

Subject:	Constitution Review		Status:	For Publication	
Report to:	Council		Date:	22 nd June 2022	
Report of:	Monitoring Officer		Portfolio Holder:	Corporate Services	
Key Decision:	No – reserved for full Council	Forward Plan <input type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>	
Equality Impact Assessment:	Required:	No	Attached:	No	
Biodiversity Impact Assessment:	Required:	No	Attached:	No	
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1. RECOMMENDATION(S)

That Council adopt the proposed Constitution changes and amend the Constitution as necessary in relation to:

1.1 The proposed Finance Procedure Rules as outlined in Appendix 2.

1.2 The proposed minor changes to part 4 as outlined in Appendix 3.

2. EXECUTIVE SUMMARY

- The Council is required by law to implement a Constitution and it is in the interests of the Council to regularly review and update the document.
- Financial Procedure Rules provide the framework for managing the Council's financial affairs.
- The Financial Procedure Rules have been refreshed to conclude the full review of the Constitution.
- The Constitution requires an update to remove the words EU and OJEU from the Contract Procedure Rules as these are no longer relevant.

3. BACKGROUND

3.1 On 17th March 2021, Council approved a refreshed Constitution with the understanding that the Finance Procedure Rules were also in the process of being updated. This work has now been completed and the Governance Working Group has recommended full Council to adopt these changes with two amendments (at 5.1 and 5.4). These amendments have been made and the relevant wording is now reflected in these sections.

4. DETAILS

Finance Procedure Rules

4.1 The Constitution saw a significant review in March 2021 to ensure that the same was up to date and in line with best practice. As outlined to members in the report to Council, the Finance Procedure Rules (FPRs) were also in need of a refresh but due to the demands of Covid and the various grant schemes the Head of Finance was not able to undertake the wholesale review that the FPRs required at that time.

- 4.2 This significant review has now taken place and it is proposed that the existing FPRs as shown at Appendix 1 will be lifted out of the Constitution and in its place, the refreshed FPRs as shown at Appendix 2 will be inserted.
- 4.3 The current FPRs are no longer fit for purpose and do not reflect what happens in practice. These FPRs have been thoroughly updated and modernised to reflect best practice and have been simplified to aide a better understanding by officers and readers of the Constitution.

Contract Procedure Rules

- 4.4 The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 are now effective. This legislation removes references to the OJEU from relevant UK regulations, including the requirement for public sector organisations to comply with OJEU publication requirements. The thresholds have been retained and now apply to the UK only 'Find a tender' system which replaced OJEU under the World Trade Organisation Government Procurement Agreement.
- 4.5 The amendments did not apply to any procurements already underway.
- 4.6 In order to reflect current procurement regulations and requirements, it is proposed to remove reference to OJEU at clause 9.2 and reference to EU at clause 12.2 of the CPRs as outlined at Appendix 3.

5. RISK

All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Failure to maintain and follow an up-to-date Constitution risks legal proceedings being taken against the Council, and risks members of the community being dissatisfied with the action of the Council.
- Monitoring risks and reviewing systems of controls.
- Failure of officers to keep up to date with changes to the Constitution.

6. FINANCE

The FPRs have been subject to a comprehensive review but these now provide improved and updated clarity of purpose. It is important that the Council's FPRs reflect best practice and are updated to recent local and national changes. There no specific financial implications over and above the amendments to the rules.

7. LEGAL

The Council's Monitoring Officer is responsible for monitoring and reviewing the operation of the Council's Constitution to ensure that its aims and principles are given full effect and that the same is kept up to date in terms of legislation and the way the Council does business.

8. POLICY AND EQUALITIES IMPLICATIONS

There are no specific policy or equalities implications arising from this report.

9. REASON FOR DECISION

The Council is required by law to implement a Constitution and it is in the interests of the Council to regularly review and update the document.

Background Papers	
Document	Place of Inspection
Appendix 1 - Finance Procedure Rules (Current)	https://www.rossendale.gov.uk/downloads/file/13387/constitution_-_part_4
Appendix 2 - Finance Procedure Rules (Proposed)	Attached
Appendix 3 – Amendments to Contract Procedure Rules	Attached

Financial Procedure Rules

- 1 Introduction
- 2 Financial Management Standards
- 3 Accounts and Accounting Systems
- 4 Internal Audit
- 5 Irregularities, Fraud and Corruption
- 6 Risk Management
- 7 Insurances
- 8 Strategic Financial Management
- 9 Annual Estimates (Budgets)
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- 11 Virement
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- 21 Payment of Accounts
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1. INTRODUCTION

- 1.1 These Financial Procedure Rules provide the framework for managing the Council's financial affairs. They must be read in conjunction with the Constitution as a whole and with any Standing Financial Instructions issued by the Head of Finance. They are issued in accordance with section 151 of the Local Government Act 1972 and with the Accounts and Audit (England) Regulations 2015. They assist the Council to ensure that it has proper financial and managerial controls in place and that it uses public monies in accordance with the principles of Corporate Governance.
- 1.2 They identify the financial responsibilities of the full Council, the Cabinet, the Head of Paid Service (i.e. the Chief Executive), the Monitoring Officer (i.e. the Head of Legal), the Section 151 Officer (i.e. the Chief Finance Officer/Head of Finance) and other members of the Management Team.
- 1.3 The S151 Officer is legally responsible for the proper administration of the Council's financial affairs for the purpose of Section 151 of the Local Government Act 1972. The S151 Officer, in consultation with the Council's Monitoring Officer where appropriate, shall take whatever action is appropriate in discharging the responsibilities under Section 151 of the Local Government Act 1972.
- 1.4 These Rules must be followed by any person or body authorised to act on behalf of the Council including any other partners where the Council's business or accountable interests are affected.
- 1.5 An Officer must not enter into any arrangement, which may restrict the ability of the Council to apply these Rules, without the approval of the Cabinet to that arrangement.
- 1.6 The S151 Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. They are also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or the Cabinet.
- 1.7 Corporate Management Team are responsible for ensuring that their staff are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents and that they comply with them.
- 1.8 The S151 Officer is responsible for issuing advice and guidance to underpin the Financial Procedure Rules that Councillors, Officers and others acting on behalf of the Council are required to follow.
- 1.9 Failure to comply with the requirements of Financial Procedure Rules may, if appropriate, lead to action being taken against Officers under the Council's Disciplinary Procedure and against Councillors under the Code of Conduct.
- 1.10 The rules contain financial limits which are reflected in the Contract Procedure Rules and Scheme of Delegation. These are summarised in a table at the end of the Rules for reference.

2. FINANCIAL MANAGEMENT STANDARDS

- 2.1 The S151 Officer shall determine the Accounting Policies to be used in the preparation of the Council's annual accounts.

- 2.2 All accounting records must be maintained on the Council's corporate financial systems unless authority is obtained from the S151 Officer.
- 2.3 All systems that form the basis of the Council's financial accounts must be approved by the S151 Officer.
- 2.4 The S151 Officer must be consulted of any prospective changes to existing systems or purchases of new systems so that an assessment of compatibility and controls can be carried out in advance.
- 2.5 Directors and Heads of Service shall be responsible and ensure that all financial records and systems are properly maintained and shall carry out independent checking of financial transactions and also verify relevant financial administrative instructions in order to ensure compliance with these Rules.

3. ACCOUNTS AND ACCOUNTING SYSTEMS

- 3.1 The Accounts and Audit Regulations 2015 require that the Council be responsible for ensuring that the financial management of the Council is adequate and effective. The accounts of the Council shall be kept by the S151 Officer and all systems of accounting and financial records throughout the Council shall be subject to their approval. The S151 Officer shall, from time to time, make such recommendations to the Audit and Accounts Committee and the Council regarding the accounting systems and financial operations of any Council area as they may deem necessary.
- 3.2 The S151 Officer is responsible for the maintenance, development and control of all the Council's corporate financial information systems. Directors are required to record all accounting operations on the corporate financial information systems in line with the procedures and processes agreed with the S151 Officer.
- 3.3 Directors shall at an early stage consult the S151 Officer on the design of systems, forms and records, which could have an impact on the corporate financial information systems, records or needs.
- 3.4 Each Director shall be responsible for ensuring that such records and systems are properly maintained and shall carry out independent checking of financial transactions relevant to their service to ensure compliance with these Financial Procedure Rules.
- 3.5 At any time, each Director shall supply to the S151 Officer such information and explanations as appropriate.
- 3.6 The S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices and for selecting consistent and suitable accounting policies.
- 3.7 The Audit and Accounts Committee is responsible for approving the annual Statement of Accounts.

4. INTERNAL AUDIT

- 4.1 The Accounts and Audit Regulations 2015 require that the Council undertakes an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.
- 4.2 The Regulations also require any officer or Member of the Council to:

- a) make available such documents which relate to its accounting and other records necessary for the purpose of the audit
- b) supply all information and explanations that are considered necessary; and
- c) produce cash, stores or any other Council property under their control.

4.3 The S151 Officer and the Council's Internal Auditor shall have access and authority, at any reasonable time, to apply any test or check to the accounts and records held.

4.4 In the exercise of their duties the S151 Officer and the Council's Internal Auditor shall have direct access to all Chief Officers and, where appropriate, the Leader of the Council and the Audit and Accounts Committee.

5. IRREGULARITIES, FRAUD AND CORRUPTION

5.1 Where any Member or Officer has cause to suspect irregularity they shall immediately (before proceeding with any investigation) inform the S151 Officer who shall inform the Chief Executive Officer. The Chief Executive Officer shall provide facilities for investigation, and should it be found that irregularity has occurred or is occurring, it shall be the duty of the S151 Officer to inform the Chief Executive Officer who will inform the Leader of the Council. In exceptional circumstances the S151 Officer is authorised to inform the Leader of the Council direct.

5.2 A Chief Officer is authorised to call in the police forthwith, if they consider that the nature of the irregularity warrants immediate action.

5.3 Any case of fraud or loss or financial irregularity or bribery or corruption that is discovered or suspected to exist which involves the Council's interests will be dealt with in accordance with the Council's Disciplinary Rules and Fraud and Anti-Corruption Policy.

5.4 Where criminal proceedings are not instituted for whatever reason, the Chief Executive shall decide whether or not to commence a civil suit.

6. RISK MANAGEMENT

6.1 The Accounts and Audit Regulations 2015 requires the Council to be responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for risk management. This requirement shall be fulfilled through the S151 Officer who shall ensure that there is sound system of risk management in place.

6.2 Each Director is responsible for ensuring that an up to date list of risks is maintained and monitored for their service areas. It is the Directors' responsibility to ensure that appropriate action plans to mitigate risks are drawn up, implemented and monitored.

6.3 The S151 Officer will review the adequacy and effectiveness of the risk management process and report to the Audit and Accounts Committee at least annually.

7. INSURANCES

7.1 The S151 Officer shall effect all insurances via external cover or self-insurance and shall be responsible for making and, where appropriate, negotiating all claims in consultation with other officers as necessary.

7.2 Prior to any major service changes or events taking place, which are likely to impact on insurance cover, Directors shall notify the S151 Officer:

- The terms of any indemnity which the Council is required to give
- Any new risks, properties, vehicles or other assets which might need to be insured
- Any changed circumstances affecting existing risks or insurance.

7.3 Directors shall immediately notify the S151 Officer of any fire, loss, accident or other event that may give rise to a claim against the Council's insurers.

8. STRATEGIC FINANCIAL PLANNING

8.1 The Council will maintain a Medium Term Financial Plan (MTFS) (the 5 Year Financial Strategy) which will act as the strategic framework within which the Council will operate its policy objectives in accordance with the Council Plan.

8.2 The Council's Management Team will review the 5 Year Financial Strategy annually and submit to Council for approval.

8.3 The Council's S151 Officer is responsible for updating the MTFS which will cover the current year plus the following four years. The Budget Outlook will record financial decisions taken by Council to ensure that the Council's overall spending plans are in accordance with its Financial Strategy.

9. ANNUAL ESTIMATES (BUDGETS)

9.1 Each year, in conjunction with the S151 Officer, the appropriate Directors shall prepare revenue estimates of their expenditure and income for the following financial year.

9.2 These annual estimates shall be in a form, and prepared within a timescale approved by the S151 Officer.

9.3 The estimates shall be prepared in accordance with the Council's Financial Strategy and shall take into account any guidance given by the Council, Cabinet or the Corporate Management Team.

9.4 The S151 Officer shall co-ordinate the preparation of the revenue estimates and discuss them with the appropriate Directors and Budget Managers.

9.5 The S151 Officer shall submit an annual estimates report in the form of the MTFS to the Cabinet.

9.6 The Cabinet shall examine the financial aspect of the estimates together with a report thereon by the S151 Officer, and shall submit the estimates to the Council for approval with such recommendations as they deem necessary, which may include the views and recommendations of the Overview and Scrutiny Committee.

9.7 The S151 Officer shall further report on the robustness of these financial estimates and the adequacy of the Council's financial reserves and balances.

9.8 Chief Officers and the appropriate Budget Managers shall have authority to incur revenue expenditure up to the level of the approved budget, subject to 12.2a.

10. SUPPLEMENTARY ESTIMATES (UNBUDGETED REVENUE EXPENDITURE)

10.1 Whenever it is proposed to seek the approval of the Council to the adoption of a new policy or extension of an existing policy not already sanctioned by the Council, the Cabinet shall receive

details of, and give due consideration to, the financial aspects of the proposal. If the proposal involves expenditure of more than £50,000 the Cabinet shall seek approval of the Council to a supplementary estimate.

10.2 Before incurring any expenditure for which there is no approved estimate, or for which the estimate is insufficient (subject to a lower limit of £20,000), it shall be the duty of the appropriate Director to report on the proposals to the Cabinet. If agreed, the Cabinet shall then seek approval of the Council to a supplementary estimate

10.3 If an appropriate Director fails to report a matter under sub-section 10.2 above to the Cabinet, the S151 Officer shall report it to Audit and Accounts Committee.

10.4 The S151 Officer may establish new expenditure budgets where such expenditure will be subsequently fully recovered from other users of the service (for example, training courses may be provided on behalf of others and then recovered from participants).

11. VIREMENT

11.1 Notwithstanding Rule 10. (Supplementary Estimates) above, there may be instances where there is a need to transfer an amount of an approved budget to another use (called virement), within the same service area. Virements do not create additional budget liability and must not create ongoing revenue expenditure in later years.

11.2 Virement of any budgeted expenditure does not allow Directors and heads of service to evade corporate priorities and policies. For example and inter alia no IT equipment (either hardware or software) may be purchased by Directors and heads of service without the prior approval of the Director of Communities and the S151 Officer. This ensures compatibility with the authority's IT systems and controls any ongoing service cost implications.

11.3 Virements between revenue budget heads within the same service area shall be authorised as follows:

- (a) **Up to and including £10k** on any one budget head during the year may be authorised by the Director or Service Head on budgets under their control following notification to the S151 Officer.
- (b) **In excess of £10k but less than £50k** requires consultation with the appropriate portfolio holder under arrangements agreed by the Full Council, provided there is no material negative effect on service delivery.
- (c) **In excess of £50k but less than £100k** requires Cabinet Approval, a report will be prepared jointly by the Director/Head of Service and the S151 Officer.
- (d) **In excess of £100k** requires full Council Approval, a report will be prepared jointly by the Director/Head of Service and the S151 Officer.

Requests for approval should be supported by adequate background information and detail the implications in the current and future financial years.

11.4 The prior approval of the Council is required for any virement, of whatever amount, where it is proposed to:

- vire between budgets of different accountable committees
- vire between budgets managed by different members of CMT.

- 11.5 Virement that is likely to impact on the level of service activity of a service area should be implemented only after agreement with the relevant CMT Members
- 11.6 Virement should where applicable follow any existing Scheme of Delegation.
- 11.7 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- a) the amount is used in accordance with the purposes for which it has been established
 - b) the Council has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to Full Council.

12. REVENUE EXPENDITURE

- 12.1 Revenue expenditure is defined as day-to-day operational expenditure that will generally be spent in the next twelve months; e.g. purchases of equipment, salaries, materials, maintenance and repairs.
- 12.2 Directors shall have the power to incur revenue expenditure to the limit of their budget allocation, subject to the Council's Financial and Contract Procedure Rules and Scheme of Delegation without further approval, except:
- a) any single item of budgeted expenditure over £15k, this requires authorisation through a Scheme of Delegation.
 - b) any revenue expenditure which involves a variation from the Council's approved Policy Framework which must be approved by Council.
 - c) any expenditure which leaves the Council with future commitments for which funding has not been identified. This would require Council approval.
 - d) any expenditure which triggers a key decision as defined by the Constitution (unless previously delegated to the Director).
- 12.3 An urgent item of budgeted expenditure over £15k may be incurred prior to the Scheme of Delegation approval, however in this instance approval must be gained within 10 working days.
- 12.4 The Chief Executive shall appoint relevant Officers (known as budget holders) to be responsible for appropriate budgets.
- 12.5 It shall be the responsibility of budget holders to monitor their budgets on at least a monthly basis. The Finance Section will assist in this process.
- 12.6 Corporate Management Team shall be responsible for monitoring progress against the revenue estimates on at least a quarterly basis.
- 12.7 Quarterly reports on financial performance against the approved budgets shall be taken to Corporate Management Team which may make recommendations to Cabinet.
- 12.8 The S151 Officer will subsequently submit quarterly reports to Cabinet identifying areas of potential or actual over or underspends, and make appropriate recommendations. The report will also assess the implications of the budget monitoring in terms of the Council's MTFS.

13. CAPITAL EXPENDITURE

- 13.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. In cases of

doubt the S151 Officer will determine whether a scheme will be treated as capital or revenue expenditure.

- 13.2 The five year Capital Programme comprising individual schemes is part of the Council's Budget and Policy Framework and shall be approved annually and monitored quarterly throughout the year.
- 13.3 Directors shall provide annually when requested in a timely manner to the S151 Officer all the necessary information for the preparation of an annual programme of capital expenditure, including progress on existing schemes and potential new schemes.
- 13.4 No expenditure may be incurred on any new scheme in the Capital Programme with an estimated value of over £100k until a detailed report has been approved by Cabinet (save as to exemption 13.5 below), including as a minimum:
- a) a cost breakdown of the scheme;
 - b) the method and cost of financing the scheme;
 - c) the future revenue budget impact;
 - d) a risk assessment;
 - e) (viable alternatives;
 - f) details of procurement path and delegations required (if any);
 - g) detailed objectives, outputs and outcomes, and
 - h) relevant drawings and plans,

except the cost of preliminary work to produce the above report.

A detailed report is not necessary as set out at Paragraph 13.4 above in the case of replacement vehicles and equipment on a like-for-like basis and housing renovation grants. In this instance, full scheme approval and authority to contract in accordance with the Contract Procedure Rules will be approved through a Scheme of Delegation.

- 13.5 Provision in the annual estimates for expenditure on a new capital project with an estimated value of over £100k shall not be regarded as authority for the work to be put in hand without the procedure required by Rule 13.4.
- 13.6 If during the progress of the scheme it becomes apparent that the estimates originally submitted are likely to be exceeded by £20,000, the appropriate Director shall report the facts immediately via a Scheme of Delegation.
- 13.7 The Council's Capital Programme Working Group will be responsible for monitoring the progress of the Capital Programme, and report to the Corporate Management Team on a quarterly basis.
- 13.8 The S151 Officer will submit quarterly reports to Cabinet identifying areas of potential or actual over or underspends, and make appropriate recommendations.
- 13.9 During the year Cabinet may approve expenditure up to £100k on a new scheme, provided it is funded in the five year Capital Programme or by new external funding and there is no additional cost to the Council.
- 13.10 All new schemes not already included within the Capital Programme in excess of £100k or those without a virement or external funding which will incur additional cost to the Council require Full Council approval.

14. PAYBACK SCHEMES

14.1 Payback schemes are intended to promote efficiency and value for money. They may include both revenue and capital schemes. Such schemes would generally be used when investment in a service or asset would result in future **revenue** savings equivalent to the investment.

Payback schemes may be authorised as follows:

- a) up to and including £50,000 by a Scheme of Delegation;
- b) up to and including £100,000 by the Cabinet;
- c) over £100,000 by Full Council.

In all cases the resultant savings must repay the investment within five (or fifteen years if they are energy efficiency schemes) and be supported by a costed business case including a risk assessment.

15. RESERVES AND BALANCES

15.1 Each year the Cabinet Member for Resources shall receive a report reviewing the Council's Policy on Balances and Reserves. The Policy will, as a minimum, review the title, purpose and level of each reserve.

15.2 Where it is appropriate, Cabinet shall maintain a five year programme of expenditure to be met from earmarked reserves. As part of the MTFS Cabinet shall receive a report identifying the detailed Reserve Programme for the forthcoming financial year and the following 4 years.

15.3 Whenever it is proposed to embark upon any scheme within the Reserve Programme, the appropriate Director concerned shall submit details to the Cabinet and shall incorporate a value for money statement, in conjunction with the S151 Officer, showing estimated cost and the probable initial and ultimate revenue charge.

15.4 The S151 Officer will be responsible for monitoring the progress of the Reserve Programme, and report to Corporate Management Team as part of the quarterly budget monitoring report.

15.5 The S151 Officer will subsequently submit quarterly reports to Cabinet identifying areas of potential or actual over or underspends, and make appropriate recommendations

15.6 Overspending on service estimates in total on budgets under the control of the Directors and heads of service will be reviewed at year end and may be carried forward to the following year, in which case will constitute the first call on service estimates in the following year. The S151 Officer will report the extent of overspendings carried forward to the Full Council.

16. BUDGET SLIPPAGE

16.1 Budget Slippage relates to an unspent budget estimate for which there is an actual, and not possible, commitment to incur expenditure in the future. Ordinarily, this will apply when the commitment is to be incurred in a financial year following the budget underspend.

16.2 Subject to the approval of the Chief Executive, in consultation with the S151 Officer, Managers may carry forward from one financial year to the next financial year, an unspent budget estimate relating to an actual commitment provided that:

- a) the maximum amount for each item of slippage within this delegated authority being £10,000;
- b) the controllable budget for which the Manager is responsible is not overspent in total.

16.3 Any proposal for budget slippage which exceeds £10,000 must be approved by Cabinet as part of the Outturn Report.

16.4 It is for each Manager to demonstrate to the S151 Officer that there is an actual, and not possible, commitment to incur expenditure. For the purposes of this Procedure Rule, an actual commitment is defined as one where, for example:

- a) there is a specific Cabinet Committee resolution to incur the expenditure;
- b) an order has been placed for goods and services;
- c) the works for which the budget estimate relates are on-going and not yet complete;
- d) an offer of grant has been made by the Council but has not yet been taken up (subject to time limits placed on the grant offer);

16.5 Any budget slippage which has not been applied to the associated commitment within six months of the financial year end will be removed from the service budget and transferred back to reserves unless otherwise agreed by the S151 Officer.

17. INCOME

17.1 All arrangements for:

- a) the financial organisation, accounting and book keeping necessary to ensure the proper recording of all sums due to the Council; and
- b) the collection, custody, control, disposal and prompt and proper accounting for all cash in all areas of the Council shall be subject to the approval of the S151 Officer.

17.2 Any change to an existing arrangement referred to in Rule 17.1 above shall not be made without the prior approval of the S151 Officer.

17.3 All monies received on behalf of the Council in any area of the Council shall be recorded and deposited promptly with a finance officer or be banked in the Council's name. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

17.4 All official receipts shall be in a form approved by the S151 Officer and shall be ordered, controlled and issued to appropriate Officers by Corporate Support, and all receipts and issues thereof shall be properly recorded and acknowledged. Each Officer issued with receipts shall be responsible for their safe custody and proper use thereof.

17.5 Where work has been (or will be) done, services rendered or goods supplied without payment, the responsible officer shall promptly issue an invoice so that it can be raised to the debtor and accounted for in the finance system and appropriate recovery action taken where necessary.

17.6 The service area Budget Manager has responsibility for monitoring recovery of income and that the appropriate debt recovery procedures are followed in respect of any outstanding income due to the Council.

17.7 Once raised, no debt can be cancelled except by full payment or writing off. Debt due to the Council shall only be written off in line with the Debt Management Policy:

- debts of up to and including £5,000 may be written off by the S151 officer
- for debts over £5,000, write off approval must be sought from Cabinet.

- 17.8 Fees and charges will be reviewed annually as part of the budget setting process and where required approved by the appropriate committee prior to approval at Full Council.
- 17.9 No new fees and charges or alterations to existing fees and charges shall be made in year unless approved by a Director in consultation with the appropriate Portfolio Holder.

18. GRANTS TO EXTERNAL ORGANISATIONS

- 18.1 It is the responsibility of all Directors to ensure that organisations in receipt of grant aid (either from the Council's own funds or through external funding where the Council is the Accountable Body) have (as a minimum):
- a) satisfactorily demonstrated that they are a competent and suitable organisation to receive public money; and
 - b) ensure appropriate management and accountability procedures are in place to achieve their aims and objectives; and
 - c) ensure that financial propriety is observed.
- 18.2 Where a grant is approved, there must be written confirmation of the grant offer and where appropriate a formal grant agreement before any payment is made.
- 18.3 Any grant offers (as a minimum) must require the recipient to keep appropriate records and ensure these are available for Council inspection and must require the organisation to demonstrate that the grant has been used for the agreed purpose.
- 18.4 For grants over £10,000, other additional clauses must be included (as a minimum) in the offer letter/agreement namely:
- details of the amount of grant approved; and
 - the purpose and duration of the grant; and
 - the arrangements for payment; and
 - the monitoring and evaluation arrangements; and
 - the circumstances when grant funding may be terminated.
- 18.5 Directors must ensure that any grants given must have their terms and conditions monitored and checked for compliance. For grants over £10,000, this may also require the organisation to submit audited accounts. Further, for grants over £10,000, Directors must ensure that the organisation provides financial and statistical information on a quarterly basis and that review meetings with the Director's representative and organisation happen at least twice a year.

19. EXTERNAL FUNDING

- 19.1 Directors will strategically explore all opportunities for external funding, taking account of the Council's policy framework and any additional risks implied.
- 19.2 Prior to submission of grant funding applications and entering into agreements, Directors must inform the S151 Officer of any matched funding requirements and any accountable body responsibilities. This is to ensure that funding is available, all future revenue and capital implications are determined and that appropriate financial arrangements are in place. The S151 Officer shall be provided with a copy of the final application for review prior to submission.
- 19.3 The S151 Officer will ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 19.4 Directors are required to ensure that, for any project where external grant funding has been accepted, the project(s) progresses in accordance with the bid, and that there is compliance

with the Council's Contract and Financial Procedure Rules and the appropriate grant conditions.

19.5 Directors must also inform the S151 Officer of any subsequent changes to agreements in order that the revenue and capital budget implications may be addressed.

19.6 Directors are responsible for ensuring claims for funds are made by the due date in accordance with instructions issued by the S151 Officer.

19.7 All claims for external grants made on the Council's behalf whether Capital or Revenue shall be approved by the S151 Officer. For each grant claim appropriate supporting documents shall be kept by the relevant service officer.

20. ORDERING OF GOODS, SERVICES OR WORKS

20.1 All orders for goods or works, shall be processed through the Council's e-procurement system (which feeds into the general ledger system), and authorised by appropriate officers. When placing orders officers should have regard to the Council's Contract Procedure Rules.

20.2 All orders for goods, services or works shall be issued through the Council's e-procurement system and details of the price and discount (if any) shall be inserted whenever known. Orders given orally must be confirmed in writing the same day.

20.3 An officer receiving goods or services on behalf of the Council must be other than the officer authorising the originating order. The officer must confirm the satisfactory (or unsatisfactory) receipt of goods (GRN) or services in the e-procurement system to verify that they are in accordance with the authorised order. The receiving officer must ensure that they have adequate evidence to execute this action. This applies equally to when an officer is entering in the e-procurement system the receipt of goods or services on behalf of another officer. The acceptance of the satisfactory receipt of goods confirms that:

- a) An account when presented will be properly payable by the Council; and
- b) Proper entries have been made in inventories, stores and other property records or registers.

20.4 This rule recognises that not all goods and services are supplied following the issue of a purchase order – for example, gas, electricity, water and telephone etc, but wherever possible purchase orders should be used.

21. PAYMENT OF ACCOUNTS

21.1 Where invoices, claims and accounts can be "matched" with a purchase order, these will be processed automatically through the process of Goods Receipting, and paid via the Creditors system.

21.2 All invoices, claims and accounts not resulting from a purchase order shall be completely checked by the appropriate Officers and certified by or under the authority of the appropriate Officer with delegated authority. The S151 Officer shall maintain a list of authorised electronic signatories. Only authorised signatories shall sign or authorise accounts. It shall be clearly indicated upon the account the purpose, service or expenditure to which it relates and certification by the appropriate Director shall be taken to mean that:

- a) the goods delivered or services rendered are as authorised and ordered;
- b) they have been inspected and found satisfactory;
- c) the price is as quoted;

- d) the expenditure is within the estimates or is covered by special financial provision;
- e) all Standing Orders, Financial Regulations and Resolutions of the Council relevant to the account have been complied with;
- f) the account has not previously been certified for payment; and
- g) the proper entries have been made where appropriate in the stores records or inventories.

21.3 All correct invoices should be passed for payment in a timescale which will allow payment to be made in line with the agreed terms of payment or within the appropriate Council target time (currently 30 days) where no terms are agreed. The S151 Officer shall report annually on all invoices that have attracted interest penalties under the Late Payment of Commercial Debts (Interest) Act 1998.

21.4 Apart from Petty Cash Accounts and Credit/Procurement Cards, the S151 Officer will make all payments due from the Council by BACS, cheque or other instrument drawn on the Council's bank accounts.

21.5 Payment in advance for works, goods or services should only be used in exceptional circumstances e.g. training, publications, travel arrangements.

21.6 All accounts for payment to a value of over £500 shall be published quarterly on the Council's website.

22. PETTY CASH AND CREDIT CARDS

22.1 All Petty Cash accounts shall be issued by or approved by the S151 Officer, who shall be authorised to operate such accounts as considered necessary.

22.2 All Credit Card arrangements shall be made by or approved by the S151 Officer, who shall be authorised to operate such arrangements as considered necessary.

23. RETENTION OF DOCUMENTS

23.1 Financial records, receipts, invoices etc, including documentation relating to contracts for work done, supplies and services shall not be disposed of other than in accordance with the Council's retention schedule which shall incorporate the relevant statutory requirements.

24. CONTRACTS

24.1 These rules set out internal financial procedures to supplement the Contract Procedure Rules.

24.2 Directors must ensure that financial appraisals of firms or persons are carried out in relation to all contracts in excess of £75k.

24.3 Rule 24.2 applies to all Contracts (except land and employment contract and any others deemed not applicable by the S151 Officer) including contracts for buildings, developers, insurance companies, franchise agreements and leasing companies.

24.4 All financial appraisals shall be carried out in accordance with procedures determined by the S151 Officer.

24.5 Payments to contractors on account, shall be authorised only on a certificate approved by a Director (or authorised officer) showing the total amount of the contract, the value of approved variations, the value of work executed to date apportioned between original costs and

fluctuation costs, retention money paid, retention money released, amount paid to date and the amount now certified.

24.6 All Directors must ensure that payments are made against contractors certificates. The Council must issue an authenticated VAT receipt to the contractor within a period of three months. All variations must be agreed in advance by Legal Services.

25. BANKING ACCOUNTS

25.1 Under authority delegated to the S151 Officer, they shall arrange for such bank accounts to be kept as may be necessary from time to time and they shall determine the persons whose signatures are to be used in the operation of such accounts, having regard to the system of internal audit and separation of duties in force. All new bank accounts shall be opened only on the authority of the S151 Officer and, new cheques shall be ordered only on the authority of the S151 Officer.

26. TREASURY MANAGEMENT

26.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised September 2021) (the Code).

26.2 Accordingly, the Council will create and maintain, as the cornerstones for effective Treasury Management:

- An Annual Treasury Management Strategy Statement, MRP Strategy and Annual Investment Strategy stating the policies and objectives of its Treasury Management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

26.3 The content of the Strategy Statements and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.

26.4 The Cabinet will receive reports on its Treasury Management activities in accordance with the Code of Practice recommendations. This will include as a minimum:

- An annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Strategy - for the year ahead;
- a Mid-year Review Report; and
- an Annual Report (stewardship report) covering activities during the previous year

26.5 The Council delegates responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to Cabinet. The execution and administration of Treasury Management decisions is delegated to the S151 Officer, who will act in accordance with the Council's Policy Statements and TMPs and CIPFA's Standard of Professional Practice and Treasury Management.

26.6 The S151 Officer is responsible for advising the Council on prudential indicators in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities (2011), which is deemed to part of these Rules.

26.7 All borrowings and investments shall be effected in the name of the Council.

27. STOCKS AND STORES ACCOUNTS

- 27.1 Each appropriate Director shall be responsible for the proper custody of stocks and stores required for their area of responsibility and shall see that all stocks and stores received and issued are properly recorded. No items are to be issued or removed without proper authorisation.
- 27.2 For the purposes of this Rule, stocks and stores are regarded as having large numbers of items and/or a wide range of items and/or large value. The value of items issued is to be recharged. Examples of stocks and stores would include such items as fuel, corporate stationery stores, wheeled bins and items purchased for resale.
- 27.3 A delivery note submitted by the supplier is to be obtained in respect of every delivery of goods and all practicable steps must be taken to ensure that such delivery note is handed in at the time of delivery. All goods must be checked as regards quality, quantity and compliance with the specification as soon as practicable after delivery. Any discrepancy must be notified to the supplier immediately.
- 27.4 The accounts to be kept in connection with the receipt and issue of stocks and stores shall be agreed by the S151 Officer and shall be subject to their examination and check at such times as they deem fit.
- 27.5 The S151 Officer, in conjunction with the appropriate Director concerned, shall make such arrangements for stock taking as they may deem necessary and in any event not less than once in any financial year.
- 27.6 Surpluses or deficiencies revealed in items of stocks at any time as may be appropriate shall be immediately reported to the appropriate Director concerned and the S151 Officer. The S151 Officer shall have authority to write off deficiencies or bring surpluses into charge, but if the amount is above £5,000 it shall be done in consultation with the appropriate Portfolio Holder.

28. ASSET REGISTER

- 28.1 Each appropriate Director is responsible for notifying the S151 Officer of all assets, valued above the threshold of £10,000, under their control, for inclusion in the Council's Asset Register. Assets are to include land, buildings, vehicles, plant and equipment etc. Items such as IT equipment purchased individually should be pooled when considering their value.
- 28.2 The value of assets when procured will be their cost price but thereafter an appropriate depreciation or appreciation charge will be applied each year. The Council employs external valuers to revalue land and buildings on a 5 yearly rolling programme. The results of these revaluations are reported to the S151 Officer for inclusion in the Asset Register and the Council's financial accounts.
- 28.3 Each appropriate Director should ensure that contingency plans for the security of assets, information and the continuity of the service, in the event of a disaster, emergency or system failure, are in place.

29. ASSET UTILISATION AND SECURITY

- 29.1 Each appropriate Director shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their control, and for the efficient utilisation of those assets.

- 29.2 Maximum limits for cash holdings shall be agreed with the S151 Officer in line with the Council's insurance policies and shall not be exceeded without their express permission.
- 29.3 The S151 Officer shall issue confidential instructions as to the custody of keys, where appropriate. The loss of any such keys must be reported to the appropriate Head of Service or Director.
- 29.4 The appropriate Directors shall be responsible for maintaining proper security and privacy as respects information held in a computer or for its use and in particular to ensure compliance with the provisions of the Data Protection Act 2018.

30. LEASING

- 30.1 All arrangements for the leasing or other financing of goods and/or asset acquisitions shall be made by the S151 Officer.

31. VEHICLES

- 31.1 Each appropriate Head of Service shall be responsible for the custody, proper use and maintenance of vehicles belonging to the Council and used in their area of responsibility. The appropriate Director will ensure that Council vehicles are not used for personal use/gain.

32. ESTATES AND PROPERTY

- 32.1 The Council's Property Services Team shall maintain a terrier of all estates and properties owned by the Council.
- 32.2 The Council's Legal Team shall be responsible for the safe custody of all documents relating to land or interests in land and all contracts (other than insurance and investment contracts).

33. PAYMENTS OF SALARIES AND WAGES

- 33.1 These Rules shall be read in conjunction with such National and Local Schemes of Conditions of Service as are applicable to employees
- 33.2 The payment of all salaries, wages, pension, compensation and other emoluments to all employees or former employees and/or Members of the Council shall be made by the Head of People and Policy under arrangements approved by the S151 Officer.
- 33.3 All Directors and Heads of Service shall notify the Head of People and Policy as soon as possible and in the form prescribed by the S151 Officer of all matters affecting the payment of such emoluments, and in particular:
- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b) absences from duty for sickness or other reason, apart from approved leave;
 - c) changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - d) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 33.4 All time records or other pay documents shall be in a form prescribed or approved by the S151 Officer and shall be certified by or on behalf of an appropriate Director. The names of officers authorised to sign such records shall be sent to the Head of People and Policy by each appropriate Director and shall be amended on the occasion of any change.

33.5 All recipients of car allowances shall maintain, in a form required by the Head of People and Policy, a record of all journeys with supporting mileage details claimed and shall produce as required other such relevant records and documents.

34. MONEY LAUNDERING

34.1 The legislation concerning money laundering impacts on local authorities. Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The Council has an Anti-Money Laundering Policy and supporting Guidance Note designed to prevent the risk of the Council being involved in money laundering and to enable staff to report suspicions of money laundering activity to the Head of Legal (as the Council's nominated Money Laundering Reporting Officer).

34.2 All staff should have regard to the Council's Anti-Money Laundering Policy and supporting Guidance. A member of staff should consider, in line with the Policy and Guidance, reporting any transaction which involves the receipt of £10,000 or more of cash to the Council's Money Laundering Reporting Officer; notwithstanding such financial limit, and member of staff who has reasonable grounds to believe that money laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Council's Money Laundering Reporting Officer.

Approval levels	Director/Budget Holder	Scheme of Delegation	Cabinet Member for Resources	Cabinet	Council
Virements (full details 11.3)	Up to £10k		£10,001 - £49,999	£50,000 - £99,999	Over £100k
Unbudgeted Expenditure (full details 10)	£0	£0	£0	Up to £50k	£50k and over
Budgeted Revenue Expenditure (full details 12)	Up to budget limit, although only up to £15k on any single item	Any single item over £15k	N/A	N/A	Any expenditure which:- -Varies from the Council's approved policy framework -brings unfunded future financial commitments -triggers a key decision

					(unless delegated)
Capital Expenditure (full details 13)	Up to budget limit, although only up to £15k on any single item	New schemes already in capital programme if total scheme cost up to £100k. Any single item of expenditure over £15k		New schemes already in the capital programme if total scheme cost over £100k. New schemes not in capital programme if fully funded up to total scheme cost of £100k.	New schemes not in capital programme total scheme cost over £100k
Payback schemes (capital/revenue) – must pay back within 5 years unless energy efficiency schemes (full details 14)		Up to £50k		£50,001 - £100k	Over £100k

Appendix 3

Contract Procedure Rules – Minor amends.

Part 4 - page 144

- 9.2 Heads of service proposing to use such arrangements must ensure that they have been established in a way which complies with the law. In particular, where the regulations apply the collaborative agreement must comply with them, the Council must be among the bodies named in the ~~OJEU~~ Find a Tender notice as having access to the arrangements and there must be scope in the arrangement to permit its lawful use for the purposes proposed.

Part 4 - page 145

- 12.2 ~~Tenders subject to EU Regulations shall be evaluated in accordance with the relevant EU Regulations and the evaluation criteria set out in the ITT. All other~~ tenders shall be evaluated in accordance with the evaluation criteria set out in the ITT.