

## THE CONSTITUTION – SECTION 16

### FINANCIAL PROCEDURE RULES

#### 1 Introduction & Overview

##### 1.1 Introduction

1.1.1 Financial Procedure Rules (the Rules) govern how the council manages its financial affairs.

1.1.2 This section contains an overview to the principles of good financial management, the roles and responsibilities of Officers and Members and the various documents and processes that form the council's financial management framework.

##### 1.2 Overview

1.2.1 Part 2 of the Constitution contains an overview of the main components of the council and how they relate to each other. It explains how the decisions that the council has to make are either made by all of the elected Members acting together ("Council"), by the Executive Board (or individual Executive Board Members), by committees or by Officers.

1.2.2 It explains the council's core objective in decision making and sets out the principles of decision making that all Members and Officers must observe. The rest of the Constitution sets out various rules about who is authorised to take different types of decisions and how they should be taken and recorded.

1.2.3 Whenever a decision is taken it will have a financial implication in terms of either a cost or a saving for the council. These Rules provide the framework for managing those implications and setting out who is authorised to make decisions which have different types of financial implications.

1.2.4 The Rules apply to every Member and Officer of the council and anyone acting on the council's behalf. These rules sit alongside all of the rules, codes, protocols and principles contained in or made under the Constitution. All decision makers need to ensure that they are not only empowered under the Constitution to make every decision that they propose to make, but that they are also authorised under these Rules to incur the financial implications of every decision that they make.

1.2.5 Members and Officers are under a duty to ensure the security of resources under their control, and to ensure that the use of resources is lawful, properly authorised, provides value for money and achieves best value. Failure to comply with the Rules may lead to disciplinary action, even legal action, or may amount to a criminal offence so Officers should always seek advice from their line manager if they are in any doubt about any aspect of the Rules.

1.2.6 The Chief Officer Finance & ICT is responsible for keeping the Rules under review, issuing any advice or guidance, making minor amendments, or recommending significant amendments to Council as and when required. The Rules should be reviewed every three years as a maximum.

- 1.2.7 Chief Officers are responsible for ensuring that all Officers in their departments are aware of the requirements of the Rules (and any associated guidance, policies or procedures) and that they comply with them at all times.
- 1.2.8 It is not possible for these Rules, or the associated guidance, policies or procedures, to cover every eventuality that may arise. In the case of any doubt, advice should always be taken from the Chief Officer Finance & ICT and the spirit of the Rules should always be followed.
- 1.2.9 A full glossary of financial terms is available as an appendix to the Financial Procedure Rules and Contract Procedure Rules.

## **2 Financial Management**

### **2.1 Why Is Financial Management Important?**

2.1.1 Financial management is essential to ensure that public funds are kept secure and used properly to best effect. This section explains who is accountable for the proper financial management of the council.

2.1.2 CIPFA's Financial Management Code 2019<sup>1</sup> (the FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Each local authority must demonstrate that the requirements of the FM Code are being met and demonstrating this compliance is a collective responsibility of Elected Members, the Chief Officer Finance & ICT and the Senior Leadership Team; in doing so, this demonstrates the standard of financial management to be expected of a local authority. This role is also set out in CIPFA's Statement of the Role of the Chief Financial Officer in Local Government.

2.1.3 Local authorities are expected to apply the requirements of the FM Code from 1 April 2020 which will commence a shadow year and that by 31 March 2021, local authorities should be able to demonstrate that they are working to full compliance with the FM Code. Each part of the Financial Procedure Rules will support the implementation of and compliance with the FM Code in the lead up to 31 March 2021 and beyond.

### **2.2 Overview**

2.2.1 Council approves and adopts these Financial Procedure Rules which are contained within the Constitution. They provide a framework for managing the Council's financial affairs, and the financial implications of decisions made under the delegation arrangements set out in the Constitution. They apply to everyone who makes decisions for the council or on its behalf.

2.2.2 They set out the financial limits which Members and officers must operate within. Chief Officers also set out internal Service Schemes of Financial

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<sup>1</sup> Although the Code does not have legislative backing, it applies to all local authorities which are defined in legislation for the purposes of Part 1 of the Local Government Act 2003. It is aligned with the Prudential Code for Capital Finance in Local Authorities 2017 and also has links to the Treasury Management in the Public Sector Code of Practice & Cross Sectoral Guidance Note 2017 and the annual Code of Practice on Local Authority Accounting in the UK. It is also supported by the statutory requirement on all local authorities in Wales to have sound financial management s set out in Section 151 of the Local Government Act 1972.

Delegation which further clarify the authorisation limits for Officers within their services

2.2.3 There are also Codes of Practice in force from time to time which set out the steps of detailed procedures to follow to ensure the Financial Procedure Rules are properly applied in practice. These are issued by the Chief Officer Finance & ICT.

2.3 What's covered in this Section?

2.3. This Section contains a short "high level" overview of the roles and responsibilities delegated by the Constitution, including:

(a) Council

(b) The Executive Board and Executive Board Members

(c) Committees

(d) Officers

This section also contains an overview of the process for approving changes to the council's budget, including:

(a) When Chief Officer and/or Member approval is required

(b) What can be approved within service schemes of delegation

(c) Accounting policies and statement of accounts

2.4 Overview of Roles and Responsibilities for Financial Management

The Constitution sets out in detail the arrangements Council has put in place for decisions to be taken by Members and Officers. The Financial Procedure Rules apply to the financial implications of all decisions taken under those arrangements. It is important that all decision makers are familiar with the provisions in the constitution and under these Rules which authorise them to make decisions.

2.4.1 The following is a "high level" summary of the decision making arrangements contained in the Constitution:-

The Council adopts the Budget and Policy Framework. It is also responsible for discharging a number of functions it has "reserved" for itself. Council has also constituted a number of committees which discharge delegated powers. Sections 4, 7, 8, 9 and 13 of the Constitution contains information about the roles and responsibilities of Council and its committees.

2.4.2 The Executive Board is responsible for proposing the Budget and Policy Framework to Council. Once approved, the Executive Board is responsible for taking all the necessary steps to implement it. The Executive Board operates collectively, and through individual Executive Board Members. Sections 5, 6 and 13 of the Constitution contains information about the roles and responsibilities of the Executive Board and individual Executive Board Members.

2.4.3 Officers are responsible for the vast majority of day to day operational decisions under powers delegated to them by both Council and the Executive Board. In addition there are certain specified officers (“Statutory” and “Proper Officers”) who are responsible for discharging certain specified functions. Section 11 and Section 13 Table 6 of the Constitution contains more information about the roles and responsibilities of Officers while Section 26 includes the “Proper Officers” Schedule.

## 2.5 Budgeting Overview

2.5.1 In February / March each year, Council sets a budget for the following financial year. Inevitably in a large and complex organisation, changes will need to be made to this approved budget during the year.

2.5.2 To ensure that there is appropriate approval and control, changes that have a material financial or policy impact will generally require the approval of Chief Officers and/or Members. The type and level of approval required will depend on the nature of the proposed changes and the source of funding. Specific guidance on the approval process is set out below.

## 2.6 Budget Changes that Require Member approval

2.6.1 This section sets out the approval process for changes to the Council’s revenue and capital budgets that have a material financial and policy impact. In particular:

- (a) Fully funded supplementary revenue estimates and virements.
- (b) Funding changes to the revenue budget from reserves
- (c) Use of contingency provisions
- (d) Capital virements between existing approved allocations
- (e) Supplementary capital estimates for existing schemes
- (f) Supplementary capital estimates for new schemes

## 2.7 Supplementary Revenue Estimates and Virements that Represent a Change to Approved Policies / Increase in Expenditure

2.7.1 Where services wish to undertake an activity not originally identified in the approved budget, or there is an overall increase in the cash income or expenditure of the council, approval must be sought for a supplementary revenue estimate or a virement.

2.7.2 The level of approval required will depend on the source of funding. Where the source of funding does not include general reserves, earmarked reserves or contingency provisions, the approval levels are as follows

<b>Approval</b>	<b>Virement within Service Blocks</b>	<b>Virement between Service Blocks</b>	<b>Virement between Services</b>
Up to £25k	Budget holder or Chief Officer	Chief Officer	
£25k to £70k	Chief Officer		
£70k to £150k	Chief Officer consulting Chief Officer Finance & ICT	Chief Officer consulting Chief Officer Finance & ICT and Chair of the Executive Board	
£150k to £300k	Chief Officer consulting Chief Officer Finance & ICT and Chair of the Executive Board	Executive Board	
Over £300k	Executive Board		

## 2.8 Funding Supplementary Revenue Estimates from Reserves

2.8.1 Supplementary revenue estimates which are to be funded wholly or in part from general reserves, regardless of value, must be approved by Council. Council approval is also required where there are significant implications (as determined by the Chief Officer Finance & ICT) for future years' budgets.

2.8.2 For supplementary revenue estimates that are to be funded from earmarked reserves, the approval limits are as follows:

<b>Approver</b>	<b>Approval Limit</b>
Chief Officer Finance & ICT	Up to £100,000
Chief Officer Finance & ICT in consultation with the Chair of the Executive Board	£100,001 to £500,000
Executive Board	Over £500,001

## 2.9 Supplementary Capital Estimates (new schemes)

2.9.1 Where services wish to undertake a new capital scheme which is not already included in the Council's approved capital programme, they must follow the Project Management Toolkit and prepare a business case for review by the Corporate Land and Buildings Strategy Group before any Member approval is sought, regardless of value or source of funding. Detailed guidance on the Project Management Toolkit process is available on the intranet (SAM).

2.9.2 Once approval of the Corporate Land and Buildings Strategy Group has been obtained, Member approval is required before the scheme can commence.

## 2.10 Year End Revenue and Capital Carry Forwards

2.10.1 This section deals with the approval process for revenue and capital budget under and overspends.

## 2.11 Revenue carry forwards

2.11.1 There should be compliance with the Budget Monitoring and Control procedures at all times including carry forward proposals. During the course of the financial year, services can request permission to provisionally carry forward a revenue underspend at year end. In-year, these revenue carry forwards will be approved in principle as “subject to outturn”. The approval limits for these in-year revenue carry forwards are:

<b>Approver</b>	<b>Approval Limit</b>
Chief Officer Finance & ICT	Up to £100,000

## 2.12 Accounting Policies and Statement of Accounts

2.12.1 The Chief Officer Finance & ICT is responsible for the preparation of the council’s Statement of Accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Council Accounting in the United Kingdom for each financial year ending 31 March.

2.12.2 The key controls for accounting policies are:

- (a) Systems of internal control that ensure financial transactions are lawful.
- (b) Suitable accounting policies are selected and applied consistently.
- (c) Accurate and complete accounting records are maintained.
- (d) Financial statements are prepared which present a true and fair view of the financial position of the Council.

2.12.3 The Chief Officer Finance & ICT is responsible for

- (a) Selecting suitable accounting policies and ensuring that they are applied consistently.
- (b) Exercising supervision over financial and accounting records and systems.
- (c) Preparing and publishing reports containing the statements on the overall finances of the Council including the Council’s Accounts.

2.12.4 The Chief Officer Finance & ICT is responsible for determining the accounting procedures and records for the council. All accounting procedures will be approved by the Chief Officer Finance & ICT

2.12.5 Chief Officers are responsible for ensuring that staff in their departments are aware of, and adhere to, the accounting policies, procedures and guidelines set by the Chief Officer Finance & ICT.

2.12.6 All accounts and accounting records will be compiled by the Chief Officer Finance & ICT or under his/her direction. The form and content of records maintained in other Departments will be approved by the Chief Officer Finance & ICT.

### **3 Financial Planning**

#### **3.1 Why Is Financial Planning Important?**

3.1.2 Section 15 of the Constitution explains how Council adopts the Budget and Policy Framework following proposals from the Executive Board, and that once adopted the Executive Board is responsible for its implementation. In terms of financial planning, the key elements of the Budget and Policy Framework are.

(a) The Council Plan

This sets out the Council's long term aims and objectives. It is regularly revisited to ensure that the Council's priorities remain relevant to its overall aims and to assess the progress being made in achieving these.

(b) The Budget

The council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the council's plans and policies.

3.1.3 The Capital Strategy has been drafted in response to the latest requirements of the Prudential Code 2017, and is designed to form a key part of the Council's overall corporate planning policy aligned to the Council Plan. The Strategy is a live document and the intention is to develop it year on year. The core requirement of the Strategy is to provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, and how risk and sustainability are managed by integral procedures embedded in the Council's working practices.

3.1.4 The Capital Programme - Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. The Capital Programme sets the framework for the planning, prioritisation, management and funding of capital expenditure.

Specific Service Plans and Strategies which have financial implications

#### **3.2 What's covered in this Section?**

(a) This section contains information on:-

- Policy Framework
- Budgeting
- Format of the Budget
- Revenue Budget Preparation, Monitoring and Control
- Determination, Monitoring & Control of Affordable Borrowing

- Resource Allocation
- Capital Programmes
- Leasing and Rental Agreements
- Maintenance of Reserves
- Reporting

### 3.3 Policy Framework

- 3.3.1 Council is responsible for approving the Budget and Policy Framework. The policy framework will comprise the statutory plans and strategies which the Council is required to produce.
- 3.3.2 Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to Council by the Monitoring Officer.
- 3.3.3 Council is responsible for approving the process to enable changes to be made to the budget during the financial year. The Executive Board is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.
- 3.3.4 Each year the Council produces:-
- (a) The Council Plan detailing its objectives and targets over a 3 to 4 year planning horizon.
  - (b) A Medium Term Financial Strategy, including a Capital Programme, detailing the financial and service scenario over a 3 to 4 year planning horizon and the policy and expenditure options required to respond to this scenario.
- 3.3.5 The Chief Officer Finance & ICT will advise the Council on the financial environment, financial policies (including the appropriate levels of reserves and contingencies, prudential borrowing and treasury management) and the policy and expenditure options to assist in the determination of its Budget. Individual Chief Officers will support this process by assessing and advising on the service scenario and policy and expenditure options for Revenue and Capital, in their area of responsibility, in a form determined by the Chief Officer Finance & ICT.
- 3.3.5 The Executive Board, advised by the Chief Officer Finance & ICT and Chief Officers, will develop a budget package including financing options, policy and expenditure options and capital programme. This will be subject to scrutiny by the Scrutiny Committee before the Executive Board finalises its recommendations to Council. The final Budget policy and Council Tax precept will be determined by Council.
- 3.3.7 The Executive Board, advised by the Chief Officer Finance & ICT and Chief Officers, will develop a budget package including financing options, policy and expenditure options and capital programme. This may be subject to scrutiny by a relevant Scrutiny Committee before the Executive Board finalises its



recommendations to Council. The final Budget policy and Council Tax precept will be determined by Council.

### 3.4 Format of the Budget

3.4.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and also sets the level at which funds may be reallocated within budgets.

3.4.2 The general format of the budget will be approved by Council and proposed by the Executive Board on the advice of the Chief Officer Finance & ICT. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

### Revenue Budget Preparation, Monitoring and Control

#### 3.5 Revenue Expenditure

3.5.2 Revenue expenditure is broadly defined as any expenditure incurred on the day to day running of the Council. Examples of revenue expenditure include salaries, energy costs, and consumable supplies and materials.

#### 3.6 Revenue Budget Preparation

3.6.1 The Chief Officer Finance & ICT is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Executive Board, before submission to Council. Council may amend the budget or ask the Executive Board to reconsider it before approving it in accordance with the Constitution.

3.6.2 The Executive Board is responsible for issuing guidance on the general content of the budget in consultation with the Chief Officer Finance & ICT as soon as possible following approval by the Council.

3.6.3 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Executive Board and that these estimates are prepared in line with guidance issued by the Executive Board.

3.6.4 The Executive Board will then submit a 'final budget' to Council for approval.

3.6.6 The Chief Officer Finance & ICT is responsible for reporting to Council on the robustness of estimates contained within the budget proposed by the Executive Board and the adequacy of reserves allowed for in the budget proposals.

3.6.7 Council shall not approve additional net expenditure to either revenue or capital budgets without first having considered the advice of the Executive Board and the Chief Officer Finance & ICT on the financial implications arising.

#### 3.7 Budget Monitoring and Control

3.7.1 The Chief Officer Finance & ICT is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations at a corporate

level and report to the Executive Board on the overall position on a regular basis.

3.7.2 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Officer Finance & ICT. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Officer Finance & ICT to any problems.

### 3.8 Budget Management Framework

3.8.1 The Chief Officer Finance & ICT is responsible establishing an appropriate framework of budgetary management and control that ensures that:-

- (a) Budget management is exercised within annual cash limits unless Council agrees otherwise
- (b) Each Chief Officer has timely information available on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) Expenditure is committed only against an approved budget head
- (d) All officers responsible for committing expenditure comply with relevant guidance, including the Financial Procedure Rules
- (e) Each cost centre has a single named manager, determined by the relevant Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- (f) Significant variances from approved budgets are investigated and reported by budget managers regularly

3.8.2 In addition, the Chief Officer Finance & ICT will:

- (a) Administer the council's scheme of virement (both administrative virements and those requiring Member approval)
- (b) Submit reports to the Executive Board and to Council, in consultation with the relevant Chief Officer, where the Chief Officer is unable to balance expenditure and resources within existing approved budgets under their control
- (c) Prepare and submit reports on the council's projected income and expenditure compared with the budget on a regular basis

### 3.9 Chief Officers' Responsibilities

3.9.1 Chief Officers are responsible for maintaining budgetary control within their departments, in adherence to the principles set out in this document, and in particular to ensure that:-

- (a) All income and expenditure are properly recorded and accounted for

- (b) An accountable budget manager is identified for each item of income and expenditure under the control of the Chief Officer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- (c) Spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- (d) A monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively
- (e) Reports to the Executive Board are prepared and submitted on the service's projected expenditure compared with its budget, in consultation with the Chief Officer Finance & ICT
- (f) There is prior approval at the appropriate level for new proposals that create financial commitments in future years, change existing policies, initiate new policies or cease existing policies or materially extend or reduce the council's services.
- (g) There is compliance with the scheme of virement
- (h) Agreement with the relevant Chief Officers where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Chief Officers's level of service activity, after having consulted with the Chief Officer Finance & ICT and the Executive Board.

### 3.10 Determination, Monitoring & Control of Affordable Borrowing

3.10.1 Under the Local Government Act 2003 the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management Code in the Public Services.

3.10.2 The key objectives of the Prudential Code are to ensure that within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable. A further objective is to ensure that treasury management supports prudence, affordability and sustainability. The revised Code 2017 placed a further requirement on public sector bodies to draft a Capital Strategy (Section 3.1 above), to be approved by Council for the forthcoming financial year.

3.10.3 The Council is responsible for approving prior to the commencement of the financial year the prudential indicators for the forthcoming financial year and at least the two subsequent financial years required by the Code and it is the intention that these be included with the Capital Strategy.

3.10.4 The minimum indicators required for the three year period are:-

- (a) Estimates of the ratio of financing costs to net revenue stream

- (b) Estimates of capital expenditure
- (c) Estimates of capital financing requirement (underlying need to borrow for a capital purpose)
- (d) Authorised limit for external debt
- (e) Operational boundary for external debt

3.10.5 After the year end actual values are to be calculated for:-

- (a) Ratio of financing costs to net revenue stream
- (b) Capital expenditure
- (c) Capital financing requirement
- (d) External debt

3.11 Responsibility for Borrowing

3.11.1 The Chief Officer Finance & ICT is responsible for:-

- (a) Establishing procedures to both monitor performance against all forward looking prudential indicators and for ensuring that net external borrowing does not exceed the capital financing requirement
- (b) Reporting to Council any significant deviations from expectations
- (c) Ensuring that regular monitoring is undertaken in year against the key measures of affordability and sustainability, by reviewing estimates of financing costs to revenue and the capital financing requirement
- (d) Reporting to Council, setting out management action, where there is significant variation in the estimates used to calculate these prudential indicators, for example caused by major overruns of expenditure on projects or not achieving in-year capital receipts.

3.12 Capital Programmes

3.12.1 Capital Expenditure

Capital expenditure is broadly defined as expenditure in excess of £10,000, on the acquisition of a tangible asset, or expenditure which adds to (rather than merely maintains), the value of an existing asset and/or extends the useful life of an asset and increasing usability, provided that the asset yields benefits to the Council and the services it provides is for a period of more than one year.

3.12.2 Capital Monitoring and Amendments to the Capital Programme

As part of the annual policy and planning process, schemes in the capital programme which have not reached an advanced stage will be reconsidered.

All capital schemes and allocations should be approved through the annual capital programme setting process, within the timetable set out by the Chief Officer Finance & ICT and approved at the annual budget setting Council. Project Managers must ensure that the project specification remains consistent with the approved business case and continues to represent value for money for the Council. Where project outcomes or costs alter significantly from those originally approved a revised Business Case must be completed for approval by the Corporate Land and Buildings Strategy Group.

### 3.12.3 Capital Receipts

The Chief Officer Finance & ICT must be informed of all proposed sales of land and buildings so that the effect on financial and property management can be assessed. Further guidance on the sale of assets is set out in Section 4.7.

The Chief Officer Housing & Economy will be responsible for the purchase and disposal of all land or property and the Property Procedures and Standards Policy must be followed at all times.

The Council will determine how capital receipts are to be used.

### 3.12.4 Leasing and Rental Agreements

Leasing or renting agreements that do not involve land or property must not be entered into unless the service has established that they do not constitute a charge against the Council's prudential borrowing limits. Advice can be obtained from the

Chief Officer Finance & ICT on general leasing arrangements and on whether the lease is a finance or operating lease. The Chief Officer Finance & ICT must approve in advance all agreements which may involve a leasing charge.

Leases relating to land or property must also follow 3.15.1 but also require the approval of the Chief Officer Housing & Economy.

### 3.12.5 Maintenance of Reserves

The Chief Officer Finance & ICT is responsible for advising the Executive Board and / or Council on prudent levels of reserves for the Council, taking into account of the advice of the external auditor.

The key controls are:

- (a) To maintain reserves in accordance with the Code of Practice on Local Council Accounting in the United Kingdom and agreed accounting policies
- (b) For each reserve established, the purpose, usage and basis of transactions should be clearly identified
- (c) Authorisation and expenditure from reserves is in accordance with the Reserves Policy.

Chief Officers are responsible for ensuring that resources are used only for the purposes for which they were intended.

## **4 Risk Management & Control of Resources**

### **4.1 Insurance**

- 4.1.1 The Chief Officer Finance & ICT will maintain and administer the Council's insurances which takes account of the Council's approach to the financing of risk, its overall risk appetite and the level of funding available. This includes insurance risk management arrangements which aim to reduce the Council's exposure to risk.
- 4.1.2 No new insurances may be taken out without prior consultation with the Chief Officer Finance & ICT.
- 4.1.3 The Chief Officer Finance & ICT is responsible for authorising the settlement or repudiation of insurance claims and associated costs. Advice will be sought as required from the council's insurers and advisors.
- 4.1.4 A provision will be made for losses that might result from unidentified risks or losses or known liabilities e.g. Municipal Mutual Insurance.
- 4.1.5 Chief Officers are responsible for informing the Chief Officer Finance & ICT immediately of:
  - (a) Any insurance claims received
  - (b) Any events which may result in an insurance claim against the Council
  - (c) The terms of any indemnity which the Council is required to give prior to entering into any contracts etc.
  - (d) Any new risks which might require to be insured, together with any changed circumstances affecting existing risks. Consideration should be given to new projects, new ways of working, and changes in legislation requiring new ways of delivery etc. where the insurance impact is often overlooked. This allows compliance with the "Duty of Fair Presentation" as contained in the Insurance Act 2015.
  - (e) Changes to the assets insured by the Council
- 4.1.6 Chief Officers must ensure that any documents requested to defend claims are provided within the strict timescales of the Civil Procedure Rules.
- 4.1.7 Service budgets will be charged with
  - (a) Any amounts below the deductible amount applicable to each policy
  - (b) The cost of legal penalties or losses incurred by the Council as a result of any failure to comply with the requirements of the Civil Procedure Rules and the Financial Procedure Rules.

### **4.2 Risk Management**

- 4.2.1 The Risk Management Policy recognises that innovation and the pursuit of opportunities involves risk-taking and commits the Council to:

- (a) Managing risks in a way which is structured, systematic, focussed and accountable, and
  - (b) Embedding risk management into its culture so that it becomes part of 'everyday management' across all activities.
- 4.2.2 The Head of Service Performance Improvement & Partnerships will lead and coordinate the Council's risk management activities including the production of the Risk Management Policy and associated guidance and provide strategic guidance to Members, the Executive and other Chief Officers.
- 4.2.3 Chief Officers will manage all risks within their areas of accountability in compliance with the Risk Management Policy. This includes reviewing risk registers on a regular basis as part of their normal departmental management arrangements, this must be performed at least quarterly to ensure that the contents remain relevant and effective.
- 4.2.4 The Corporate Risk Register will be updated by the risk owners as part of their departmental management arrangements, this must be performed at least quarterly. The Corporate Risks are the strategic risks to the Council, as well as the highest level risks to the Council meeting its statutory and/or legal obligations. The Register also identifies the key controls in place and any further key actions required to mitigate the risks.
- 4.2.5 Risks relating to projects or partnerships should be managed in accordance with the Project Management Toolkit and the Partnership Toolkit.
- 4.2.6 The Audit Committee has delegated responsibility to review the effectiveness of the Council's risk management arrangements. The Head of Service Performance Improvement & Partnerships will provide reports on the Risk Profile of the Council's Risk Registers twice a year after Q2 and Q4 respectively. The Council's risk policy and risk arrangements will be reviewed every 5 years unless a need for a review is identified sooner.
- 4.3 Internal Controls
- 4.3.1 Internal control refers to the systems of control devised by management to help ensure the council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.3.2 Effective internal controls are fundamental to effective governance, and effective governance is essential for achieving the Council's vision and priorities as set out in the Council Plan
- 4.3.3 The Chief Officer Finance & ICT will advise on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 4.3.4 Chief Officers should establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous

improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

- 4.3.5 The Government and Audit Committee and the Senior Leadership Team will ensure that the overall internal control environment is reliable and effective and is compliant with the Council's Governance Code (as set out in the Constitution).
- 4.3.6 The Council is required to account annually on the effectiveness of its internal controls and governance framework through the publication of its Annual Governance Statement. The Head of Service Performance Improvement & Partnerships will oversee the production of the Annual Governance Statement in that:
  - (a) The Statement is produced in accordance with statutory and regulatory requirements.
  - (b) The evidence it is based on is sufficient and reliable,
  - (c) Any weaknesses or gaps in internal control, or any significant instances of non-compliance are appropriately reported,
  - (d) Significant control issues or weaknesses are appropriately addressed and that corrective action is implemented where necessary

#### 4.4 Internal Audit

- 4.4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs".
- 4.4.2 The Accounts and Audit (Wales) Regulations 2014 - Regulation 7 (1) places a statutory obligation on the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.'
- 4.4.3 The Head of Internal Audit, currently the Head of Service Audit & Technical, should be aware of, and comply with the CIPFA Statement on the Role of the Head of Internal Audit.
- 4.4.4 The Head of Internal Audit, currently the Head of Service, Audit & Technical, is responsible for the production of the Internal Audit Charter which includes
  - (a) Developing an annual audit plan (the Plan) based on an understanding of the significant risks to which the Council is exposed.
  - (b) Submitting the Plan to the Governance and Audit Committee and the Council's Senior Management Team for review and agreement.
  - (c) Implementing the Plan and reporting any amendments that may occur.
  - (d) Ensuring compliance with the Public Sector Internal Audit Standards (PSIAS) and reporting non-compliance to the Audit Committee.



- (e) Maintaining a professional internal audit team with sufficient knowledge, skills and experience to carry out the Plan.
  - (f) Providing an annual opinion as to the adequacy and effectiveness of the Council's control environment including any issues which should be considered for inclusion in the Council's Annual Governance Statement.
- 4.4.5 The Chief Officer Finance & ICT should review the effectiveness of Internal Audit in accordance with the relevant legislation and reporting to the Audit Committee if it does not meet its core responsibilities or comply with the PSIAS.
- 4.4.6 Internal Audit shall have unrestricted coverage of the Council's activities and unrestricted access to all records and assets deemed necessary in the course of audit activity. This includes:
- (a) Access Council premises or land at reasonable times provided that where such premises or land are leased to a third party that the terms of the lease are observed;
  - (b) Access, or remove, all assets, records (electronic and paper), documents and correspondence relating to any financial or other transactions of the Council;
  - (c) Meet with any of the Council's employees, or school maintained by the Council, at any reasonable time.
  - (d) Receive any information and explanation considered necessary concerning any matter under consideration;
  - (e) Carry out or support investigations in accordance with the council's Counter Fraud Strategy.
  - (f) Require any employee of the Council to account for or produce cash, stores or any other Council asset under his or her control;
  - (g) Be provided with a separate log-in to any computer system within the Council and have full access to any system, personal computer or other device in the ownership of the Council.
  - (h) Access records belonging to third parties e.g. contractors or funded bodies including requesting any explanations as may be required to enable any investigation to be progressed.
- 4.4.7 Chief Officers shall immediately notify the Head of Internal Audit of the following and the outcome once the matter has been concluded:
- (a) Irregularities, improper use or misappropriation any of the Council's property or resources including cash, stores, property, expenditure and income
  - (b) Irregularities suggesting fraud against the Council or by any employee or related party;

- (c) Any non-compliance with the Employee or Member Code of Conduct, the Council's Acceptable Use Policy or any other Council Policy or Procedure that has a financial or governance implication.

#### 4.5 External Audit

4.5.1 The Wales Audit Office is responsible for appointing external auditors to each local authority.

4.5.2 The basic duties of the external auditor are governed by the Public Audit (Wales) Act 2004 which permit the Auditor General for Wales to prepare a code of audit practice, prescribing the way in which external auditors should carry out their functions. The Auditor General's Code of Audit and Inspection Practice, issued in May 2005, sets out the general principles governing the work of auditors as well as specific requirements in relation to the:

- a) Audit of financial statements; and
- b) Evaluation of arrangements for securing economy and efficiency.

4.5.3 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, Welsh Government and the European Union who have statutory rights of access.

#### 4.6 Preventing Fraud, Corruption and Bribery

4.6.1 The Council is committed to being **Tough on Fraud**. Whenever instances of fraud, bribery or corruption against it are found, the Council will always take legal and / or disciplinary action against the perpetrator and seek recovery and redress using all available sanctions. This applies to **all** forms of fraud, bribery and corruption from both internal and external sources and includes staff who are proven to have carried out benefit fraud.

4.6.2 The responsibility for maintaining an counter-fraud culture rests with all Members, senior management and individual members of staff. There are clear links to the Council's Whistleblowing Policy and the Money Laundering Policy.

4.6.3 The Chief Officer Finance & ICT will develop and maintain the Counter Fraud Strategy, (the CFS) which includes sections on corruption and bribery. It also contains a Fraud Response Plan which sets out the Council's response to allegations.

4.6.4 Any matters which involve, or are thought to involve, any fraud or other significant irregularity involving Council assets or those of a third party fund, must be notified immediately to the Head of Internal Audit (FPR 4.4.6).

4.6.5 Any allegation of fraud will be investigated in accordance with the Fraud Response Plan. Any investigation work by the Council will comply with Data Protection, the Regulation of Investigatory Powers and Money Laundering legislation.

4.6.6 Any cases of financial impropriety will normally be referred to the Police. The Chief Officer Governance & Customer is responsible for considering any such cases prior to referral and acting as the main contact point thereafter.

#### 4.7 Assets

4.7.1 Chief Officers are responsible for the care, control and proper and economical use of all assets used in connection with the operation and delivery of their services. Proper records should be maintained for these assets, together with appropriate arrangements for their management and security.

4.7.2 Assets should only be acquired and used for official purposes and all appropriate rights, licenses and insurances should be obtained. All computer software used must be properly licensed.

4.7.3 Chief Officers are expected to have policies in place for:-

- (a) The effective disposal of surplus assets in an open and transparent manner so as to maximise benefits
- (b) Asset replacement programme
- (c) Compilation of and regular review of Asset inventories

4.7.4 The responsibility for the acquisition and disposal of specified assets is as follows

<b>Asset Description</b>	<b>Approval</b>
Land or Property	Chief Officer Housing & Economy in accordance with the Constitution
Vehicles	Chief Officer – Environment & Technical as the holder of the Fleet Operator's Licence.
ICT equipment	Chief Officer Finance & ICT
Items of historic value	Chief Officer Housing & Economy
Leased items (except those that are part of a corporate contract e.g. copiers)	Chief Officer Finance & ICT

4.7.5 Chief Officers should inform the Chief Officer Finance & ICT of any disposal to ensure that appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

4.7.6 Any item to be disposed of by sale or destruction must be appropriately valued, authorised for disposal, and disposed of with integrity in an open and transparent manner so as to maximise the sale proceeds

4.7.7 Any loss which arises as a result of theft or fraud must be notified to the Head of Internal Audit immediately (4.4.6).

#### 4.8 Property

4.8.1 The Council's approach to property asset management is based on two main principles:-

- (a) Property is a corporate resource, owned by the Council, not by individual Departments. This principle underpins the fact that property is one of the Council's most expensive resource and that it needs to be managed proactively to support service delivery and improvement across all Departments.
  - (b) Property is held to support the delivery of the Council's corporate objectives. This is to be delivered through a rigorous policy of property review and the disposal of any properties that are no longer required to meet corporate objectives.
- 4.8.2 The Council's policies, aims and objectives relating to property asset management are explained further in the Corporate Land & Buildings Strategy and Property Procedures and Standards Policy.
- 4.8.3 Chief Officers are responsible for ensuring that property under their day to day control is occupied / used in accordance with all appropriate legal and regulatory requirements and that nothing occurs which might diminish the value of the asset. Particular care is required when carrying out alterations to a building and where any form of shared use with another organisation is planned. The Chief Officer Housing & Economy's approval must be obtained before this is permitted.
- 4.9 Inventories
- 4.9.1 Chief Officers must ensure that proper arrangements are made to maintain inventories of all valuable and transportable items, including vehicles, furniture, computer and other equipment (including software), visual aids, expensive tools and sports equipment.
- 4.9.2 The inventory must be updated for all acquisitions and disposals and checked at least annually. Items acquired under leasing arrangements must be separately identified for disclosure in the published final accounts.
- 4.10 Stocks
- 4.10.1 Stock is defined as consumable items constantly required and held by a Service centre in order to fulfil its functions. Chief Officers are responsible for the control of stocks. They must ensure that stocks are appropriately recorded, do not exceed reasonable requirements and that all significant stock is accounted for in the year end accounts. Stocks should be checked at least once a year, more frequently in the case of expensive items.
- 4.11 Cash
- 4.11.1 Cash held on any Council premises should be held securely and should not exceed any sums for which the Council is insured i.e. the amount held in safes or other locked receptacles. (Detailed guidance on limits is available from the Council's Insurance Team). If this is unavoidable, in exceptional circumstances, the Chief Officer is responsible for making appropriate security arrangements.
- 4.11.1 The type of receptacle used to secure the cash should be appropriate to the amount of cash held and records detailing the amounts should be maintained and stored separately to the cash.

## 4.12 Treasury Management

4.12.1 The Council has met its legal obligation under the Local Government Act 2003 to have regard to

- (a) CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition which requires the Council to approve a Treasury Management Strategy before the start of each financial year.
- (b) Welsh Government's Guidance on Local Authority Investments in November 2019 that requires the Council to approve an Investment Strategy before the start of each financial year.

4.12.2 The Chief Officer Finance & ICT will present to Council:

- (a) A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- (b) Suitable treasury management practices (TMPs), setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

4.12.3 The Chief Officer Finance & ICT has delegated responsibility for implementing, monitoring and ensuring compliance with the above. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles

4.12.4 All money in the hands of the council is controlled by the Chief Officer Finance & ICT as designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Finance Director.

4.12.5 All executive decisions on borrowing, investment or financing shall be delegated to the Chief Officer Finance & ICT, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

4.12.6 The Chief Officer Finance & ICT is responsible for reporting to the Executive Board each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

## 4.13 Banking

4.13.1 The Council will approve the terms under which banking services including overdraft facilities are provided.

4.13.2 Subject to any directions given by the Council, all arrangements with the Council's bankers must be made solely through the Chief Officer Finance & ICT

- 4.13.3 It is the responsibility of the Chief Officer Finance & ICT to operate bank accounts as are considered necessary. Opening or closing any bank account shall require the prior approval of the Chief Officer Finance & ICT.
- 4.13.4 Issued cheques must bear the facsimile signature of the Chief Officer Finance & ICT. The only exception is where the cheque exceeds an agreed value in which case it must be signed by the Chief Officer Finance & ICT or an authorised signatory.
- 4.13.5 Bank accounts operated as imprest accounts can only be authorised by the Chief Officer Finance & ICT. The individual balance of each account at any one time may not exceed £25,000.

#### 4.14 Investments and Borrowings

4.14.1 It is the responsibility of the Chief Officer Finance & ICT to:-

- (a) Ensure that all investments of money are made in the name of the council or in the name of nominees approved by Council
- (b) Ensure that all securities that are the property of the council or its nominees and the title deeds of all property in the council's ownership are held in the custody of the appropriate Chief Officer
- (c) Effect all borrowings in the name of the council
- (d) Act as the council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the council.

#### 4.15 Trust Funds and Funds Held for Third Parties

4.15.1 It is the responsibility of the Chief Officer Finance & ICT to:-

- (a) Arrange for all trust funds to be held, wherever possible, in the name of the council
- (b) Arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Officer Finance & ICT, and to maintain written records of all transactions
- (c) Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

4.15.2 All officers acting as trustees by virtue of their official position shall deposit trust assets and securities with the Chief Officer Finance & ICT, unless the Trust Deed provides otherwise.

#### 4.16 Payroll

4.16.1 Payroll transactions are only to be processed through the payroll system and there must be full compliance with all relevant legislation at all times

4.16.2 Chief Officers are responsible, in consultation with the Head of Service, HR & OD, for providing accurate and appropriate information and instructions to enable the calculation and prompt payment of salaries, expenses and

pensions, including details of appointments, promotions, regarding, resignations, dismissals, retirements and absences from duty.

- 4.16.3 The Head of Service, HR & OD will make arrangements for payment to the appropriate bodies, of all statutory, including PAYE, and other payroll deductions.
  - 4.16.4 Time sheets and other documents which are used to generate payment of salaries, wages or other employee-related expenses must be on official forms or via authorised electronic inputs. Chief Officers are responsible for ensuring that they are certified by an authorised officer and that they are submitted to the Head of Service, HR & OD in accordance with the specified timetable. This includes on-line input entered locally.
  - 4.16.5 The Head of Service, HR & OD will maintain a list of all officers who are approved to authorise any payroll related records as notified by the relevant Chief Officer. This shall be reviewed on a regular basis. Chief Officers must communicate any changes as soon as they are known.
  - 4.16.6 The Head of Service, HR & OD will implement national and local pay agreements as soon as possible after their notification from the appropriate body. Arrangements for funding such awards will be determined each year as part of the budgetary process.
  - 4.16.7 The Head of Service, HR & OD, in consultation with the Chief Officer Finance & ICT, is responsible for ensuring that all matters relating to pension contributions are accounted for correctly. This includes interpreting legislation and providing advice where required to employees.
- 4.17 Travelling and Subsistence
- 4.17.1 The Staff and Member Travel Plan will reduce costs and improve health and well being, saving time and resources through better journey planning and access to clearer travel information.
  - 4.17.2 Chief Officers are responsible for providing appropriate and accurate information to enable the prompt and accurate payment of travelling, subsistence and other expenses to authorised employees in accordance with the terms of employment agreed by the Council.
  - 4.17.3 Claims for travel and subsistence must comply with the Travel and Subsistence Guidance which is updated annually and the Staff and Member Travel Plan and should only be reimbursed through the Payroll system either by submission of an authorised claim form or through the online expenses system. It is the authorising officer's responsibility to ensure compliance.
  - 4.17.4 No claim by Officers shall be payable without a detailed enquiry if it is submitted more than three months after the event giving rise to the claim. No claim shall be payable if it is submitted more than six months after the event giving rise to the claim. Detailed enquiries shall be carried out by the Head of Service, HR & OD. Member claims are covered under Para 5.12.3
  - 4.17.5 Chief Officers shall ensure that employees who undertake business mileage have a valid UK driving licence to cover the make and model of the vehicle being driven, a current insurance policy covering business use and a valid

MOT certificate and road fund licence in accordance with the Occupational Road Risk Policy and that payments are only made in respect of journeys which are necessary and actually undertaken.

#### 4.18 Code of Conduct

4.18.1 The Code of Conduct for Employees applies to and will be followed by all officers. It covers standards, disclosure of information, political neutrality, relationships, appointments and other employment matters, outside commitments, personal interests, equality issues, separation of roles during tendering, gifts and hospitality, use of financial resources and sponsorship.

4.18.2 Where an outside organisation wishes to sponsor or is asked to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts and hospitality applies, as detailed in the Code of Conduct for Employees.

#### 4.19 Third Party Funds

4.19.1 A third party fund is defined as any fund financed other than by the Council, controlled wholly or partly by a member of the Council's staff in connection with the clients, establishments or activities of the Council such as School Funds, Amenity Funds or Criminal Injuries Compensation Payments for children in care.

4.19.2 The School Financial Regulations 2017 and School Financial Procedures, Section 12 must be followed for the operation of all school funds in Wrexham CBC.

4.19.3 Officers maintaining third party funds are responsible for informing the Chief Officer Finance & ICT of their nature and purpose as soon as the fund is set up. The Chief Officer Finance & ICT reserves the right to inspect the accounts and records of such funds as necessary. This right should be contained within any joint arrangement with an external organisation

4.19.4 Money or goods belonging to the third party fund must be kept completely separate from other money or goods belonging to the Council. Similarly, completely separate records must be kept of the money or goods involved.

4.19.5 Ensure there is full compliance with the Council's best practice relating to records and procedures (this is available on the Council's intranet) which includes the following:

4.19.6 Regular reports on fund transactions and balances are received and checked against bank statements;

4.19.7 Annual statements of income and expenditure and fund balances are prepared and audited.

4.19.8 The independent auditor is provided with a copy of the Council's expected standards regarding the auditing of voluntary (unofficial) funds.

4.19.9 Provide an independent audit certificate for the fund on an annual basis. This is known as a "Form D". This must be forwarded to the Council's Head of Internal Audit by the 31 October following the end of the previous financial year



4.19.10 The independent auditor has signed the "Form D" confirming that the Fund has at the year-end (this should be wherever possible the financial year i.e. 1 April to 31 March),

4.19.11 A reconciled summary receipt and payment account should be prepared and audited in accordance with the Council's expected standards.

4.19.12 Chief Officers are responsible for ensuring that any third party funds controlled by Council staff are:-

(a) Formally declared to the Chief Officer Finance & ICT

(b) Maintained separately and correctly in accordance with these Finance Procedure Rules

(c) Subject to the same standards of stewardship and probity as Council funds.

4.20 Information Management

4.20.1 Chief Officers must comply at all times with the Information Management Standard and the Framework which set out the standards and tools that the Council will use for managing information to ensure quality, security, sharing, access and to monitor our performance.

4.20.2 All employees and anyone else working on behalf of the organisation (e.g. agency staff, honorary contracts, management consultants etc.) who process and have access to WCBC information must understand their personal responsibilities for information governance requirements and comply with UK law.

4.21 Intellectual Property

4.21.1 In the event that the Authority decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Executive Board.

4.21.2 Ensure that staff are aware of an employer's rights with regard to intellectual property as contained in the Employee Code of Conduct.

## **5 Financial Systems & Procedures**

5.1 Legal Powers - Charging or Trading by the Council

5.1.1 The Council has limited powers to charge for discretionary services or to trade by offering services for sale.

5.1.2 The Council can only trade through a Local Authority Trading Company and the Chief Officer is responsible for ensuring that the consent of the Chief Officer Finance & ICT and Chief Officer Governance & Customer is obtained before proceeding with a project that involves charging or trading.

5.1.3 All fees and charges must be in accordance with the Council's Cost Recovery Policy. (5.4)

## 5.2 Identification of Statutory Powers

5.2.1 The officer decision notice giving consent must identify the statutory power/s that is/are being relied upon.

## 5.3 Resources

5.3.1 Charging projects where a relevant statutory power has been identified are relatively straightforward and will not require significant allocation of resources to establish.

5.3.2 Trading projects will require significant allocation of time and resources to set up.

5.3.3 Legal advice must be sought at the concept stage to see if the Council has the correct status and resources to develop a trading vehicle.

5.3.4 Following initial consent, Officers are responsible for consulting with the Chief Officer Governance & Customer throughout the project to ensure the appropriate documents are drafted to evidence the arrangement.

## 5.4 Charging Policy

5.4.1 The setting, charging and management of all relevant fees and charges including VAT, shall be in accordance with the Council's Cost Recovery Policy.

## 5.5 Collection of Income

5.5.1 All income due to the Authority should be identified and collected using effective debt recovery systems which have been approved by the Chief Officer Finance & ICT. This applies to all Council income including sundry debt, Council Tax, Business Rates, housing rents etc .

5.5.2 Council officers must comply with arrangements determined by the Chief Officer Finance & ICT for the safe and efficient collection and recording of all money due to the Council.

5.5.3 Chief Officers are responsible for ensuring that accounts for income due to the Council, including grant claims, reimbursements and third party contributions, are raised immediately and accurately in a form approved by the Chief Officer Finance & ICT. These must include VAT where appropriate.

5.5.4 The cost of collection should be taken into account when raising accounts. Chief Officers must ensure that the method of collection is appropriate to the value of the transaction. As a guide, individual amounts of less than £50 should be collected in advance.

5.5.5 Chief Officers are responsible for ensuring that all income received is receipted, where required, recorded correctly against the appropriate budgets, and in the case of cash and cheques, banked with the minimum of delay. The frequency of banking should follow the guidelines provided by the Chief Officer Finance & ICT to avoid incurring disproportionate banking charges on relatively low value transactions, taking into account local security arrangements.

5.5.6 Any receipts, tickets or other documents used as receipts should be in a format agreed by the Chief Officer Finance & ICT. All controlled stationery issued to a Chief Officer must be recorded in a register, which is held by a single officer within each Service.

## 5.6 Write-Offs

5.6.1 The Council's guiding principle that customers have a responsibility to pay amounts that have been properly assessed as being due. The Council is committed to using the most appropriate and effective recovery methods available to it.

5.6.2 The Chief Officer Finance & ICT can write off without limit any sums which are deemed uncollectable by virtue of any type of insolvency, bankruptcy, dissolved companies or liquidation of the debtor, the debt being statute barred or the absence of further remedies being available such as following a committal hearing, a deceased debtor with no estate or where the debtor cannot be traced.

5.6.3 The Chief Officer Finance & ICT may also write off debts in accordance with the following limits:

- (a) Not more than £5,000 for any one debtor in respect of any one financial year.
- (b) In consultation with the Chair of the Executive Board, not more than £15,000 for any one debtor in respect of any one financial year.
- (c) Following a report to and the agreement of the Executive Board in respect of debts over £15,000 for any one debtor in respect of any one financial year.

5.6.4 The Chief Officer Finance & ICT may cancel invoices and debit the relevant Departmental budget for invoices that are deemed irrecoverable where:

- (a) There remains an unresolved dispute and/ or query originating within the client Department where resolution has not or cannot be reached between parties;
- (b) The client Department are unable to provide supporting documentation or evidence in respect of a debt which later prohibits the Debtors section from normal recovery, including possible County Court action;
- (c) The debt raised refers to a 'contribution' "sponsorship" or "voluntary donation" and is therefore not subject to standard recovery practices, including possible County Court action;
- (d) An invoice is raised to a debtor at an address given by the client Department after the debtor has left the said address i.e. the debtor was not at the address to receive the invoice to begin with.
- (e) The debt was raised more than two months after the service was provided or, in the case of an overpayment, more than 2 months after the overpayment was found.

- (f) Where an invoice is raised but the service department is preventing recovery of the outstanding debt.
- 5.6.5 The Chief Officer Finance & ICT is responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year end and that contributions to this provision are included in budgetary projections and outturn reports.
- 5.7 General Principles – Ordering and paying for work, goods and services
  - 5.7.1 All goods and services should be ordered in accordance with the Council's Contract Procedure Rules and the Council's Procurement Strategy.
  - 5.7.2 The Chief Officer Finance & ICT will maintain a list of authorised signatories for the approval of orders and invoices for expenditure. Goods and services may only be ordered by these officers and they must be correctly recorded when the order is actually placed. Chief Officers should promptly notify the Chief Officer Finance & ICT of any changes to the names of authorised signatories.
  - 5.7.3 Orders must be raised and authorised by an authorised officer using the Purchase to Pay system (P2P) in advance of the works, goods or service being delivered. Chief Officers are responsible for ensuring compliance with this requirement. Exceptions e.g. utilities, rent, rates, petty cash purchases are allowed but any further exemptions must be approved in advance by the Chief Officer Finance & ICT.
  - 5.7.8 Telephone or email orders will only be allowed in exceptional circumstances. Where, due to urgent need, it is necessary to place a verbal, fax or e-mail order an official p2p order should be raised retrospectively and clearly marked as confirmation order..
  - 5.7.9 Standard terms and conditions must not be varied with the prior approval of the Chief Officer Finance & ICT.
  - 5.7.10 Staff must be constantly on their guard against fraudulent practices e.g. invoice or mandate fraud, pressure selling, the supply of unwanted items or the receipt of an invoice for an unsolicited entry in a directory or journal. All instances should be reported to Internal Audit
  - 5.7.11 All purchases must be supported by an official purchase order which has been authorised by an authorising signatory. Orders through the P2P system will automatically meet this requirement.
  - 5.7.12 All official purchase orders must include, as a minimum, the order number, the price agreed with the supplier, description of the goods or services to be provided, the delivery address, the address where invoices must be received and the terms and conditions for the goods and services to be provided.
  - 5.7.13 Chief Officers must ensure that there is adequate separation of duties in the raising and authorisation of requisitions, authorising of purchase orders, receipt of goods and authorisation of payments to creditors.

5.7.14 Loans, leasing or rental agreements must not be entered into without the Chief Officer Finance & ICT's prior approval. The Chief Officer Finance & ICT maintains a record of all such agreements in order to assess each and accurately make the required disclosures within the Statement of Accounts.

5.7.15 Payments should be processed and paid on time wherever possible. Where an invoice is disputed then the appropriate reason should be forwarded to the Creditors team for adding to the p2p system .

## 5.8 Payment of Invoices

5.8.1 Payments will be made using the Bankers Automated Clearing Services (BACS) wherever possible. Cheques will only be used where BACS is not available

5.8.2 Chief Officers are responsible for providing all appropriate information and instructions to the Chief Officer Finance & ICT to enable the prompt and accurate payment for goods and services provided and for the analysis of expenditure

5.8.3 Payments will not be made unless goods have been received by the authority and the price, quantity and quality standards are correct. Payments in advance including the use of "Escrow" accounts is not allowed unless with the express, prior permission of the Chief Officer Finance & ICT

5.8.4 All invoices must be sent directly by the creditor to the address stated on the official purchase order to enable prompt payment. Unless there are exceptional circumstances, all creditor invoices should be sent to the central payments team.

5.8.5 All invoices, as a minimum, must include the official purchase order number, the description of the goods or services provided, the quantity delivered, the delivery address, the date of the invoices and/ or date of delivery of the goods or services, the address and VAT registration number of the supplier and the price and VAT at the prevailing rate.

## 5.9 Payment of Non-P2P Invoices

5.9.1 There must be adequate separation of duties in the ordering and payments system. Payments must be certified and authorised by two different officers. These principles also apply to electronic payments e.g. one-bill invoices for electricity, telephones, water etc

5.9.2 All non-P2P invoices must be examined, verified and certified to comply with guidelines issued by the Chief Officer Finance & ICT which include the accuracy of the invoice in terms of price, quantity, description, VAT and whether the goods have actually been received.

## 5.10 Purchase Cards

5.10.1 The Chief Officer Finance & ICT shall approve all requests to hold a corporate Purchase Card and maintain a list of all such officers. Purchase Cards may only be held by permanent employees of Wrexham CBC.

- 5.10.2 Virtual Purchase cards may be issued for one-off payments under the direction of the Chief Officer Finance & ICT. Their use is subject to all the requirements of the corporate Purchase Card Scheme especially the sections relating to usage, approval, security and accounting.
- 5.10.3 Any orders or payments made using the corporate Purchase Card Scheme shall be in accordance with the Cardholder User Guide.
- 5.10.4 Chief Officers are responsible for ensuring compliance with the User Guide including the authorisation of purchases and the prompt coding of transactions.
- 5.10.5 Any cardholder found not to have complied with the Cardholder User Guide may have their Purchase Card removed at the discretion of the Chief Officer – Finance & ICT after consultation with the relevant Chief Officer.

## **5.11 Local Bank and Imprest Accounts**

- 5.11.1 Local bank and imprest accounts may only be used as alternatives to purchase orders by prior consent and in accordance with specific guidance and instructions issued by the Chief Officer Finance & ICT.
- 5.11.2 Chief Officers are responsible for ensuring that:
- (a) They are operated in accordance with issued guidance and that appropriate management supervision and compliance monitoring is undertaken.
  - (b) If not already apparent, all vouchers shall clearly indicate the reason for the expenditure and if applicable the recipient / recipients. It is not acceptable just to attach a receipt showing the level of expenditure.
- 5.11.3 Adequate records are maintained to allow for the verification and reconciliation of all payments made to the Council's general ledger and bank accounts, and to allow for the proper treatment of VAT.
- 5.11.4 Arrangements are being operated for legitimate Council business only.
- 5.11.5 Imprest accounts must not be used in any circumstances to circumvent either the Council's Corporate Procurement Strategy or agreed approval and authorisation procedures, nor must they be used for any payments in respect of salaries and wages, travelling or other employment expenses, reimbursement of credit or debit cards, or payments for work carried out under the Construction Industry Tax Deduction Scheme.

## **5.12 Payments to Members**

- 5.12.1 The Chief Officer Governance & Customer is responsible for ensuring that all aspects relating to the payment of Members Allowances including the retention of records and publication of amounts claimed is in accordance with the Members Remuneration Scheme and the relevant legislation
- 5.12.2 Payments to any Members entitled to claim allowances will only be upon receipt of the proper form, completed and certified in accordance with the Council's scheme for allowances.

- 5.12.3 No claim by Members shall be payable without a detailed enquiry by the Chief Officer Governance & Customer if it is submitted more than three months after the event giving rise to the claim. No claim shall be payable if it is submitted more than six months after the event giving rise to the claim.
- 5.12.4 Members should be responsible for ensuring that all travel is approved in advance in accordance with the Staff and Member Travel Plan

### **5.13 Local Taxation**

- 5.13.1 Local Taxation (Business Rates and Council Tax) is largely governed by statute and provides a large part of the Council's income
- 5.13.2 The Chief Officer Finance & ICT shall administer, including obtaining information, billing, granting discounts, exemptions, mandatory and discretionary rate relief and other statutory reliefs, issuing notices and pursuing all aspects of recovery and enforcement, National Non-Domestic Rates and Council Tax in accordance with the provisions of the Local Government Finance Acts of 1988 and 1992 and regulations made thereunder.
- 5.13.3 The In-House Enforcement and Debt Collection Service, collects income due to the authority in respect of a number of services including: Council Tax, Non Domestic Rating, Penalty Charge Notices and other income due to the authority. The authority charges the statutory fees in accordance with the Taking Control of Goods (Fees) Regulations 2014.

### **5.14 Taxation**

- 5.14.1 It is the responsibility of the Chief Officer Finance & ICT and / or the Head of Service, HR & OD to:-
- (a) Complete all Inland Revenue returns regarding PAYE
  - (b) Complete a monthly return of VAT inputs and outputs to HM Revenue and Customs
  - (c) Provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme
  - (d) Maintain up-to-date guidance for council employees on taxation issues
- 5.14.2 It is the responsibility of Chief Officers to:-
- (a) Ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs' regulations
  - (b) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements
  - (c) Ensure that all persons employed by the council are added to the council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency

- (d) Confirm when engaging contractors, who are subject to the Domestic Reverse Charge scheme from March 2021, that they have ensured that the proper arrangements are in place to bring VAT to account correctly;
- (e) Follow the guidance on taxation issued by the Chief Officer Finance & ICT and / or the Service Manager, HR & OD.

### **5.15 Local Authority Trading Companies, Trading Accounts and Business Units**

5.15.1 The Chief Officer Governance & Customer and Chief Officer Finance & ICT shall advise on the establishment and operation of Local Authority Trading Companies, trading accounts and business units.

5.15.2 Chief Officers shall:

- (a) Consult with the Chief Officer Finance & ICT where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty
- (b) Observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts
- (c) Ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units
- (d) Ensure that each business unit prepares an annual business plan



## 6 Partnerships

### 6.1 General

- 6.1.1 A partnership is a joint working arrangement between the Council and other independent bodies who agree to co-operate to achieve a common goal.
- 6.1.2 The Council's contribution to a partnership may be capital, revenue or contributions in kind such as staff time, and contributions of any kind fall within this section.
- 6.1.3 Where the Council undertakes a procurement in respect of a partnership then the Council's Contract and Financial Procedure Rules shall apply.

### 6.2 Compliance with Partnership Toolkit

- 6.2.1 The Council will maintain a register of significant partnerships and each partnership shall comply with the Partnership Toolkit at all times including:
  - (a) Risk management processes are in place to identify and assess all known risks and these are carried out on an ongoing basis.
  - (b) Project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
  - (c) A formal agreement outlining the roles and responsibilities of each partner is agreed and signed by each of the partners involved in the project before the project commences.
  - (d) Regular reviews are carried out especially for significant partnerships and the results reported accordingly
  - (e) Regular communication with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution
  - (f) All parties, including partner organisations, are aware of their responsibilities under the Council's Financial and Contract Procedure Rules.
- 6.2.2 Any collaboration which involves the creation of or participation in a separate legal entity, such as a limited company, trust or charity, must be approved by the Chief Officer Governance & Customer and the Chief Officer Finance & ICT.
- 6.2.3 Partnership arrangements must be recorded in writing, the content and format of which must comply with the Partnership Toolkit. Where it involves the commitment of significant Council resources (be they finance, staff, land, buildings or equipment) or where the Council acts as an accountable body must have a formal agreement in place.
- 6.2.4 Any collaborative working in which the Council is to act as Accountable / Responsible Body must be approved by the Chief Officer and Chief Officer Finance & ICT.
- 6.2.5 Where the Council does act as the Accountable Body, the full cost of this service must be charged to the partnership arrangement (including a fair share of corporate overheads).

### 6.3 Approval Process

- 6.3.1 The approval process for participation in a collaborative working arrangement is based on:
- (a) Compliance with corporate objectives
  - (b) The financial contribution of the Council
- 6.3.2 If the Council's financial contribution has not already been included in the approved budget, further approval will be required. The level of approval required will depend on both the amount, and whether the funding is to come from existing budgets or from reserves. The financial contribution of the Council should be assessed over the lifetime of the collaborative working arrangement.
- 6.3.3 Each Chief Officer is responsible for preparing regular reports for the relevant Lead Member outlining the key outcome and achievements of each significant collaborative working arrangement. The report should also review the affordability and continued relevance of the arrangement to the Council's corporate objectives.
- 6.3.4 The Chief Officer Finance & ICT will encourage the same high standards of conduct with regard to financial administration in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.