

F I N A N C I A L R E G U L A T I O N S

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Standard Financial Procedures are set out in appendices

1. INTRODUCTION

- 1.1** The purpose of Financial Regulations is to provide a framework of control, responsibility and accountability for the proper administration of the council's financial affairs, to enable Members and officers to carry out their statutory duties. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place. Sound financial management and control is the responsibility of all Members and officers and must be embedded in the culture of the authority.
- 1.2** This is a major review of Financial Regulations which takes account of significant changes in local government finance in recent years, including the draft Comprehensive Performance Assessment (CPA) 2005 which will raise standards of performance and place even greater emphasis on councils' financial management. The use of resources assessment has been considerably revised and given greater importance in determining the overall CPA category. Councils need to understand the financial management position of their council, develop action plans to improve and provide evidence. The Audit Commission will review the council's internal controls for evidence that these are effective, including Financial Regulations, schemes of delegation, policies, procedures and manuals. The Commission will be focusing on the impact of financial arrangements and the importance of having sound and strategic financial management to ensure that resources are available to support the council's priorities and improve services. The Gershon review, requiring councils to make efficiency savings of 2.5% each year from 2005/06 to 2007/08, will also focus attention on the importance of value for money and sound procurement arrangements.
- 1.3** This review is in the format recommended by the Chartered Institute of Public Finance & Accountancy (CIPFA), and the Standard Financial Procedures set out in the appendices set out why each procedure is important and the responsibilities of the Chief Finance Officer and other Directors.
- 1.4** Under the Local Government Act 2000 the council reviewed its political structure arrangements and has adopted a system of Executive Committees and Sub-Committees, together with a scrutiny process. Any change to political and managerial structures in an authority raises many important governance issues and can expose an authority to risk which needs to be carefully managed.

- 1.5 The Financial Regulations provide clarity about the financial accountabilities of individuals – Members, the Chief Executive, the Monitoring Officer (in this council this role is held by the Director of Strategy & Governance), the Chief Finance Officer (the Director of Finance & Property), and other Directors.
- 1.6 These Regulations form part of the council's Constitution. The constitution brings together a wide range of information regarding how the council is organised, how its business is conducted and how its decisions are made. Beyond the scope of Financial Regulations, there are links with other internal regulatory documents within the Constitution, such as contract standing orders, schemes of delegation and code of conduct for officers.
- 1.7 Both private and public sector enterprises need control frameworks to ensure their business objectives are met. Councils, however, by virtue of their major role as custodians and spenders of public money must be seen to be carrying out these duties to the highest levels of integrity, probity, fairness and economy. Financial Regulations are an essential tool to ensuring compliance with both this duty of care and the financial objectives of the council, and set the appropriate standards of financial management and control expected by Council Tax payers and local business rate payers. These Regulations must be followed by all officers, therefore, to enable the Audit Commission to give assurance to these parties that the council can demonstrate compliance with the high levels of stewardship expected.
- 1.8 Financial Regulations apply to every Member and officer of the council and anyone acting on behalf of the council. Failure by an officer of the council to comply with these Financial Regulations may result in formal disciplinary action being taken against the officer concerned.
- 1.9 Directors should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated, references to the Chief Officer in the regulations should be read as referring to the officer exercising the delegated authority. Each Director must ensure that they have in place and operate a scheme of financial delegation, which should be in a form approved by the Director of Finance & Property. It is the responsibility of each Director to ensure that all financial processes and controls operated by their department comply with these regulations and to liaise with the Director of Finance & Property on the adequacies of those controls. All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

- 1.10 Financial Regulations have an important role in establishing a sound system of corporate governance for the council and also in supporting the Council's Anti-Fraud and Corruption Strategy. Directors have individual and collective responsibility to ensure that the fundamental principles as established by the Cadbury and Nolan Reports on "the financial aspects of corporate governance", namely openness, integrity, and accountability, are established through compliance with Financial Regulations.
- 1.11 Financial Regulations are deemed to be part of the council's Procedure Rules in so far as they relate to the conduct of business in meetings of the council, Committees, Sub-Committees and Scrutiny Committee/ Panels.
- 1.12 Financial Regulations endorse the Chartered Institute of Public Finance and Accountancy's *A Statement on the Role of the Finance Director in Local Government* issued in January 2003.
- 1.13 Where local management schemes have been approved, for example in schools, these shall have effect subject to the overall authority of these Financial Regulations and the council's Standing Orders. The Director of Finance & Property may approve changes to any more-detailed financial regulations within approved local management schemes, again subject to their compliance with these Financial Regulations.
- 1.14 These Financial Regulations are subject to Accounts and Audit Regulations (revised in 2003) issued by Government under S23 of the Local Government Finance Act 1982. Accounts and Audit Regulations establish statutory provisions for accounting arrangements, audit arrangements and financial control within the Council, consistent with Audit Commission guidance, for example its publication *Improvement through better Financial Management*.
- 1.15 The Director of Finance & Property is responsible for maintaining a continuous review of Financial Regulations and submitting any major changes to the Policy & Resources Committee for approval, in consultation with the Chief Executive, to ensure Best Practice and be consistent with new legislation. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to Members. Directors are responsible for ensuring that all staff in their directorates are aware of the existence and content of these Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their directorates, especially where staff do not have access to electronic copies.
- 1.16 The Director of Finance & Property is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, officers

and others acting on behalf of the council are required to follow. Detailed standard financial procedures, setting out how the Regulations will be implemented, are contained in the appendices to the Financial Regulations. These establish sound practices and assist directors in their responsibility for the operation of their financial processes. These Standard Financial Procedures have the same authority as Financial Regulations.

- 1.17 The Director of Finance & Property may vary Standard Financial Procedures in consultation with the Chief Executive and directors in accordance with the needs of individual departments. Provided the Director of Finance & Property is satisfied that all necessary controls are met, he/she may agree to variations proposed by directors. Agreed variations must be properly recorded, in a form agreed by the Director of Finance & Property.

2 FINANCIAL MANAGEMENT

- 2.1** Financial management covers all financial accountabilities in relation to the running of the council, including the policy framework and the council's budgets.

2.2 THE FULL COUNCIL

The full Council is responsible for adopting the council's constitution and Members' code of conduct, and for approving the policy framework and budget within which committees and directorates operate. It is also responsible for approving and monitoring compliance with the council's overall framework of accountability and control. The framework is set out in its constitution. The full Council is also responsible for monitoring compliance with the agreed policy and related committee decisions.

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

2.3 THE EXECUTIVE COMMITTEES

The Policy & Resources Committee is responsible for proposing the policy framework and budget to the full Council. That committee together with the other executive committees are responsible for discharging executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee, joint committee, sub-committee, or an officer.

2.4 OVERVIEW AND SCRUTINY ORGANISATION COMMITTEE

This committee supports the work of the Executive Committees and the council as a whole. It scrutinises executive decisions, before or after they have been implemented, to consider if the decision is appropriate. The Committee has two Standing Panels or Sub-Committees – the Education Overview and Scrutiny Panel and the Health Overview and Scrutiny Panel.

2.5 STANDARDS COMMITTEE

This committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. It also advises the council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.

2.6 THE STATUTORY OFFICERS

2.6.1 Chief Executive

The Chief Executive is the head of paid service and has overall corporate management and operational responsibility (including overall management responsibility for all officers). He/she must report to and provide information and advice to all parties in the decision making process. The Chief Executive is also responsible, together with the monitoring officer, for the system of record keeping for all the council's decisions.

2.6.2 Monitoring Officer

The role is held in this council by the Director of Strategy & Governance. The Monitoring Officer is responsible for discharging the Monitoring Officer functions under section 5 of the Local Government and Housing Act 1989 and the Local Government Act 2000. He/she is responsible for promoting and maintaining high standards of financial conduct, and also for reporting any actual or potential breaches of the law or maladministration to the full council and/or to executive committees. He/she is also responsible for ensuring that procedures for recording and reporting key decisions are operating effectively.

He/she must ensure that executive decisions and the reasons for them are made public, and that council members are also aware of those decisions and of those made by officers who have delegated executive responsibility.

The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.

The Monitoring Officer is responsible for advising executive committees or the full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising executive committees or the full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.

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

2.6.3 Chief Finance Officer (Director of Finance & Property)

At Brighton & Hove City Council the Director of Finance & Property is also the Chief Finance Officer. He/she has statutory duties in relation to the financial administration and stewardship of the council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972

- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2003
- The Local Government Act 2003

CIPFA's *A Statement on the role of the Finance Director in Local Government* (2003) sets out five key roles that are critical for the achievement of a finance director's statutory responsibilities:

- maintaining strong financial management underpinned by effective financial controls
- contributing to corporate management and leadership
- supporting and advising democratically elected representatives
- supporting and advising officers in their operational roles
- leading and managing an effective and responsive financial service

The Chief Finance Officer also has a key role in the context of the use of resources assessment within the draft Comprehensive Performance Assessment 2005

The Assistant Director Financial Services performs the statutory and Head of Profession functions in the absence of the Director of Finance & Property.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full council, Policy & Resources Committee and external auditor if the authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted, or would result in, a loss or deficiency to the council
- is about to make an unlawful entry in the authority's accounts.

Section 114 of the 1988 Act also requires:

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

2.6.4 CHIEF OFFICERS

Chief Officers comprise the Chief Executive and the Directors of the following services: Children, Families and Schools ; Cultural Services; Environment; Housing & City Support. In addition to Chief Officers there are other Directors: Finance & Property, Strategy & Governance, Human Resources.. The Chief Officers and the other Directors comprise the Management Team.

Chief Officers and other Directors are responsible for:

- ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance & Property.
- sending all draft reports to the Director of Finance & Property in time for the financial implications to be fully considered and inserted before the reports are considered by the Management Team or Members. All reports should include the comments of the Director of Finance & Property, where appropriate. Failure to ensure that the Director of Finance & Property has sufficient time to consider the financial implication may result in the withdrawal of the report at his/her discretion.
- entering into and signing contracts on behalf of the council in accordance with the Council's Procurement Policy
- the operation of sound financial procedures within their directorate and, in order to fulfil this duty, they shall ensure that there is a formal scheme of financial delegation and adequate controls are in place.
- where a Chief Officer delegates his/her powers to staff in accordance with a scheme of delegation, holding a record including appropriate authorisation of such delegation.
- ensuring that financial systems which are developed locally within directorates shall be managed in accordance with principles of reconciliation, sound controls, security and other guidelines issued by the Director Of Finance & Property. Such systems shall be available to the Head of Internal Audit.

2.6.5 Where Financial Regulations and Standard Financial Procedures set out the role of Chief Officers, this term should be taken to include the Chief Executive and all Directors. In the event of any change in the job title of any officer or any committee or sub-committee, or the transfer of any responsibilities of any officer, the Director of Finance & Property may make consequential amendments to Financial Regulations and Standard Financial Procedures to take account of the change and/or transfer.

2.7 OTHER FINANCIAL ACCOUNTABILITIES

2.7.1 Virement

Chief Officers are responsible for agreeing in-year virements but must not take decisions or transfer resources contrary to current council policy as represented by the approved budget.

The procedure for virements is set out Standard Financial Procedures.

2.7.2 Treatment of Year-end Balances

The procedure is set out Standard Financial Procedures.

2.7.3 Accounting Policies

The Director of Finance & Property is responsible for implementing accounting policies which accord with the Accounting Code of Practice (ACOP) and ensuring that they are applied consistently.

2.7.4 Accounting Records and Returns

The Director of Finance & Property is responsible for determining the accounting procedures and records for the authority, in accordance with statutory requirements and best practice. He/she will also maintain a register of partnerships and other entities in which the council has an interest so that Group Accounts can be published in compliance with local government accounting requirements.

2.7.5 The Annual Statement of Accounts

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

3. FINANCIAL PLANNING

3.1 The full Council is responsible for approving the policy framework (including all statutory plans and strategies) and budget which will be proposed by the Policy & Resources Committee. In terms of financial planning, the key elements are:

- the corporate plan
- the revenue budget
- the capital programme
- the medium term financial strategy.

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

3.3 Policy & Resources Committee is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

BUDGETING

Budget Format

3.4 The general format of the budget will be approved by the full Council and proposed by Policy & Resources Committee on the advice of the Director of Finance & Property. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Revenue Budget Preparation

- 3.5 The Director of Finance & Property is responsible for ensuring that a revenue budget is prepared on an annual basis. A medium term financial strategy (MTFS) taking account of revenue resources over three years and capital resources over five years has also been prepared for consideration by the Policy & Resources Committee and full Council. The MTFS will be substantially rewritten in line with the Corporate Plan at the end of the current 3 year period (ending 2006/07). It will then be updated every second year to follow on from government Spending Reviews. However, future year's budget estimates will be updated annually to give constant 3 year estimates and these will be reported to Policy & Resources Committee and then full Council when they approve the budget. The full Council may amend the budget or ask that Committee to reconsider it before approving it.
- 3.6 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Policy & Resources Committee and that these estimates are prepared in line with guidance issued by that Committee.

Budget Monitoring and Control

- 3.7 The Director of Finance & Property is responsible for ensuring that systems are in place to provide appropriate financial information to enable all revenue and capital budgets to be monitored effectively. He/she must report to the Executive on the overall position on a regular basis in accordance with the Targeted Budget Management framework.
- 3.8 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance & Property. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance & Property to any problems. Financial and performance data should be linked in accordance with the draft CPA requirements for 2005.

Preparation of the Capital Programme

- 3.9 The Director of Finance & Property is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Policy & Resources Committee before submission to the full Council.

Resource Allocation

- 3.10 The Director of Finance & Property is responsible for developing and maintaining a financial resources allocation process that ensures due consideration of the full Council's policy framework.

Guidelines

- 3.11 Guidelines on budget preparation are issued to members and Chief Officers by the Director of Finance & Property taking into account the policy framework determined by the Policy & Resources Committee. The guidelines will take account of: legal requirements, the medium term planning prospects, the corporate plan, council priorities, available resources, value for money, spending pressures, government guidelines, other internal policy documents, cross-cutting issues, and the adequacy of the general reserves

MAINTENANCE OF RESERVES

- 3.12 It is the responsibility of the Director of Finance & Property to advise the Policy & Resources Committee and/or the full Council on prudent levels of reserves for the authority to ensure the council has sound financial standing, addressing the requirements of the use of resources assessment within the draft Comprehensive Performance Assessment 2005.

4. Risk Management and Control of Resources

INTRODUCTION

- 4.1 Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to enable effective use of resources, secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. The Director of Strategy & Governance is required to prepare and promote risk management across the council and provide advice to managers on the most appropriate tools to use. Risk management forms a key part of the use of resources assessment within the draft Comprehensive Performance Assessment 2005.

RISK MANAGEMENT AND INSURANCE

- 4.2 The Policy & Resources Committee is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management.
- 4.3 The Director of Finance & Property is responsible for ensuring that proper insurance arrangements exists where appropriate.

INTERNAL CONTROL

- 4.4 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- 4.5 The Director of Finance & Property is responsible for advising on effective systems of internal control and will need to provide a Statement on Internal Control to the external auditors annually for inclusion in the statement of accounts. Arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 4.6 It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

- 4.7 The Accounts and Audit Regulations 2003 require every local authority to maintain an adequate and effective internal audit process.

- 4.8 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by s15 of the Local Government Finance Act 1982, as amended by s5 of the Audit Commission Act 1998.
- 4.9 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- 4.10 The Director of Finance & Property is responsible for the development and maintenance of an anti-fraud and corruption policy. The policy will be approved and monitored by the Standards Committee.

ASSETS

- 4.11 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

TREASURY MANAGEMENT

- 4.12 The authority has adopted CIPFA's Treasury Management in the Public Services: Code of Practice for Treasury Management in Local Authorities.
- 4.13 Policy & Resources Committee is responsible for approving the treasury management policy statement setting out the matters detailed in *Treasury Management in the Public Services: Code of Practice for Treasury Management in Local Authorities*. Full Council is responsible for approving the Annual Investment Strategy in accordance with regulations and guidance issued under the Local Government Act 2003.4.14All money in the hands of the council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Finance Officer (Director of Finance & Property), who shall make appropriate banking arrangements.
- 4.14 All executive decisions on borrowing, investment or financing shall be delegated to the Director of Finance & Property, and such officers as he/she may nominate, who shall be required to act in accordance with the Code of Practice referred to in paragraph 4.13, the council's treasury management policy statement and Annual Investment Strategy.

TRUST FUNDS, FUNDS HELD FOR THIRD PARTIES AND OTHER VOLUNTARY FUNDS

- 4.15 All trust funds, funds held for third parties and other voluntary (unofficial) funds must be approved by the Director of Finance & Property. A voluntary (unofficial) fund is defined as any fund, other than an official fund for the council, which is controlled wholly or in part by an officer by reason of his or her employment by the council.
- 4.16 Chief Officers are responsible for ensuring that they are operated in line with appropriate legislation and/or Charity Commission guidance if appropriate.
- 4.17 Chief Officers shall ensure that all such funds are audited by suitably qualified auditors and are submitted within 6 months of the end of the accounting period to the council and any other parties (i.e. clients, sponsors, charitable bodies) with an interest in the fund.
- 4.18 The Director of Finance & Property reserves the right to inspect all documentation relating to unofficial funds and seek such explanations that are necessary to ensure they are being appropriately managed. From time to time the Director of Finance & Property may issue specific guidance on such funds that must be complied with.

Staffing

- 4.19 The full Council is responsible for determining how officer support for executive and non-executive roles within the council will be organised.
- 4.20 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 4.21 Chief Officers are responsible for controlling total staff numbers by:
- advising the executive on the budget necessary in any given year to cover estimated staffing levels required to deliver approved levels of service and having regard to statutory provision.
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
 - the proper use of appointment procedures.

5. ICT SYSTEMS AND PROCEDURES

INTRODUCTION

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

GENERAL

- 5.2 The Director of Finance & Property is responsible for the operation of the authority's financial systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Director of Finance & Property. However, Chief Officers are responsible for the proper operation of financial processes in their own directorates.
- 5.3 Any changes to agreed procedures required or identified by Chief Officers to meet their own specific service needs must be agreed with the Director of Finance & Property.
- 5.4 Chief Officers must ensure that their staff receive relevant financial training that has been approved by the Director of Finance & Property. Access to the financial systems is through the use of unique user names and passwords and officers must not allow others to use their access codes.
- 5.5 Chief Officers must ensure that, where appropriate, ICT and other systems are registered in accordance with data protection legislation. Chief Officers must ensure that staff are aware of their responsibilities under Data Protection and Freedom of Information legislation.

INCOME AND EXPENDITURE

- 5.6 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Policy & Resources Committee, in respect of payments, income collection and placing orders, together with the limits of their authority. Specifically, authorised signatories and the limits of financial responsibility should be formally recorded in line with the procedure issued by the Director of Finance & Property. In no circumstance can an officer be given an unlimited limit, as this is not allowed under the council's insurance arrangements.

- 5.7 Policy & Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- 5.8 The Director of Human Resources is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members. The scheme for Members allowances is the responsibility of the Director of Strategy & Governance.

IMPREST AND PETTY CASH ACCOUNTS

- 5.9 The Director of Finance & Property in consultation with Chief Officers may make imprest/petty cash advances to officers for the purposes of paying minor items of expenditure and any other items as may be approved.
- 5.10 The Director of Finance & Property reserves the right to withdraw petty cash/imprest facilities from officers if it is deemed that they are being used inappropriately or the expenditure limit is exceeded or a deficit balance is accrued.
- 5.11 The accounts should be kept on the imprest system and officers should maintain a record of their receipts and payments in a form and manner prescribed by the Director of Finance & Property.

TAXATION

- 5.12 The Director of Finance & Property is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- 5.13 The Director of Finance & Property is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. The Director of Human Resources will be required to maintain income tax and national insurance records in accordance with guidelines set by the Director of Finance & Property.

TRADING ACCOUNTS

- 5.14 It is the responsibility of the Director of Finance & Property to advise on the establishment and operation of trading accounts.

FINANCIAL INFORMATION AND COMMUNICATIONS SYSTEMS

- 5.15 It is essential that the council's systems are developed in a planned and co-ordinated way so that they interface correctly in order to deliver high quality management information to support the council's requirements and strategies.
- 5.16 Chief Officers will need to liaise with the Director of Finance & Property and the Assistant Director ICT and e-Government on any major proposals either to purchase IT equipment or software, or to undertake a major upgrade of existing systems.

CONTROL OF CONTRACTS

- 5.17 It is essential that all Chief Officers follow Contract Standing Orders as well as Financial Regulations. The achievement of value for money when procuring goods and services is a key task to ensure that public money is well spent. This will be a factor in the draft 2005 Comprehensive Performance Assessment (CPA) of the council by the Audit Commission, which will test how well the council currently achieves good value for money and how well it manages and improves value for money. The council needs to set and achieve ambitious targets to improve efficiency and value for money. Councils need to achieve Efficiency Review targets of 2.5% per year over a three year period from 2005/06 to 2007/08 using good procurement practice, and working with partners to improve value.

BANKING ARRANGEMENTS

- 5.18 The Director of Finance & Property is responsible for ensuring that the council operates cost effective and sound banking systems to ensure its financial transactions are documented with the utmost accuracy, evidenced by reconciliations, with the avoidance of fraud and corruption. The Policy & Resources Committee shall approve all banking contract terms and conditions.

FINANCIAL LIMITS

- 5.19 Financial limits need to be set in the interests of good governance and financial management. Directors are responsible for delivering financial limits of authority which are incorporated in their directorate scheme of financial delegation.

6. EXTERNAL ARRANGEMENTS

INTRODUCTION

- 6.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

- 6.2 The Policy & Resources Committee is responsible for approving delegations, including frameworks for partnerships. The executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

- 6.3 The main reasons for entering into a partnership are:

- (a) the desire to find new ways to share risk
- (b) the ability to access new resources
- (c) to provide new and better ways of delivering services
- (d) to forge new relationships.

- 6.4 A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
or
- (b) a body whose nature or status give it a right or obligation to support the project.

- 6.5 Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others
- (b) acting as a project funder or part funder
- (c) being the beneficiary group of the activity undertaken in a project.

- 6.6 Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation

- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - (c) be open about any conflict of interests that might arise
 - (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
 - (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - (f) to act wherever possible as ambassadors for the project.
- 6.7 The Policy & Resources Committee can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the authority's Constitution. Where functions are delegated, the Policy & Resources Committee remains accountable for them to the full council.
- 6.8 The Chief Executive represents the authority on partnership and external bodies, in accordance with the scheme of delegation.
- 6.9 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the council.
- 6.10 The Director of Finance & Property must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies. He/she will also maintain a register of partnerships and other entities in which the council has an interest so that Group Accounts can be published in compliance with local government accounting requirements.
- 6.11 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- 6.12 The Director of Finance & Property is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.

WORK FOR THIRD PARTIES

- 6.13 The Policy & Resources Committee is responsible for approving the contractual arrangements for any work for third parties or external bodies (Note: this may be delegated to Chief Officers in accordance with the council's scheme of delegation).