

## **FINANCIAL REGULATIONS**

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In the following Regulations all amounts quoted shall be net of Value Added Tax.

## **1. FINANCIAL ADMINISTRATION**

- 1.1 The Corporate Director (Finance & External Services) is responsible for the proper administration of the Council's financial affairs for the purposes of Section 151 of the Local Government Act 1972.
- 1.2 As the Council's financial and economic adviser, the Corporate Director (Finance & External Services) shall report to the Council with respect to the level of financial resources proposed to be utilised in each financial year and shall keep it informed with respect to the Council's finances and financial performance.
- 1.3 The Chief Executive, Corporate Directors and Heads of Service shall be responsible for the accountability and control of staff, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores in accordance with the Scheme of Delegations.
- 1.4 The Chief Executive and Corporate Directors shall be responsible for ensuring that their Heads of Service comply with these Financial Regulations and Heads of Service shall inform the Corporate Director (Finance & External Services) of any matter within their responsibility which is liable materially to affect the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to the Council.
- 1.5 Where the Chief Executive, Corporate Directors or Heads of Service propose –
  - (i) a new policy, or
  - (ii) a variation of existing policy, or
  - (iii) a substantial variation in the means or time-scale of implementing existing policywhich affects or may affect the Council finances, they shall submit a report to the Council.
- 1.6 In these Regulations the term Council shall include any Committee reporting to the Council duly authorised to exercise such functions.

## **2. ACCOUNTING ARRANGEMENTS**

- 2.1 The Corporate Director (Finance & External Services) shall –
  - (i) make satisfactory accounting arrangements for all financial transactions of the Council in consultation, where necessary, with the Chief Executive and Corporate Directors:
  - (ii) make safe and efficient arrangements for the receipt and payment of the Council's money;
  - (iii) review such arrangements periodically.

### **3. FINANCIAL PLANNING AND CONTROL**

#### **Capital Programmes**

- 3.1 The Corporate Management Board shall submit annually to the Council a capital programme for the next three years or longer period if required by the Council.
- 3.2 The programme shall distinguish between items previously approved and not previously approved by the Council and show the probable additional costs accruing from each scheme.
- 3.3 The programme shall be submitted to the Council annually, with recommendations as to priorities.
- 3.4 Estimates of capital payments shall be prepared by Heads of Service in consultation with the Corporate Director (Finance & External Services)
- 3.5 Items in an approved capital programme, unless reserved to Council, may be proceeded with without the further approval of the Council subject to Para 3.6 below. Expenditure on all other items in the approved capital programme must not be incurred until the specific approval of the Council has been obtained, following the submission of a report from the Chief Executive, Corporate Directors or Head of Service responsible and Corporate Director (Finance & External Services) upon the capital costs and subsequent revenue costs of the project.
- 3.6 Following the approval of capital projects in accordance with Para 3.5 tenders may be invited and accepted, (subject to compliance with Contract Procedure Rules), without further reference to the Council provided all necessary partnership funding and government approvals are in place.
- 3.7 Any variation to the approved year of 'start' of scheme shall be approved by the Council.
- 3.8 The substitution of a new capital project for one already included in an approved capital programme shall only be approved by the Council following the submission of a report by the appropriate Corporate Director or Head of Service.
- 3.9 Expenditure on capital projects not included in a capital programme shall not be incurred without the specific approval of the Council, following the submission of a report by the Chief Executive or appropriate Corporate Director or Head of Service.
- 3.10 The Corporate Director (Finance & External Services) shall advise as to, and in appropriate cases, shall determine the method of financing capital expenditure on approved capital projects, subject to statutory and financial constraints.

#### **Annual Revenue Estimates and Budgetary Control**

- 3.11 Draft estimates are to be prepared by the Corporate Management Board for submission to Council. Estimates shall be submitted, within such limits as may have been previously specified, by the Council.

- 3.12 No proposal by an officer to incur any cost, debt or liability or to reduce the amount of any income shall be considered by a Policy Committee unless adequate notice is given to the Corporate Director (Finance & External Services). The Corporate Director (Finance & External Services) may require the submission of a joint report (including estimated costs) to the Policy Committee based on the information received by him/her.
- 3.13 As soon as practicable after the end of each financial year, the Corporate Director (Finance & External Services) shall submit to the Council the Council's final accounts together with such supporting data as the Corporate Director and the Chief Executive consider necessary and such further information as the Council may require.

### **Supplementary Estimates**

- 3.14 The Chief Executive, a Corporate Director, Head of Service or Committee of the Council shall not incur expenditure which cannot be met from the amount provided in the revenue estimates under a head of estimate (including any virement) unless a supplementary estimate has been approved.

### **Virement**

- 3.15 'Virement' is the financing of an increase in expenditure or a reduction in income in one head of the approved revenue budget from another head in the revenue budget.
- 3.16 A Corporate Director, in consultation with the Corporate Director (Finance & External Services), may approve virement of up to £5,000 within a Head of Service's budget, but not between the budgets of Committees without the approval of the Chairman of the Committee affected.
- 3.17 Virement outside these limits is a matter for the Chief Executive and Corporate Director (Finance & External Services) in consultation with the Leader of the Council and Chairman of the relevant Policy Committee **or their nominated deputy** up to £30,000 and above that must be referred to the Council.
- 3.18 No proposal for virement between the revenue estimates for which different Heads of Service or Corporate Directors are responsible shall take place unless the Heads of Service or Corporate Directors whose estimates will be affected have been consulted and agree or the virement has been approved by the Corporate Management Board in accordance with the limits within this regulation
- 3.19 All proposals for virement shall be put in writing.
- 3.20 Written details of any virement authorised by the Chief Executive or a Corporate Director shall be sent to the Corporate Director (Finance & External Services) within 10 working days of their authorisation.

### **Carrying Forward Revenue Provisions**

- 3.21 The Chief Executive may authorise the carrying forward of an unspent vote into the next financial year if satisfied that it has not been possible to incur the estimated expenditure during the year with the agreement of the Corporate Director (Finance & External Services). The Chief Executive shall notify the Corporate Director (Finance & External Services) of all authorisations to carry forward provisions under this regulation within 10 working days of the authorisations. The Corporate Director

(Finance & External Services) shall report the votes carried forward to the Council as soon as is practicable after the end of each financial year.

#### **4. ORDERS FOR WORKS AND GOODS**

- 4.1 Every Head of Service shall be responsible for all orders issued on their behalf.
- 4.2 Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases or such other exceptions as the Corporate Director (Finance & External Services) may approve.
- 4.3 All orders shall be made on standard order forms approved by the Corporate Director (Finance & External Services). No other form or order shall be used.
- 4.4 Orders shall indicate clearly the nature and quantity of the works, goods or services required and any contract, agreed price and authorisation relating thereto.
- 4.5 All copies of orders shall show the estimate votes involved and the estimated amount chargeable to each vote.
- 4.6 All orders shall be raised via the purchase order system in accordance with procedures approved by the Corporate Director (Finance & External Services).
- 4.7 All orders shall bear the personal signature of a Head of Service or other authorised officer, in accordance with the Scheme of Delegations.
- 4.8 Before signing an order, the Head of Service or authorised officer shall be satisfied, by means of competitive quotations or otherwise, that it will obtain the best value for the price to be paid.

#### **5. PAYMENT OF ACCOUNTS**

- 4.7 Each Head of Service shall be responsible for the examination, verification and certification of the related invoices. The Corporate Director (Finance & External Services) shall make such checks, arithmetical and otherwise, as are deemed necessary and shall be given all information and explanations as are required.
- 5.2 Each Head of Service shall be responsible for ensuring that all discounts have been deducted.
- 5.3 Each Head of Service shall be responsible for marking the office copy of each order with:-
  - (i) the dates and quantities of goods or services supplied, and no invoice shall be certified for payment except for deliveries so recorded (except where some alternative method of recording has been approved by the Corporate Director (Finance & External Services) ).
  - (ii) the dates and amounts of invoices passed to the Corporate Director (Finance & External Services) for payment (except where some alternative method of preventing duplicate payment has been approved by the Corporate Director (Finance & External Services) ).

- 5.4 Each Head of Service shall be responsible for showing on each invoice, in a manner approved by the Corporate Director (Finance & External Services), the relevant order number, the estimate head to be charged and the initials of the persons responsible for checking (a) the prices charged, (b) that goods have been received, and (c) that payment has not previously been authorised.
- 5.5 All invoices for payment shall be certified by a Corporate Director, Head of Service or other officer authorised by the Head of Service to the extent approved by the Corporate Director (Finance & External Services) in writing. The Corporate Director (Finance & External Services) shall maintain an up to date list of officers authorised to certify invoices for payment.
- 5.6 Only invoices which the Corporate Director (Finance & External Services) is satisfied are in order shall be paid.

## **6. TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES**

- 6.1 Payments to Members, including co-opted Members of the Council or its Committees, who are entitled to claim allowances, will be made by the Corporate Director (Finance & External Services) upon receipt of the prescribed form duly completed by the Member and certified by the Head of Administrative and Member Services.
- 6.2 All claims by employees for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified in a form approved by the Corporate Director (Finance & External Services).
- 6.3 The certification by or on behalf of a Corporate Director or Head of Service shall be taken to mean that the certifying Officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

## **7. IMPREST ACCOUNTS**

- 7.1 The Corporate Director (Finance & External Services) shall provide such imprests as he considers appropriate for such employees of the Council as may need them for the purposes of defraying petty cash and other expenses.
- 7.2 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the Council as provided elsewhere in these Regulations.
- 7.3 Payments shall be limited to minor items of expenditure and to such other items as the Corporate Director (Finance & External Services) may approve and shall be supported by a receipted voucher to the extent that the Corporate Director (Finance & External Services) may require.
- 7.4 An employee responsible for an imprest account shall, if so requested, give to the Corporate Director (Finance & External Services) a certificate as to the state of the account.
- 7.5 Before leaving the employment of the Council or otherwise on ceasing to hold an imprest, an employee shall account to the Corporate Director (Finance & External Services) for the amount advanced and the Head of Service shall ensure that this happens.

## **8. CASH FLOATS**

- 8.1 The Corporate Director (Finance & External Services) may advance such sums by way of cash floats as are deemed reasonable by the Corporate Director (Finance & External Services).
- 8.2 The Corporate Director (Finance & External Services) shall be responsible for checking from time to time that there are arrangements for cash floats to be properly and securely maintained.
- 8.3 An employee responsible for a cash float shall, if so requested, give to the Head of Financial Services a certificate as to the state of the float.
- 8.4 Before leaving the employment of the Council or otherwise on ceasing to hold a float, an employee shall account to the Corporate Director (Finance & External Services) for the amount advanced and the Head of Service shall ensure that this happens.

## **9. CONTRACTS AND PAYMENTS**

- 9.1 Heads of Service and in the case of formal contracts, the Head of Legal Services, shall inform the Corporate Director (Finance & External Services) as soon as possible of all contracts, agreements, awards, or other instruments involving the payment or receipt of money by the Council.
- 9.2 Where contracts provide for payment to be made by instalments, the Corporate Director (Finance & External Services) shall arrange for the keeping of a contract register to show the state of account on each contract between the Council and the contractor, together with any other payments and any relating professional fees.
- 9.3 Payments to contractors on account of contracts shall be made only on a certificate issued by the Head of Service supervising the contract.
- 9.4 Subject to the provisions of the contract in each case, every extra or variation, shall be authorised in writing by the appropriate Head of Service.
- 9.5 Any variation or other increase in cost in excess of £10,000 shall be reported to the Corporate Director (Finance & External Services) and Chief Executive as soon as practicable.
- 9.6 The Head of Service in consultation with the Corporate Director (Finance & External Services) and Chief Executive, shall report to the Council as soon as possible on any capital project **over £5000** which is likely to exceed the approved cost by more than ten per cent or £30,000 whichever is less.
- 9.7 The final certificate of completion of any contract (or in the case of the Institution of Civil Engineers Conditions of Contract, the maintenance certificate) shall not be issued until the Head of Service, has produced to the Corporate Director (Finance & External Services) a detailed statement of account, and all relevant documents required and the Corporate Director (Finance & External Services) shall have approved the amount to be certified.
- 9.8 The Corporate Director (Finance & External Services) shall be entitled to make all such enquiries and receive such information and explanations required in order to be satisfied as to the accuracy of the final accounts to contracts.

- 9.9 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Head of Legal Services for consideration of the Council's legal liability and the action to be taken decided by the Corporate Management Board.
- 9.10 Where completion of a contract is delayed and the contract provides for liquidated damages to be payable for delayed completion, it shall be the duty of the Head of Service concerned, after consulting with the Head of Legal Services and the Corporate Director (Finance & External Services), to claim the liquidated damages unless it is otherwise agreed by the Head of Legal Services and the Corporate Director (Finance & External Services).

## **10. SALARIES AND WAGES**

- 10.1 The payment of all salaries, wages, compensation and other emoluments to all employees or former employees of the Council shall be made by the Corporate Director (Finance & External Services) or under arrangements approved and controlled by him.
- 10.2 The relevant Head of Service shall notify the Corporate Director (Finance & External Services) as soon as possible and in the prescribed form of all matters affecting such payments, and in particular:-
- (a) appointments, resignations, dismissals, suspensions, secondments, and transfers;
  - (b) absences from duty for sickness or other reasons, apart from normal annual 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.
- 10.3 All time records or other pay documents shall be in a form approved by the Corporate Director (Finance & External Services) and shall be certified by the Head of Service or authorised officer. The names of officers authorised to sign such records shall be sent to the Corporate Director (Finance & External Services) together with specimen signatures by the Heads of Service who shall advise the Corporate Director (Finance & External Services) of any changes.

## **11. INCOME**

- 11.1 The collection of all money due to the Council shall be under the supervision of the Corporate Director (Finance & External Services)
- 11.2 Each Head of Service shall furnish the Corporate Director (Finance & External Services) with such particulars in connection with work done, goods supplied or services rendered and all other amounts due as may be required by the Corporate Director (Finance & External Services) to record correctly all such income due to the Council and to ensure the prompt rendering of accounts.



- 11.3 Heads of Service shall notify the Corporate Director (Finance & External Services) promptly of all income due to the Council and of contracts, leases and other agreements and arrangements entered into by the Council and the Corporate Director (Finance & External Services) shall have the right to inspect all documents or other evidence in this connection in the possession of any employee.
- 11.4 The arrangements for the control of all receipt forms, tickets and other such documents which acknowledge sums received shall be approved by the Corporate Director (Finance & External Services)
- 11.5 All money received by an employee on behalf of the Council shall without delay be paid to the Corporate Director (Finance & External Services) or, as directed, to the Council's bank account. No deduction may be made from such money save to the extent that the Corporate Director (Finance & External Services) has specifically authorised in writing. Each employee who so banks money shall enter on the paying-in slip a reference to the cheque (such as the receipt number or the name of the debtor or otherwise indicate the origin of the cheque). On the reverse of each cheque, the employee shall enter such information to identify the transaction as instructed by the Corporate Director (Finance & External Services).
- 11.6 Cheques for sums exceeding £2,000 shall be paid in at the main Cash Office at the latest on the next working day.
- 11.7 Collecting officers should immediately bank all cheques (irrespective of their value) if they have any doubt as to the credibility or credit worthiness of the customer or client making the payment.
- 11.8 The Corporate Director (Finance & External Services) shall pay into the Council's Bank no later than the next following business day after receipt, all monies received by the Financial Services Division.
- 11.9 Personally drawn cheques (and third party cheques) shall not be cashed out of the money held on behalf of the Council.
- 11.10 Every transfer of the Council's cash from one member of staff to another shall be recorded by the signature of the receiving employee to confirm the fact of the transfer and the amount transferred.

## **WRITING OFF OUTSTANDING MONIES**

- 11.11 The Corporate Director (Finance & External Services) is authorised to write off amounts due or claimed by the Council up to £5,000 and after consultation with the Leader of the Council between £5,000 and £15,000.
- 11.12 All proposals to write off monies shall be made in writing with reasons.

## **12. STOCKS AND STORES**

- 12.1 Heads of Service shall be responsible for the care and custody of the stocks and stores in their respective service divisions or units.
- 12.2 Stocks shall not be in excess of normal requirements except in special circumstances with the approval of the Corporate Director (Finance & External Services) or Chief Executive.

- 12.3 Heads of Service shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked in accordance with the programme approved by the Corporate Director (Finance & External Services).
- 12.4 Heads of Service and Corporate Directors shall give the Corporate Director (Finance & External Services) such information as is required in relation to stores for the accounting, costing and financial records. Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction except with the approval of the Corporate Director (Finance & External Services) in the case of items not exceeding £1,000 in value or that of the Chief Executive in any other case.

### **13. INVENTORIES**

- 13.1 Inventories shall be maintained by all Heads of Service and Corporate Directors and therein shall be recorded a sufficient description of furniture, fittings and equipment, plant and machinery, for which they are responsible. The extent to which the property of the Council shall be so recorded and the form in which the inventories shall be kept is to be determined by the Corporate Director (Finance & External Services).
- 13.2 The relevant Corporate Director or Head of Service shall be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly.
- 13.3 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific directions issued by a Corporate Director or Head of Service responsible.

### **14. ESTATES**

- 14.1 The Corporate Property Officer (or Head of Service nominated by the Chief Executive) will maintain a record of all properties owned by the Council and the Head of Legal Services shall have the custody of all title deeds under secure arrangements.

### **15. SECURITY**

- 15.1 Each Head of Service is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc under his control. The Corporate Director (Finance & External Services) shall be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 15.2 Maximum limits for cash holdings shall be agreed with the Corporate Director (Finance & External Services)
- 15.3 Keys to safes and similar receptacles are to be carried on the person of those responsible at all times. The loss of any such keys must be reported to the Corporate Director (Finance & External Services) and relevant Head of Service immediately.
- 15.4 Each Head of Service in conjunction with the Head of Administrative and Member Services shall within their department be responsible for maintaining proper security and privacy as respects information held in any computer system.

## **16. INSURANCES**

- 16.1 The Corporate Director (Finance & External Services) shall be responsible for the maintenance of insurance cover wherever appropriate for the Council's activities, the negotiation of premiums and the keeping of such records as are necessary.
- 16.2 Each Head of Service shall tell the Corporate Director (Finance & External Services) of the extent and nature of all new risks to be insured, and of any alterations affecting insurable risks and the Corporate Director (Finance & External Services) shall notify the Head of Service immediately the insurance has been effected.
- 16.3 Each Head of Service shall immediately notify the Corporate Director (Finance & External Services) and the Head of Legal Services in writing of any loss, liability or damage.
- 16.4 The Head of Legal Services shall negotiate all claims in which legal issues are involved unless the Council's insurers are acting.

## **17. AUDIT**

- 17.1 A continuous internal audit shall be arranged to carry out an examination of accounting, financial and other operations of the Council. Subject to the Corporate Director (Finance & External Services) being satisfied that the internal audit meets the requirements of Section 151 of the Local Government Act 1972, the internal audit shall be under the control of the Chief Executive.
- 17.2 The Chief Executive, Corporate Directors or their authorised representative shall have authority to:-
  - (a) enter at all reasonable times on any Council premises or land;
  - (b) have access to all records, documents and correspondence relating to any financial and other transactions of the Council;
  - (c) require and receive such explanations as are necessary concerning any matter under examination and
  - (d) require any employees of the Council to produce cash, stores or any other Council property under their control.
- 17.3 Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Authority, the Corporate Director or Head of Service concerned shall forthwith notify the Chief Executive, the Corporate Director (Finance & External Services) and the Monitoring Officer, who shall take such steps as are considered necessary by way of investigation, action and report.
- 17.4 The Corporate Director (Finance & External Services) shall report direct to the Council or its Policy Committee on any matter which the Corporate Director (Finance & External Services) considers necessary.

- 17.5 The Audit & Process Review Manager, in consultation with the Monitoring Officer, may report independently to the relevant Policy Committee or Council if the Audit & Process Review Manager should consider this necessary.

## **18. BANKING ARRANGEMENTS AND CHEQUES**

- 18.1 All arrangements with the Council's bankers concerning the Council's banking accounts and the issue of cheques shall be made by the Corporate Director (Finance & External Services).
- 18.2 All new cheques shall be ordered only on the authority of the Corporate Director (Finance & External Services), who shall make proper arrangements for their safe custody.
- 18.3 Cheques drawn on the Council's bank accounts shall bear the facsimile signature of the Corporate Director (Finance & External Services) or shall be signed by the Corporate Director (Finance & External Services) or any other cheque signatory authorised by the Council.
- 18.4 The Corporate Director (Finance & External Services) shall be responsible for the negotiation of banking terms on behalf of the Council.

## **19. TREASURY MANAGEMENT**

- 19.1 CIPFA's 'Code of Practice' for Treasury Management in Local Authorities" has been adopted and is deemed to be incorporated in these Financial Regulations.
- 19.2 The following Treasury Policy Statement is adopted.
- (a) Subject to any statutory restrictions, the Corporate Director (Finance & External Services) shall be responsible for all borrowings of the Council, including the selection of borrowing instruments, sources of financing and borrowing strategy.
  - (b) Subject to any statutory restrictions, the Corporate Director (Finance & External Services) shall be responsible for all investments of the Council, including the selection of investment instruments and investment strategy. At all times, as far as is possible, security of the Council's funds is the overriding factor and for this purpose the Corporate Director (Finance & External Services) shall maintain a list of organisations with whom funds may be invested.
  - (c) External fund managers may be appointed by the Council and any such fund managers shall be informed that they are expected to comply with the Council's approved treasury policy statement.
  - (d) All borrowing and investment instruments shall be in the name of Rochford District Council.
- 19.3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Corporate Director (Finance & External Services).

- 19.4 At or before the start of the financial year the Corporate Director (Finance & External Services) shall report to the Council on the strategy for treasury management for the coming financial year.
- 19.5 All executive decisions on borrowing, investment or financing shall be delegated to the Corporate Director (Finance & External Services) who shall be required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 19.6 The Corporate Director (Finance & External Services) shall report to the Council not less than once in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him. One such report shall comprise an annual report on Treasury Management for presentation by 30th September of the succeeding financial year.

## **20. TRUSTS**

- 20.1 All Trust fund accounts shall wherever possible be in the name of the Council.
- 20.2 All employees acting as trustees by virtue of their official position shall deposit all securities, etc relating to the trust with the Head of Legal Services unless the trust instrument otherwise requires.

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