

36 Financial Regulations and Procedure Rules

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Section 1 – Introduction

The purpose of these Financial Regulations (Regulations) is to provide the governance framework for managing the Council's financial affairs.

To conduct its activities efficiently, a local authority needs to ensure it has sound financial management policies in place and which are strictly adhered to. Part of this process is to establish Financial Regulations that set out the financial policies of the authority. The Financial Regulations are underpinned by detailed financial procedures.

Financial Regulations provide clarity about the financial responsibilities of individuals within the organisation. All individuals engaged on Council activities are responsible for ensuring that their actions comply with the objectives specified in the financial and procurement procedures.

In compiling these regulations and procedures the objective has been:

- To provide advice on how to undertake the financial aspects of your duties;
- To disseminate best practice throughout the Council;
- To ensure consistency; and
- To ensure legal requirements are adhered to.

To do this, the regulations set out the Council's requirements in respect of:

- financial management roles and responsibilities
- financial planning and budgeting
- financial monitoring and control
- internal control and audit
- financial systems and procedures
- external arrangements

The procedures have been developed by the council's Finance Department and have been the subject of extensive consultation. However, it is impossible for the procedures to cover every eventuality and an element of interpretation may be necessary. If further advice is required, please contact your Directorate Finance Business Partner. The business partnering model and the term Finance Business partner (FBP) describes a broad range of skills exhibited by individuals at different levels depending on customer requirements; in Tower Hamlets these people may be described variously as Strategic Heads of Finance, Finance Managers, Senior Accountants etc.

The Corporate Director, Resources is responsible for the administration of the Council's financial affairs. As part of her/his duties, s/he will, when s/he considers it appropriate, issue Financial Regulations/ Procedures which are the rules governing

the management of the Council's financial resources. S/he will ensure that the Regulations/ Procedures and any updated or amended versions are made available to all chief officers, the Mayor and Members of the Council. These Regulations/ Procedures and any updated or amended versions will then be placed in Appendix A of these Rules.

It is the responsibility of all Chief Officers to comply personally with Financial Regulations/ Procedures and to ensure that all officers within their Directorate with financial responsibilities also comply with them. Failure to comply with Financial Regulations/ Procedures is likely to constitute a disciplinary offence and be investigated under the appropriate disciplinary procedure.

Compliance CIPFA Guidance for Local Government

Local government finance in the UK is governed by primary legislation, regulation and professional standards set by CIPFA. As a matter of principle, the Council will conduct its financial affairs in accordance with accepted standard practice embodied by CIPFA's Code of Practice framework. This includes:

- CIPFA Treasury Management in the Public Services Code of Practice
- CIPFA Code of Practice on Local Authority Accounting
- CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'
- CIPFA's Audit Committees – Practical Guidance for Local Authorities
- CIPFA's Code of Practice for Internal Audit in Local Government

To date, the general financial management of a local authority, has not been supported by a professional code. CIPFA is now proposing that a Financial Management Code (CIPFA FM Code) should be designed and developed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code would therefore for the first time set standards of financial management for local authorities in the UK. The Council is committed to developing financial management arrangements that align to the proposed CIPFA FM Code.

Section 2 – Financial Regulations

A: General

A1	Application <ol style="list-style-type: none">1. Financial regulations provide the framework for managing the Council’s financial affairs. They apply to the Mayor, every elected Member and officer of the Council and anyone acting on its behalf.2. The Mayor, all Members, staff, agents and consultants have a general responsibility for taking action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
A2	Delegation <ol style="list-style-type: none">1. The Constitution of the Council sets out the main delegations and these Regulations identify the additional financial delegations that the Council has decided to make to its officers. The Constitution of the Council also includes the Financial Procedure Rules.2. Where decisions have been delegated, references to the Senior Manager refers to these delegations. No other delegations should be inferred from these Regulations.3. A ‘Senior Manager’ for the purpose of these Regulations means the Head of Paid Service, Corporate Directors, Service Heads, and Budget Managers unless otherwise specified in these Regulations4. The Council operates a system of devolved financial responsibility under which Directorates administer their financial affairs.5. A written record should be maintained of all corporate and directorate schemes of delegation which form part of the Council’s Constitution. This should include the delegated financial powers exercised by specified Council Officers, such as the power to incur costs on behalf of the Council. A scheme of Financial Delegation is set out in Section 3 of these Financial Regulations.6. Delegation empowers junior officers, but ultimate managerial accountability remains with the Senior Manager taking a decision under delegated authority.
A3	All staff to have access to Financial Regulations <ol style="list-style-type: none">1. Senior Managers are responsible for ensuring that all staff in their Directorate or Service Area are aware of the existence and content of

	the Council's financial regulations and other internal regulatory documents and that they comply with them.
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B: The Financial Control Framework

B1	<p>Full Council</p> <ol style="list-style-type: none"> 1. Full Council is responsible for approving the Budget and Policy Framework within which the Executive operates. 2. Full Council is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in the Council's Constitution and Code of Corporate Governance.
B2	<p>The Executive</p> <ol style="list-style-type: none"> 1. The Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the budget policy framework as contained in the Constitution. 2. In making any decision, the Executive must take account of legal and financial liabilities and risk management and other relevant issues that may arise from the decision. 3. The Executive is responsible for specifying the limits within which officers have delegated authority to make decisions. These thresholds are as set out in section B10 of these Regulations.
B3	<p>Overview and Scrutiny</p> <ol style="list-style-type: none"> 1. The Overview and Scrutiny Committee is responsible for scrutinising executive decisions and for holding the executive to account. The Committee is also responsible for making recommendations on future policy options and for reviewing general policy and service delivery of the authority.
B4	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. The Audit Committee is the Committee charged with scrutinising the financial governance and system of internal controls of the authority. 2. The Audit Committee has right of access to all the information it considers necessary and can consult directly with internal and external auditors.

	<ol style="list-style-type: none"> 3. The Audit Committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report. 4. The Audit Committee is responsible for approving the Statement of Accounts of the authority. 5. The Audit Committee is responsible for scrutinising the Treasury Management report.
B5	<p>Chief Executive/Head of Paid Service</p> <ol style="list-style-type: none"> 1. The Chief Executive/Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. 2. The Chief Executive/Head of Paid Service must report to and provide information for the Executive, the full Council, the Overview and Scrutiny Committee and other Committees. 3. The Chief Executive/Head of Paid Service is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. 4. The Chief Executive/Head of Paid Service is also responsible for ensuring that all decisions made by the Executive and the reasons for them are made public. They must also ensure that Council Members are aware of decisions made by the Executive and of those made by officers who have delegated executive responsibility.
B6	<p>Monitoring Officer</p> <p>The Council's Monitoring Officer is responsible for:</p> <ol style="list-style-type: none"> 1. Promoting and maintaining high standards of ethical conduct and provides support to the Standards Committee. 2. Reporting any actual or potential breaches of the law or maladministration to the Full Council and/or the Executive. 3. Advising all Councillors and officers about who has authority to take a particular decision. 4. Advising the Executive or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the Budget & Policy Framework. 5. Maintaining an up-to-date constitution.

B7

Corporate Director of Resources

The Corporate Director, Resources is the officer responsible for financial administration under s.151 of the Local Government Act 1972 and is responsible for:

1. The proper administration of the Council's financial affairs.
2. Setting and monitoring compliance with financial management standards.
3. Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
4. Providing financial information in conjunction with Senior Managers.
5. Ensuring that the annual statement of accounts is prepared in accordance with International Financial Reporting Standards, the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice within the statutory deadlines. This includes producing a timetable and a closure manual which specifies the information required to enable the accounts to be produced.
6. To liaise with External Audit on the completion of the Statement of Accounts and the arrangements for the audit of these.
7. To ensure that working papers are prepared to support the statement and these are sufficient to meet the needs of external audit.
8. To sign and date the Statement of Accounts, stating that these give a true and fair view of the financial position of the Council.
9. To ensure the Accounts are approved by Audit Committee.
10. Preparing the revenue budget and capital programme relating to the General Fund and the Housing Revenue Account.
11. Ensuring that reports requesting decisions of Members include appropriate statements as to the financial and use of resources implications of the matter under consideration.
12. Treasury management.
13. Section 114 of the Local Government Finance Act 1988 requires the Corporate Director, Resources to report to the full Council, executive and external auditor if the authority or one of its officers:
 - i. has made, or is about to make, a decision which involves incurring unlawful expenditure.

	<ul style="list-style-type: none"> ii. has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council. iii. is about to make an unlawful entry in the authority's accounts. <ol style="list-style-type: none"> 14. Section 114 of the 1988 Act also requires the Corporate Director of Resources to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally. 15. Selecting accounting policies and ensuring that they are applied consistently. 16. Determining the accounting procedures and records for the authority. 17. Issuing advice and guidance to underpin the Financial Regulations. 18. Maintaining a continuous review of the Financial Regulations and issuing updates as necessary. 19. In conjunction with Senior Managers reporting breaches of the Financial Regulations to the Audit Committee. 20. Preparing reports to Corporate Management Team and the Executive to set the Cabinet Thresholds for reporting specific financial issues to the Executive.
<p>B8</p>	<p>Corporate Directors, <u>Divisional Directors</u> and Service Heads (Senior Managers)</p> <p>Corporate <u>Directors, Divisional</u> Directors and Service Heads are responsible for:</p> <ol style="list-style-type: none"> 1. Ensuring that the Executive are advised of the financial implications of all proposals and that the financial implications have been agreed by the Corporate Director of Resources. 2. Signing contracts on behalf of the Council. 3. The exercise of budgetary control. 4. Consulting with the Corporate Director, Resources to seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred. 5. Ensuring that matters requiring a decision by Members are drawn to the attention of the Corporate Director, Resources before any such decision is taken.
<p>B9</p>	<p>The Finance Business Partners</p>

	<ol style="list-style-type: none"> 1. The Finance Business Partners report directly to the Divisional Director of Finance, Procurement and Audit through to the Corporate Director of Resources. 2. The Finance Business Partner is responsible for informing the Corporate Director, Resources of any issue which may have implications for the exercise of the Corporate Director's responsibilities under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988. 3. The Finance Business Partner is responsible for ensuring Directorate compliance with the Financial Regulations, Schemes of Financial Delegation, the Procurement Procedures and other instructions and guidance issued by the Corporate Director of Resources.
B10	<p>Individual Members of the Council</p> <p>No financial decisions are delegated to individual Members of the Council under these Regulations, and no individual Member may instruct any officer to act in any particular way or to take any decision without the authority of the Full Council or the delegated authority of the Executive.</p>
B11	<p>Cabinet Reporting Thresholds</p> <p>The following thresholds have been set by the Executive for reports to be submitted to Cabinet/the Executive for approval.</p> <p>Issues which are projected to involve sums below the "Delegated Authority Threshold" may be authorised by Corporate Directors in line with the scheme of delegations.</p> <p>Issues which are approved by Corporate Directors under delegated authority but involve sums in excess of the "Noting Report Threshold" must be the subject of a noting report to the next available Cabinet.</p> <p>Please also see the Virements Section at D2 for more information.</p>

	Delegated Authority Threshold	Noting Report Threshold
Transfer of a budget allocated for a particular purpose to be used for another purpose (Virement)	SEE TABLE AT SECTION D2	£1M
Approval of a supplementary or additional of a Capital Budget	£250,000	£250,000

Waiving Competition Requirements for Contracts and Orders (Subject to EU Threshold)	£250,000	£250,000
Capital Overspends	£250,000	£250,000
Settlement of Uninsured Claims	£250,000	£250,000

C: Financial Planning

C1	<p>Budgets and Capital Programmes</p> <p>Budgets The budgets are prepared in line with the Budget Framework which comprises the following; General Fund Budget Housing Revenue Account Budget Dedicated Schools Budget General Fund Capital Programme and Strategy Housing Revenue Account Capital Programme</p> <p>The Council is responsible for agreeing the Budget Framework. It is the responsibility of the Executive (whether the Mayor, the Cabinet, individual Members or an officer acting on delegated authority) to operate within the Budget Framework.</p> <p>Any proposal or decision by the Mayor or Executive that would result in expenditure exceeding the limits within the budget framework as defined above will be considered a breach of that framework and must be dealt with in accordance with the Budget and Policy Framework Procedure Rules at Part 4.3 of the Constitution.</p> <p>Setting the Budget</p> <ol style="list-style-type: none"> 1. The process for compilation of the budget will be approved by the Executive on the advice of the Corporate Director, Resources. 2. The draft budget should include projected net expenditure on services and projects, proposed taxation and other income levels as well as any contingency funds. 3. The Corporate Director, Resources is responsible for ensuring that a revenue budget and a Medium-Term Financial Plan for a three-year review period are prepared annually for consideration by the Executive, before submission to the Full Council. 4. Senior Managers will ensure the proper administration of the Revenue Budgets and the Capital Programme allocated to them. They will also ensure compliance with guidance and instructions issued by the Corporate Director, Resources.
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Revenue Budget

The current elements which comprise the budget setting process are as set out below:

1. The Government publishes its spending plans, indicating the aggregate resources to be allocated to Local Authorities in the medium term.
2. This is followed by final announcement and more information each year of the resources to be allocated by Central Government to Local Authorities.
3. The Council has to calculate its tax base, which is formally approved by the Executive in January.
4. The Greater London Authority will notify the Council of the amount it requires to be collected from the residents and this is incorporated into the Council Tax calculation.
5. The Executive must propose its budget to Council in accordance with the Budget and Policy Framework Procedure Rule.
6. The Council has to agree the level of Council Tax before 11th March each year and at the same time Full Council will also formally agree a legal balanced budget.

Capital Programme

The Council produces a three-year capital programme to ensure resources are maximised, and potential resource gaps identified. This avoids abortive costs being incurred.

Objectives

1. A Capital Programme is to be prepared annually projecting capital expenditure and associated resources for the next 3 years.
2. All capital receipts are to accrue to the Corporate budget in the first instance and are to be allocated on the basis of criteria corresponding to the capital strategy document.
3. Central Government resources, which are not specific to a project or programme area, also accrue to the Corporate pot and are allocated based on criteria corresponding to the capital strategy document.
4. All Directorates are entitled to bid for resources within the Corporate budget.
5. All capital programme expenditure must satisfy the statutory definitions of capital.
6. The contents and format of the Capital Programme is to be specified by the Corporate Director, Resources.

The detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.

<p>C2</p>	<p>Maintenance of Reserves</p> <p>The Authority must decide the level of General Reserves it wishes to maintain as part of its financial planning before it can set the annual Council Tax.</p> <p>Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending, should such events occur.</p> <p>Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items. Accounting policies require these to be differentiated from Provisions, the latter being maintained to meet future expenditure arising from a past event the timing of which is uncertain and cannot therefore be contained in the annual budget.</p> <p>Objectives</p> <ol style="list-style-type: none"> 1. To maintain Reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, LAAP Bulletin 55 and other agreed accounting policies. 2. For each Reserve established, the purpose, usage, procedures for the management and control of reserves, and basis of transactions should be clearly identified. 3. Authorisation of expenditure from Reserves is agreed by the Corporate Director, Resources. <p>It is the responsibility of the Corporate Director, Resources to advise the Executive on prudent levels of reserves for the Council. Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.</p>
<p>C3</p>	<p>Financial Implications of Decision Making</p> <ol style="list-style-type: none"> 1. The Corporate Director, Resources is responsible for: <ol style="list-style-type: none"> a. Issuing guidance in relation to the presentation of financial implications within the Council's decision-making processes. b. Ensuring sufficient information on financial implications is presented within individual decision-making reports and have appropriate sign-off. 2. Senior Managers are responsible for: <ol style="list-style-type: none"> a. Ensuring that all decision-making reports properly set out the financial implications of any proposed actions, through the provision of adequate information to relevant people and departments to allow this section to be prepared. b. Ensuring they act in accordance with guidance issued by the Corporate Director of Resources. c. Arranging for all financial implications to be validated and formally signed off by the Corporate Director, Resources, or

	<p>his/her nominated representative, prior to their progression through the approval process.</p> <p>d. Consulting with relevant parties where there may be financial implications for them, including other Cabinet members.</p>
<p>C4</p>	<p>Financial Planning Responsibilities</p> <p>Capital Programme</p> <p>Responsibilities of Corporate Director, Resources</p> <ol style="list-style-type: none"> 1. To issue detailed guidelines annually on the format and content of the three-year capital programme and produce the three-year programme for approval by the Executive. 2. To produce the criteria for the approval of Directorate bids to be allocated corporate capital resources. 3. To produce a corporate capital programme for approval by the Executive, including elements to satisfy local priorities. 4. To devise a mechanism that allocates resources to Directorate Capital Programmes. 5. To produce a report for the Executive for the approval and the allocation of capital resources to Directorates. <p>Responsibilities of Senior Managers</p> <ol style="list-style-type: none"> 1. To prepare bids for capital resources corresponding to the guidance issued by the Corporate Director, Resources. 2. To prepare monitoring reports of the schemes in the approved capital programme in the format and timetable specified by the Corporate Director, Resources. 3. To ensure that records which satisfy internal and external audit requirements are maintained for all contracts. 4. To proceed with projects only when there is a budget within the agreed capital programme and adequate capital resources have been identified. 5. To obtain a supplementary capital budget where an individual Capital Scheme is projected to spend in excess of the original approval, or an additional scheme needs approval. <ul style="list-style-type: none"> • A supplementary capital budget can be granted by the appropriate Corporate Director if the overspend is less than £250,000 – Financial Regulation B10. • Executive approval must be obtained for Supplementary Capital budgets in excess of £250,000. An explanatory report is required. 6. To comply with Financial Instructions relating to procurement as issued by the Corporate Director, Resources. 7. To comply with the financial accounting instructions relating to capital items issued by Corporate Director, Resources. 8. To ensure that adequate provision is made in the revenue budget for any ongoing revenue costs arising from capital schemes. <p>Revenue Budget Preparation</p> <p>Responsibilities of the Corporate Director, Resources</p>

	<ol style="list-style-type: none"> 1. To issue detailed guidance and instructions on the procedures, responsibilities and timetable for preparing Revenue Budgets. 2. To provide guideline cash budget options to Members following Government announcements. 3. To work within the political budget strategy provided by the Executive. 4. To manage, in conjunction with Directorates, a process to deliver a balanced budget. 5. To calculate the resource/projected expenditure position for the period of the Medium-Term Financial Plan (3-5 years ahead). 6. To collate the exemplifications of savings or growth from departments, as required by the budget strategy. 7. To advise and agree the levels of inflation that may be applied to specific areas of expenditure. 8. To prepare and submit reports to the Executive, in line with the Scheme of Delegation, on the aggregate spending plans of Directorates and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied. 9. To obtain Full Council approval for both the Council Tax and the budget setting report each year within the statutory timetable. <p>Responsibilities of Senior Managers</p> <ol style="list-style-type: none"> 1. To take responsibility for delivering the budget strategy. 2. To assist in the development and delivery of the budget process. 3. When drawing up draft budget requirements, to have regard to: <ul style="list-style-type: none"> • spending patterns and pressures revealed through the budget monitoring process. • legal requirements. • policy requirements as determined by the Full Council in the approved policy framework. • initiatives already under way. 4. To work within budget limits. 5. To provide the specific Directorate information requested. 6. To compile a Directorate budget within the guidelines issued by the Corporate Director, Resources. 7. To obtain the approval of the Executive for new proposals, of whatever amount, that: <ul style="list-style-type: none"> • create financial commitments in future years. • change existing policies, initiate new policies or cease existing policies. • in the opinion of the Senior Manager and appropriate Lead Member materially extend or reduce the Council's services.
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D: Financial Management

D1	Budget Monitoring and Control
	Background

	<p>Budgetary control ensures that resources allocated are utilised for their intended purposes, are properly accounted for, and provides timely information on variations from financial targets. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year and identifies managers responsible for defined elements of the budget.</p> <p>Capital budget monitoring ensures that capital resources allocated by the Executive are used for their intended purposes. Capital control provides the mechanism to review progress on capital schemes, by comparison with the capital programme. The Corporate Capital Monitoring Statement is a report that is produced every quarter that details projected capital expenditure and resources.</p>
	<p>Objectives</p> <ol style="list-style-type: none"> 1. Identify a nominated budget manager for each cost centre. 2. Ensure budget managers accept accountability for their budgets, the level of service to be delivered and understand their financial responsibilities. 3. Ensure budget managers follow an approved certification process for all expenditure. 4. Ensure income and expenditure are properly recorded and accounted for. 5. Ensure levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget. 6. Ensure actual income and expenditure is equal to that recorded on the corporate financial systems. 7. Ensure that there is a nominated officer for each capital budget, project and programme. 8. Budget managers are accountable for their projects and budgets. 9. Ensure potential resource under or over provision is identified early in the capital programme cycle to enable remedial action to be taken. <p>Responsibilities</p> <ol style="list-style-type: none"> 1. Senior Managers are responsible for ensuring that within any financial year they take all reasonable measures to ensure an approved Revenue or Capital Budget within their control is not overspent. 2. Senior Managers must seek to ensure that there is no shortfall in the budgeted level of income. 3. When a projected overspend (or under recovery of income) is forecast to occur in a section of the Revenue Budget, or on a scheme within the Capital Programme, Senior Managers and other responsible officers must take measures to eliminate or reduce the overspend and maintain records of such actions. 4. The Corporate Director, Resources must be informed of potential budget variances in accordance with budget monitoring guidelines. The overspend will be the subject of a report to the Executive.

	Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.																				
D2	<p>Virements</p> <p>These rules aim to allow the Executive to manage the budget once it has been approved by Council, whilst also providing for good governance of financial matters. For more details on Virements please see FM2, FM5 and FA10 of Appendix A to these Rules.</p> <p>A virement is the transfer of resources from one budget head to another, during a financial year. It is thus the financial consequence of a change in priority of service delivery or in the means by which services are delivered. It can also be the use of resources provided within the budget framework, but which are not allocated for any specific purpose e.g. unallocated contingency. A virement will naturally flow from, and be part of, a decision.</p> <p>The Executive shall have the power to vire resources within each of the above components of the Budget Framework agreed by Council, subject to the following limitations:</p> <table border="1"> <tr> <td colspan="2">Virement within a Portfolio</td> </tr> <tr> <td>Up to £100,000</td> <td>Budget Holder in agreement with a Divisional Director</td> </tr> <tr> <td>From £100,000 up to but not including £250,000</td> <td>The relevant Corporate Director in agreement with the Corporate Director, Resources</td> </tr> <tr> <td>From £250,000 up to but not including £1m</td> <td>The relevant <u>Corporate Director following consultation with the relevant</u> Cabinet Member in agreement with <u>as well as</u> the Cabinet Member for Resources, Corporate Director and Corporate Director of Resources</td> </tr> <tr> <td>£1m and above</td> <td>The Mayor in Cabinet</td> </tr> <tr> <td colspan="2">Virement between Portfolios</td> </tr> <tr> <td>Up to £100,000</td> <td>Budget Holder in agreement with the Divisional Directors from both affected portfolios</td> </tr> <tr> <td>From £100,000 up to but not including £250,000</td> <td>The relevant Corporate Directors from both affected portfolios in agreement with the Corporate Director, Resources</td> </tr> <tr> <td>From £250,000 up to but not including £1m</td> <td>The relevant <u>Cabinet Members in agreement with Corporate Director following consultation with the relevant Cabinet Member as well as</u> the Cabinet Member for Resources, the relevant Corporate Directors and Corporate Director of Resources</td> </tr> <tr> <td>£1m and above</td> <td>The Mayor in Cabinet</td> </tr> </table>	Virement within a Portfolio		Up to £100,000	Budget Holder in agreement with a Divisional Director	From £100,000 up to but not including £250,000	The relevant Corporate Director in agreement with the Corporate Director, Resources	From £250,000 up to but not including £1m	The relevant <u>Corporate Director following consultation with the relevant</u> Cabinet Member in agreement with <u>as well as</u> the Cabinet Member for Resources, Corporate Director and Corporate Director of Resources	£1m and above	The Mayor in Cabinet	Virement between Portfolios		Up to £100,000	Budget Holder in agreement with the Divisional Directors from both affected portfolios	From £100,000 up to but not including £250,000	The relevant Corporate Directors from both affected portfolios in agreement with the Corporate Director, Resources	From £250,000 up to but not including £1m	The relevant <u>Cabinet Members in agreement with Corporate Director following consultation with the relevant Cabinet Member as well as</u> the Cabinet Member for Resources, the relevant Corporate Directors and Corporate Director of Resources	£1m and above	The Mayor in Cabinet
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	<p>Virements – Non-Financial Consequences</p> <p>The Virement Rules refer only to the financial consequences of proposals and decisions by the Executive. However, such proposals and decisions can also impact upon services and upon the community. This needs to be acknowledged when determining the procedural arrangements for those proposals and decisions, for example they may represent a “key decision”.</p>
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E: Risk Management and Control of Resources

E1	<p>Risk Management</p> <ol style="list-style-type: none"> 1. Audit Committee is responsible for approving the authority’s risk management policy statement and strategy and for reviewing the effectiveness of the risk management. 2. The Executive is responsible for ensuring that proper insurance exists where appropriate. 3. The Corporate Director, Resources is responsible for preparing the authority’s risk management policy statement, for promoting it throughout the authority and for advising the Executive on proper insurance cover where appropriate.
E2	<p>Internal Control</p> <ol style="list-style-type: none"> 1. 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. 2. The Corporate Director, Resources is responsible for advising on effective systems of internal control. 3. Senior Managers are responsible for organising their operations to ensure appropriate controls are in place, ensure the Council’s objectives are achieved, VFM secured and assets are safeguarded. 4. Such arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. 5. Senior Managers must ensure that public funds are properly safeguarded and used economically, efficiently, and effectively and in accordance with the statutory and other authorities that govern their use.

	<p>6. It is the responsibility of Senior Managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance targets.</p>
E3	<p>Audit Arrangements</p> <ol style="list-style-type: none"> 1. The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit. 2. The Audit Committee, in conjunction with an Independent Auditor Panel is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by part 5 of the Local Audit and Accountability Act 2014. 3. The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access. 4. Officers and Members will cooperate fully with auditors and inspectors in the pursuance of their duties.
E4	<p>Preventing Fraud & Corruption</p> <ol style="list-style-type: none"> 1. The Corporate Director, Resources is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. 2. Senior Managers are responsible for designing their systems of controls and putting in place internal controls that adequately manage the risk of fraud and corruption. 3. Senior Managers must report all instances of actual or attempted fraud to the Corporate Director, Resources and/or the Head of Audit and Risk Management.

F: Financial Administration

F1	<p>General</p> <p>Departments have many systems and procedures relating to the control of the Council's assets, including purchasing, transaction processing and management systems. Departments are reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.</p> <p>The Corporate Director, Resources has a professional responsibility to ensure that the Council's financial systems are sound and should therefore sign off any new developments or changes.</p>
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	<p>Objectives</p> <ol style="list-style-type: none"> 1. Basic systems and controls are in place to ensure the integrity of data held on computer systems. 2. Performance of systems is communicated to the appropriate managers on an accurate, complete and timely basis. 3. Systems produce timely reports of management information which is usable by managers. 4. Operating systems and procedures are secure. 5. Computer systems are co-ordinated with manual procedures and operate efficiently alongside them. <p>Responsibilities</p> <ol style="list-style-type: none"> 1. The Corporate Director, Resources is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting key financial records. 2. Any changes made by Senior Managers to the existing financial systems or the establishment of new systems must be approved by the Corporate Director, Resources. 3. Senior Managers are responsible for the proper operation of financial processes in their own departments. 4. Any changes to agreed procedures by Senior Managers to meet their own specific service needs should be agreed with the Corporate Director, Resources. 5. Senior Managers should ensure that their staff receive relevant financial training. 6. Senior Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. 7. Senior Managers must ensure that staff are aware of their responsibilities under freedom of information legislation. <p>Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.</p>
F2	<p>Income and Expenditure</p> <ol style="list-style-type: none"> 1. It is the responsibility of Senior Managers to ensure that a proper scheme of financial delegation has been established within their area and is operating effectively. The scheme of financial delegation must be submitted to the Head of Financial Systems and reviewed quarterly at a minimum. 2. The scheme of financial delegation must identify staff authorised to act on the Senior Managers' behalf in respect of payments, income collection and placing orders, together with the limits of their authority. The scheme of financial delegation is subject to the approval of the Corporate Director, Resources.

	<p>3. The Executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.</p>
F3	<p>Payments to employees and Members</p> <p>1. The Corporate Director, Resources is responsible for all remuneration payments to all staff, including any payments for severance, and for payment of allowances to Members.</p> <p>2. Senior Managers are responsible for providing information in a timely manner to enable the Corporate Director, Resources to discharge these responsibilities.</p>
F4	<p>Taxation</p> <p>1. The Corporate Director, Resources is responsible for advising Senior Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.</p> <p>2. The Corporate Director, Resources 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.</p> <p>3. Senior Managers are responsible for ensuring that sufficient information is provided in a timely manner to enable the Corporate Director, Resources to discharge the Council's obligations under the tax legislation.</p>
F5	<p>Trading accounts and /business units</p> <p>1. It is the responsibility of the Corporate Director, Resources to advise on the establishment and operation of trading accounts and business units.</p>
F6	<p>Internal Recharges</p> <p>Much of the flow of money across the Council originates from services provided by one department to another. This, in a number of cases, stems from internal trading account services.</p> <p>To facilitate proper controls and the management of the Council's budgets, transactions need to be raised and processed in an efficient and effective manner. This should ensure that purchasers are charged promptly and pay within a commercially acceptable timescale, and that trading services invoice their customers in the knowledge that payment will be received within that stated time-scale. Where practicable these processes will be automated. The budget for core services e.g. admin buildings, payroll and</p>

	<p>legal will remain with the purchaser and the Corporate Director, Resources will stipulate corporate arrangements for managing these recharges.</p> <p>For ad-hoc and project works the process follows similar principles to the ordering of and payment for goods and services. To ensure that the process is operating in accordance with the framework, regular departmental monitoring of incoming and outgoing recharges needs to be carried out.</p> <p>The Corporate Director, Resources (or his/her delegate) will act as an arbitrator to resolve disputes that cannot be settled between purchaser and provider. This is to ensure that all disputes are resolved within a stated timescale and will not adversely affect financial monitoring.</p> <p>It is the responsibility of the purchaser to ensure that they have sufficient resources to pay for commissioned project and ad-hoc work. It is the responsibility of the provider before work commences to advise the purchaser if the work is not covered by the core support service budget and needs specific financing.</p>
<p>F7</p>	<p>Banking</p> <p>The efficient operation of a bank account is an essential element of the Council's financial arrangements.</p> <p>Bank accounts also represent an area where there is significant scope for fraudulent activity, and it is essential that adequate controls exist.</p> <p>Objectives</p> <ol style="list-style-type: none"> 1. To ensure that only bank accounts authorised by designated officers, are operated by the Council. 2. To ensure that only authorised entries are made in the Council's bank account. <p>Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.</p>
<p>F8</p>	<p>Imprest</p> <p>The Council operates a number of petty cash imprest accounts to finance minor expenditure.</p> <p>Objectives</p> <p>To ensure the minimum petty cash balances are held consistent with the effective operation of services.</p> <p>Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.</p>

<p>F9</p>	<p>Insurance</p> <p>The Council effects insurance for high level risks, where this is economic to do so, in order to protect its taxpayers against the impact on local charges, should a catastrophe occur.</p> <p>It is essential that Directorates advise the Insurance Section of any change to their activities which insurance underwriters might consider could materially affect the risk. Failure to do so might invalidate the insurance cover.</p> <p>Objectives</p> <ol style="list-style-type: none"> 1. Procedures are in place to identify, assess, prevent or minimise material known risks, and these procedures are operating effectively throughout the Council. 2. Monitoring and regular review of risk reduction strategies. 3. Procedures are in place to identify and record all insurance and the property or risk covered. 4. Procedures are in place to notify and record the occurrence of any incident or loss that may give rise to a claim by the Council for recovery from insurance companies of the loss. 5. Procedures are in place to notify the Insurance Section of any claim against the Council. 6. Procedures are in place to investigate claims within required timescales. <p>Further details on the detailed responsibilities of the Corporate Director, Resources and the Senior Managers can be found in the separate Financial Procedures Manual.</p>
<p>F10</p>	<p>Assets</p> <ol style="list-style-type: none"> 1. Senior Managers shall ensure that records and assets are properly maintained and securely held 2. Senior Managers should ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. 3. The Corporate Director, Place is responsible for ensuring that valuations of the Council's assets are undertaken for management and reporting purposes.
<p>F11</p>	<p>Treasury</p> <ol style="list-style-type: none"> 1. The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

	<ol style="list-style-type: none"> 2. The Full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities. The policy statement is proposed to the full Council as part of the annual budget setting process. 3. The Corporate Director, Resources has delegated responsibility for implementing and monitoring the statement. 4. All money in the hands of the authority 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 Director of Finance. 5. All executive decisions on borrowing, investment or financing shall be delegated to the Corporate Director, Resources, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
F12	<p>Employees</p> <p>Full Council is responsible for confirming the appointment of the Chief Executive/Head of Paid Service, and has delegated to the Appointments Sub-Committee of the General Purposes Committee responsibility for appointing to the other Chief Officer and Deputy Chief Officer posts. These are the only appointments that elected Members are involved in apart from the 4-group/Mayor's political assistants.</p>
F13	<p>External Funding</p> <p>External funding can prove an important source of income but funding conditions must be carefully examined before any agreement is entered into to ensure they are compatible with the aims and objectives of Council.</p> <p>The Corporate Director, Resources is responsible for:</p> <ol style="list-style-type: none"> a. Ensuring that any match funding requirements are considered prior to entering into any agreement, that future revenue budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed. b. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council. c. Maintaining a central register of external funding/grant arrangements. d. Ensuring that all audit requirements are met. <p>Senior Managers are responsible for:</p> <ol style="list-style-type: none"> a. Ensuring that the sustainability of funding is assessed for risk, any agreements entered into are consistent with and support the Council's service priorities, and necessary approvals have been obtained.

	<ul style="list-style-type: none"> b. All claims for funds are made by the due date. c. Work is progressed in accordance with the project plan and all expenditure is properly incurred and recorded.
F14	<p>Third Party Work</p> <p>Work can only be undertaken for third parties where the Council has the legal powers to undertake the work.</p> <p>With regard to the financial aspects of third party contracts, the Council must;</p> <ul style="list-style-type: none"> I. Comply with any guidance issued by the Corporate Director, Resources and will ensure that the appropriate insurance arrangements are made. II. Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract. III. Ensure that the Council is not unnecessarily exposed to the risk of bad debts. <p>A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement in order that the appropriate disclosures can be made within the Council's annual statement of accounts.</p> <p>The Head of Procurement is responsible for monitoring the contractual arrangements for any significant work for third parties or external bodies. For this purpose, significant is deemed to be contracted annual income from a body that is greater than £100,000.</p>
F15	<p>Accounting System</p> <p>Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This includes:</p> <p>The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified.</p> <p>The Corporate Director, Resources is responsible for:</p> <ul style="list-style-type: none"> a. Determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure.

	<ul style="list-style-type: none"> b. Determining any financial systems which may sit outside of the main accounting system, and ensuring, if approved for implementation, that these are sound and properly integrated and interfaced. c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems, and ensuring that supporting records and documents are retained. d. Ensuring that regular balance sheet and holding account reconciliations are undertaken. e. Preparing the Council's consolidated accounts, balance sheet and governance statement for audit and publication, and issuing guidance (including a detailed timetable and plan) to ensure achievement of statutory deadline. <p>Senior Managers are responsible for:</p> <ul style="list-style-type: none"> a. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the Executive Corporate Director of Finance & Resources. b. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents. c. Ensuring that the implementation of any Unit financial system has the express approval of the Executive Corporate Director of Finance & Resources, and is adequately documented, tested and interfaced with the main accounting system.
F16	<p>Amenity and Unofficial Funds</p> <p>Relevant to all officers handling official and unofficial funds, including residents' cash and valuables.</p> <p>General Principles</p> <ul style="list-style-type: none"> 1. Cash is always attractive and vulnerable to theft. Cash holdings must be kept to the practical minimum and never in excess of the insurance limit for the particular establishment. The Insurance Section can advise on the limit. 2. Risk assessments must be carried out regularly to check if risks have changed and always when procedures or staff have changed. 3. Where larger sums of money have to be held, a safe may be essential. For smaller sums, a locked cash box in a locked drawer or cupboard may be acceptable. The Insurance Section can advise on the need for a safe or otherwise. 4. Cash must always have a full management trail – cash to be banked must be banked intact and never used to cash personal cheques, provide a petty cash float or for any other purpose.

G: External Arrangements

G1	Partnerships
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	<ol style="list-style-type: none"> 1. The Executive is responsible for approving delegations, including frameworks for partnerships. 2. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs. 3. The Executive may delegate functions – including those relating to partnerships – to officers. Where functions are delegated, the Executive remains accountable for them to the Full Council. 4. The Authority may nominate individual Members and or officers to represent the Authority on external bodies. 5. The Monitoring Officer is responsible for promoting and maintaining the same high standards of ethics in partnerships that apply throughout the Authority. 6. The Corporate Director, Resources will advise on the accounting arrangements to be adopted relating to partnerships and joint ventures. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies. 7. Senior Managers are responsible for ensuring that appropriate Council approvals are obtained before any negotiations are concluded in relation to work with external bodies.
G2	<p>Companies</p> <ol style="list-style-type: none"> 1. In relation to companies that the Council has an interest in, it is imperative that they are set up, managed and run according to rules of good governance so that risks are mitigated. 2. No company can be created without the express approval in writing of the Corporate Director, Resources. 3. The Corporate Director, Resources is responsible for advising the company directors of the accounting arrangements the company must adopt. 4. The Monitoring Officer is responsible for advising on the legal requirements and implications with respect to the creation and ongoing running of a company.