that is not from framework agreements in the I-proc system;
- h) Exceeding personal expenditure/order limits;
- i) Being unable to demonstrate that the expenditure incurred provided good value for money; and
- j) Committing the Council to contract on supplier terms and conditions, which can often be onerous, resulting in increased risk and cost to the Council.

13 Any non compliance with Council policies, procedures, financial procedure rules / regulations and associated schedules / instructions could result in appropriate disciplinary action.

14 Financial Procedure Rules shall be reviewed and updated as appropriate in line with review of the Constitution and shall be presented to Council, at least annually, for approval .

H CONTRACTS PROCEDURE RULES

125 The Council's Contract Procedure Rules apply to all officers of the Council, the principles of the CPR's are contained within this constitution, the complete CPR's can be found within the Library of the Council's Committee system and via a link on the Finance & ICT page of the Intranet. It must be understood that these rules, whilst situated separately are in their principles part of the Council's Constitution

126 Contract Procedure Rules are intended to promote good procurement and commissioning practice, public accountability, and deter corruption. Following the rules is the best defence against allegations that expenditure has been committed incorrectly or fraudulently.

127 Officers responsible for procurement or commissioning must comply with these contract procedure rules. They lay down minimum requirements and a more thorough procedure may be appropriate for a particular contract.

128 Any non compliance with Council policies, procedures, financial procedure rules / regulations and accounting instructions could result in appropriate disciplinary action.

129 Contract Procedure Rules shall be reviewed and updated as appropriate in line with review of the Constitution and shall be presented to Council, at least annually, for approval.