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Financial Regulations

1. Introduction

Financial Regulations govern the way the Council undertakes financial forward planning, annual budget setting, budget monitoring and management, and closing of the accounts – setting out the responsibilities of **Council, Cabinet** (and **Policy and Scrutiny Committees**), the **Section 151 Officer (Director of Corporate Services)**, **Directors** and **Heads of Service**. These aspects are set out in Part 1 (Financial Management).

Financial Regulations also govern the way day to day financial administration is conducted and financial controls are exercised. These aspects are set out in Part 2 (Financial Administration).

Financial Regulations are supported by other elements of the Council Constitution, in particular

- Contract Standing Orders
- Scheme of Delegation
- Budget & Policy Framework Rules
- Management of Assets, Property and Land

2. Status of Financial Regulations

Financial regulations apply to every member and officer of the Council and anyone acting on its behalf, with the exception of schools with delegated funding under the Local Management of Schools, who have their own Financial Regulations.

The regulations identify the financial responsibilities of the **Council, Cabinet** and **Cabinet Members**, the **Chief Executive**, the **Monitoring Officer**, the **Section 151 Officer**, other **Directors** and **Heads of Service** and the **Head of Internal Audit**.

The Regulations shall not override any statutory provisions that apply.

Where applicable, consultants or agencies acting for the Council will be bound by

these procedures and it should be a condition of their employment or engagement that they do so. However, where the council operates a shared arrangement with another council the regulations of each party should apply to its own operation.

Substantial breaches of Financial Regulations shall be reported to the **Section 151 Officer** by the relevant **Director** and may be treated as disciplinary offences.

No report having financial implications shall be submitted to **Council** or **Cabinet** without adequately timed prior consultation with the **Section 151 Officer** and/or officers delegated to undertake such functions by him/her. The **Section 151 Officer** or his / her representative should also be consulted on decision notices with financial implications to be signed by Cabinet Members or Directors.

These procedures shall be reviewed regularly by the **Section 151 Officer** but at least every 3 years. The **Council** should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds should additionally be reviewed against inflation on an annual basis wherever possible.

3. Responsibilities

Section 151 of the Local Government Act 1972 states that each local Council “shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

The “arrangements” include the Council’s Financial Regulations, Contract Standing Orders and the Scheme of Delegation (so far as it relates to financial matters). In approving those arrangements, Members are bound by the general principles of administrative law.

The Council’s appointed officer under Section 151 is the **Director of Corporate Services**. In addition, there is one Deputy S151 Officer who is the Head of Finance. In performing his/her functions as the appointed officer, he/she shall seek to ensure that the management of the Council’s financial affairs accord with the arrangements approved by Council subject to his/her overarching statutory duties including those referred to below. The **Section 151 Officer** owes a fiduciary duty to the public to carry out those duties effectively and these cannot be overridden by the Council.

Financial management covers all financial accountabilities in relation to the running of the Council, including the budget and policy framework.

The roles and responsibilities of the **Council**, the **Cabinet**, and **Committees** for Council functions are described in Part 3 of the Constitution.

The Statutory Officers

The **Statutory Officers Group** meets on a quarterly basis to consider financial, insurance and legal risks and comprises:

The **Chief Executive** as **Head of Paid Service**.

The **Assistant Director Legal and Governance** as the **Monitoring Officer**

The **Director of Corporate Services**, as the **Section 151 Officer**.

The functions of the Statutory Officers are described in Article 12 of the Constitution, and their responsibilities are described in Part 3 – Officer Delegations and Authorisations.

Other Council Officers

Head of Internal Audit

(for the purpose of these regulations, this title refers to the officer responsible for delivering an internal audit service in accordance with the CIPFA Code).

The **Head of Internal Audit** is responsible for providing an internal audit function which meets the requirements of the Public Sector Internal Audit Standards and providing an opinion, in support of the Annual Governance Statement, on how the Council's risk management processes identify, evaluate, monitor and report that controls are operating effectively within the Council. The **Head of Internal Audit** helps the **Section 151 Officer** discharge his/her responsibilities under section 151. Irrespective of the organisational position of internal audit, this officer should have the right to report on matters concerning internal audit and internal control directly to the **Chief Executive** and/or the **Audit Committee**.

Directors

Directors are responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Section 151 Officer**.

It is the responsibility of **Directors** to consult with the **Section 151 Officer** and seek approval on any matter liable to affect the Council's finances as prescribed

by limits set out within these Financial Regulations, before any commitments are incurred.

Each **Director** is responsible for observing the Council's Financial Regulations and for monitoring financial performance within their directorate.

Directors are responsible for ensuring that all staff in their directorates are made aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents, and that they comply with them. They must also ensure that either hard or electronic copies are available for reference within their directorates.

As part of these Regulations, **Directors** should ensure that there are arrangements to enable staff and the public to raise and report any issues of concern in accordance with the Council's Whistle Blowing policy.

Each **Director** is responsible for ensuring that any expenditure incurred within their service is in accordance with both the purpose and objectives of the services being provided and provides value for money. Expenditure must not be incurred or charged to any budget where such expenditure bears no relation to the service being provided.

Each **Director** is required to maintain a scheme of financial delegation in accordance with the minimum standards as determined by the **Section 151 Officer**, and which accords to the financial limits included within the overall scheme of delegation and contract rules and that this scheme is reflected within the council's corporate financial management system.

Each **Director** is responsible for the control and accountability of employees and the security, custody, and control of all of the resources, including plant, buildings, materials, cash and stores, appertaining to his/her directorate.

Where it becomes apparent that there is failure to meet the rules as set out in this document, it is the responsibility of the **Director**, or the **Section 151 Officer** to report such failings immediately in accordance with the established reporting structure.

Corporate Management Team

The **Chief Executive** and **Directors** and other appointments as determined by the **Chief Executive** who form the Corporate Management Team, chaired by the **Chief Executive** are responsible, individually and collectively, for ensuring that

efficiency and value for money are achieved across the Council, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.

As budget holders they are responsible for the budgets delegated to deliver the services within their Directorate in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.

Heads of Service and Service managers and delegated budget holders

Heads of Service are individually responsible for ensuring that the services within their remit are delivered in line with the agreed policy and support the strategic direction of the Council. As budget holders, they are responsible for the budgets delegated to them to deliver their service in line with the priorities within the Corporate Plan.

Finance Business Partners

The **Finance Business Partners** advise **Directors** and their management teams on all financial matters. They are supported in this role by the accountants, who are responsible for the preparation of budget reports and the provision of specialist advice and general guidance on financial systems, including rules and procedures. However, responsibility for budgetary control lies with the **Directors** as delegated budget holders, their **Heads of Service** and **Service Managers**.

As part of the overall governance arrangements, it is expected that each **Finance Business Partner** is a member of the **Financial Strategy Board**, chaired by the **s151 Officer**, or any successor group which is provided the responsibility for overall management of financial matters.

The Property Investment Board

The Council's Property Investment Strategy provides for the establishment of a Commercial Investment Fund under the management of a **Property Investment Board**. **The Property and Investment Board** shall be made up of the following members:

- The Leader of the Council
- The Cabinet Member/s responsible for finance and/or property asset management
- The Chief Executive

- The Director of Corporate Services/Section 151 Officer
- The Assistant Director Legal and Governance/Monitoring Officer

The Property Investment Board has powers to make offers and negotiate terms on commercial properties before seeking full approval to make investments in line with these Financial Regulations. The approval thresholds for these transactions are contained in paragraph 7.4.

Part 1 – Financial Management

1. Medium Term Financial Plan

- 1.1 The Council's Constitution sets out how decisions are made including setting the Council Budget. Whilst the Council Budget sets out what those decisions are, the Medium Term Financial Plan determines the underlying principles behind them and is key in driving the delivery of the Corporate Plan.
- 1.2 The Medium Term Financial Plan indicates future years' budgets and potential council tax levels. Those indications are based on the current available information and provide the starting point for future years' budgets.
- 1.3 The Medium Term Financial Plan, approved by **Council**, sets out the **Cabinet's** approach on a range of issues, including:
 - The way in which corporate priorities are considered as part of the Council's capital and revenue budget processes
 - The likely direct of travel of the authority recognizing investment and savings opportunities
 - The level of balances and reserves (having taken account of advice from the **Section 151 Officer**)
 - The approach to bidding for external funding
 - The setting of fees and charges
 - The management of financial risks.
- 1.4 The medium Term Financial Plan will normally be approved by **Council** at the start of each four-year municipal term, and be updated annually or sooner if there is a need to respond to significant changes in resources and/or expenditure assumptions.

2. Financial Forward Planning

- 2.1 The **Section 151 Officer**, in consultation with the **Cabinet Member with responsibility for Finance**, will maintain a Medium Term Financial Plan that covers a period of at least four financial years, including the current financial year.
- 2.2 The Medium Term Financial Plan will be produced and reported in conjunction with the annual budget and council tax proposals to Cabinet and Council in line with relevant financial legislation at that time. Further updates on the Medium Term Financial Plan may be reported during the year.
- 2.3 The Medium Term Financial Plan will cover revenue and capital budgets, and will highlight how resources are being directed to address Corporate Plan priorities.
- 2.4 In respect of resources, the Medium Term Financial Plan will take account of the following:-
- Forecasts of formula and specific grants
 - Increases in fees and charges, and the introduction of new charges
 - Interest earnings
 - Levels of reserves and balances
 - Increased income from rents, council tax and retained Business Rates
 - Capital receipts and grants and prudential borrowing.
- 2.5 In respect to expenditure, the Medium Term Financial Plan will take account of the following:-
- Full year effects of previous decisions
 - Changes in responsibility arising from new or amended legislation or regulations, net of increased income from new fees and charges
 - Direction of resources to achieving Corporate Plan priorities and targets and potential re-direction from non-priority areas
 - Forecast changes in service demand
 - Investment in line with the Councils transformation programme
 - Forecasts of inflation, pay awards and interest rates
 - Efficiency savings
 - Planned service reductions
 - Prudential borrowing
 - Financial risks

- 2.6 In that the Medium Term Financial Plan has a horizon up to four years, it is to be expected that figures in later years will often be preliminary estimates and/or aspirations of future decisions and changes in council policy.

3. Annual Revenue Budget Setting

- 3.1 The **Council** shall set the annual revenue budget each year and shall make the required decisions to set a legal Council Tax in line with relevant financial legislation at that time.
- 3.2 The **Cabinet** shall organise and oversee work necessary to draft and propose a Medium Term Financial Plan and the annual revenue budget for presentation to Council in accordance with its responsibilities.
- 3.3 **Directors** shall provide any service or financial advice as required by the **Cabinet** or its Members to enable the revenue budget to be drafted for Council.
- 3.4 The **Cabinet Member with responsibility for Finance** shall liaise with the **Section 151 Officer** in considering the Medium Term Financial Plan and annual revenue budget, and the underlying financial assumptions within them and advise the **Cabinet** as appropriate.
- 3.5 The **Cabinet Member with responsibility for Finance** and the **Section 151 Officer** shall organise appropriate consultations and briefings on the Medium Term Financial Plan and annual revenue budget and shall, specifically, consult with the Council's **Policy & Scrutiny Committees** at least once in the budget setting process.
- 3.6 The **Cabinet Member with responsibility for Finance** shall liaise with the **Section 151 Officer** to approve the tax base to be used in setting the budget and council tax and advise the Cabinet as appropriate.
- 3.7 The form of information required by the **Cabinet** to draft the revenue budget shall be defined by the **Chief Executive** and the **Section 151 Officer** to ensure consistency of approach.
- 3.8 The timetable for preparation of the Medium Term Financial Plan and the revenue budget shall be defined by the **Cabinet Member with responsibility for Finance** and the **Section 151 Officer**.
- 3.9 The revenue budget shall be agreed in such a form that the responsible **Director or nominated head of service**, as budget holder will be publicly identifiable, together with the relevant **Cabinet Member(s)** and published in the relevant budget documents.

- 3.10 The budget shall be agreed in such a format that the budgets for responsibilities of each **Director** will be identifiable and published in the annual budget documents.
- 3.11 The revenue budget that the **Cabinet** recommends to Council must be based on reasonable estimates of expenditure and income, and take account of:
- Outturn forecasts for the current year
 - Latest projection of income from fees and charges
 - Guidance from the **Section 151 Officer** on the appropriate level of reserves, balances and contingencies: and
 - Financial risks associated with proposed budget developments, reductions and ongoing projects as detailed within the required annual directorate risk and robustness statements.

Bidding for External Revenue Funding

- 3.12 If revenue expenditure involves bidding for funds from any external body approval shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body.
- 3.13 For any schemes requesting up to £250,000 of external funding and without any match funding requirement, the relevant **Head of Service** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.14 For any schemes / projects requesting up to £1,000,000 of external funding, the relevant **Director(s)** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.15 For schemes / projects requesting funding between £1,000,000 and £5,000,000 the **Cabinet Member(s)** in consultation with the relevant **Director(s)** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.16 For schemes / projects requesting funding between £5,000,000 and £10,000,000, the **Cabinet** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.17 For schemes requesting funding over £10,000,000, the **Council** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.

- 3.18 All bids for revenue funding between £500,00 and £5,000,000 shall be retrospectively reported to the **Cabinet** for information as part of the corporate budget monitoring reports.
- 3.19 Reference should be made to paragraphs 5.1 to 5.8 of these regulations, which set out the specific reporting requirements for all funding bids.

Definition of Capital Expenditure

- 3.20 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, provide a definition of capital expenditure.
- 3.21 Capital expenditure is principally in respect of acquiring, constructing or enhancing physical assets (including buildings, land and immovable equipment) which provide benefit over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset or substantially increase the extent to which an asset can be used in the delivery of services.
- 3.22 Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body.

Capital Budget Setting - General

- 3.23 The **Council** shall set the capital budget of the Council and approve the prudential indicators for the period of the Medium Term Financial Plan and in addition shall at least annually agree the means by which that spending is to be funded in line with relevant financial legislation at that time.
- 3.24 The capital budget shall be for at least one year, but the **Council** shall also have the authority to set budgets for more than one year, subject to identifying corresponding funding.
- 3.25 The **Cabinet** shall undertake work necessary to draft and propose the capital budget for presentation to **Council** to carry out its responsibilities. This work should take account of:
- Forecasts of capital receipts and grants
 - Affordability of prudential borrowing over the period of the council's Medium Term Financial Plan.
- 3.26 **Directors** shall provide advice as required by **Cabinet Members** to enable the capital budget to be drafted for **Council**.

- 3.27 The **Cabinet Member with responsibility for Finance** shall liaise with the **Section 151 Officer** in considering the capital budget and the underlying financial assumptions within it and advising the **Cabinet** as appropriate.
- 3.28 The form of information required by the **Cabinet** to draft the capital budget shall be defined by the **Chief Executive** and the **Section 151 Officer** to ensure consistency of approach.
- 3.29 The timetable for preparation of the capital budget shall be defined by the **Cabinet member with responsibility for Finance** and the **Section 151 Officer**.
- 3.30 The budget shall be agreed in such a form that the responsible **Director** as budget holder will publicly identifiable together with the relevant **Cabinet Member(s)** and publish in the relevant budget documents.
- 3.31 The **Section 151 Officer** shall develop a Capital Programme in line with the requirements of the Council's Asset Management Plans prepared by the **Head of Property and Asset Management**, in conjunction with the **Chief Executive** and **Directors** for the agreement of the **Cabinet Member with responsibility for Finance** and the **Cabinet**.
- 3.32 The relevant **Director** shall be responsible for developing asset management plans in relation to directorate functions (e.g. for schools, housing or transport) with the relevant **Cabinet Member(s)** and working in conjunction with the **Cabinet Member with responsibility for Finance** and the **Section 151 Officer**.
- 3.33 The Council's Corporate Plan, Capital Investment Strategy, Council Asset Management Plans, Economic Development and Regeneration Strategy and ICT Strategy shall form the basis of the **Cabinet** 's planning for the capital programme and bidding for any externally provided and available funds.

Bidding for external capital funding

- 3.34 If a capital project involves bidding for funds from any external body approval shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body.
- 3.35 For any schemes requesting up to £250,000 of external funding and without any match funding requirement, the relevant **Head of Service** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.

- 3.36 For any schemes requesting between £250,000 and £1,000,000 of external funding, the relevant **Director** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.
- 3.37 For schemes requesting funding between £1,000,000 and £5,000,000, the **Cabinet Member(s)** in consultation with the relevant **Director** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.
- 3.38 For schemes requesting funding between £5,000,000 and £10,000,000, the **Cabinet** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.
- 3.39 For schemes requesting funding over £10,000,000 the **Council** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.
- 3.40 All bids for capital funding between £500,000 and £5,000,000 shall be retrospectively reported to the **Cabinet** for information as part of the corporate budget monitoring reports.
- 3.41 Reference should be made to paragraphs 5.1 to 5.8 of these regulations, which set out the specific reporting requirements for all funding bids.

New Capital Schemes

- 3.42 New capital schemes may be identified during the course of the financial year and gross capital spending may be increased, provided a corresponding increase in income (except use of the Council's general reserves) such as a new grant, Section 106 Agreement, capital receipt, external contributions or other income can be identified. No new capital expenditure may be approved that falls outside the limits of the Council's approved Prudential Borrowing indicators. Subject to the new capital expenditure falling within the approved limits, the following thresholds apply.
- 3.43 New capital expenditure of up to £500,000 can be approved by the relevant **Director(s)** and the **Section 151 Officer**, provided the corresponding funding is also identified.
- 3.44 New capital expenditure of between £500,000 and £1,000,000 can be approved by the relevant **Cabinet Member(s)** and **Director(s)** in consultation with the **Section 151 Officer**, provided that corresponding funding is also identified.

- 3.45 New capital expenditure of between £1,000,000 and £5,000,000 can be approved by the **Cabinet**, provided that corresponding funding is also identified.
- 3.46 New capital expenditure over £5,000,000 can be approved by the **Council**, provided that corresponding funding is also identified.
- 3.47 All new capital expenditure between £250,000 and £1,000,000 shall be reported retrospectively to the **Cabinet** as part of the corporate budget monitoring reports.

Alternative Budget Motions

- 3.48 Alternative budget motions and/or budget amendments must be validated by the **Section 151 Officer** before they are accepted as a valid budget motion. This is essential since if an alternative budget motion is approved, the **Section 151 Officer** will need to amend the council tax bills immediately following the Council meeting and **Cabinet** and officers will be required to implement the detailed budget proposals.
- 3.49 The alternative budget motion must set out the appropriate changes to **Cabinet's** recommendations as they affect the budget for the forthcoming year and any element of the Medium Term Financial Plan (e.g. balances, full year effects, council tax levels). The **Section 151 Officer** may also require further information to be included if he/she considers it will improve the Council's understanding of the financial implications in the forthcoming or future years.
- 3.50 Any **Member** proposing to put an alternative budget motion to Council is responsible for ensuring it is received by the **Monitoring Officer** in line with the deadline set out in Part 4 of the Constitution. It is also their responsibility to ensure they give the **Section 151 Officer** sufficient time to fully validate their they give the **Section 151 Officer**.

4. Budget Management and Monitoring

Budget Monitoring - Revenue

- 4.1 Once decided by **Council**, those revenue budgets delegated to **Directors** may be spent and income due collected by **Directors** without further reference to the **Cabinet**, or **Council** or any other political decision-making body, subject to the Council's decision and policy making framework and subject to other aspects of these Financial Regulations and Contract Standing Orders.
- 4.2 **Directors** shall be responsible and accountable for control of revenue budgets allocated by the **Council** to them to keep within the budget limit set.

- 4.3 **Directors** may delegate day to day responsibility for the revenue budget to a named **responsible officer** under their line management, as shown in the budget documents.
- 4.4 **Directors** should ensure that their budget managers do not enter into commitments before satisfying themselves there is sufficient approved budget provision.
- 4.5 **Directors** are required to notify the **Section 151 Officer** of all underspends, over-recovery of income or windfall benefits arising within their revenue and capital budgets. Where these occur, it should be assumed that in the first instance such funds be returned to general non-earmarked reserves, unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the service. Where these exceptions occur, the **Director** is responsible for seeking approval from the **Section 151 Officer**.
- 4.6 **Directors** must notify the **Section 151 Officer** of forecast revenue or capital budget variances greater than the limits set by the **Section 151 Officer** regardless of whether offsetting savings or additional income or capital resources have been identified.
- 4.7 Having notified the **Section 151 Officer** of a forecast revenue budget variance, the **Director** must submit proposals where appropriate to the **Section 151 Officer** for offsetting any forecast overspend, together with an assessment of the impact these corrective actions will have on service delivery and performance targets. Approval to these budget variations will be in line with the Scheme of Virement (see “Revenue Budget Changes and Transfers” paragraph 4.20 and 4.21 below).
- 4.8 When notifying the **Section 151 Officer** of such a situation, **Directors** must advise if the problem relates solely to the current financial year or needs to be addressed within the Medium Term Financial Plan as well.
- 4.9 Some services or projects within the Council’s budget and capital programme may be wholly or part funded by time-limited external funding. As soon as the possibility of expenditure slipping past the funding deadline is forecast, the nominated budget holder must notify the **Section 151 Officer** immediately and provide options for reducing expenditure and/or identifying alternative funding.

- 4.10 The **responsible officer** for each budget shall monitor any decisions with a financial impact and the consequence for spending against the budget every month and project annual spending to keep within the budget limit set. The **responsible officer** shall report any projected variance to the relevant **Director** as soon as such a judgement can be made.
- 4.11 **Directors** shall report spending against their budgets to the relevant **Cabinet Member(s)** on a monthly basis, with a projection of the annual spend, every month from June of each year onwards, together with an annual summary at the year end with an explanation of significant variances from the budget.
- 4.12 The **Cabinet Member with responsibility for Finance** and the **Section 151 Officer** shall review spending against the revenue budget and the projection of annual spend for all budgets each month from June of each year onwards and report to the **Cabinet** accordingly.
- 4.13 The **Cabinet** shall review the revenue budget monthly where the Municipal Calendar allows, and will be responsible for agreeing action, including the responsible **Cabinet Member** and **Director** to take such action, to rectify potential variances.
- 4.14 The **Cabinet Member with responsibility for Finance** and the **Section 151 Officer** may authorise changes to the revenue budget in an emergency without reference to the **Cabinet** or **Council**, subject to reporting of such action at the next available opportunity to the **Cabinet**. Emergency defined as potential serious injury or risk to human life, substantial property damage, financial loss or other circumstance deemed appropriate by the **Section 151 Officer**.
- 4.15 The **Cabinet** shall be authorised to permit up to 50% of any total directorate budget underspends to be transferred to a specific reserve, at the control of an **Cabinet Member**, for spending on the relevant service in the following year on one-off items. The **Section 151 Officer's** approval for any such transfer must be obtained prior to requesting **Cabinet** approval. The **Cabinet** shall take into consideration overall spending against the budget for the whole Council in making such a decision and the future revenue cost implications.
- 4.16 Any decision which is not within the Council's policy framework, with or without financial consequences, even if that change can be contained in existing revenue budgets, can only be decided by **Council**. The **Council** shall define a procedure to decide whether a decision is within the existing policy framework of the Council which shall be the responsibility of the **Monitoring Officer** to administer.

- 4.17 If the **Cabinet** proposes a change to the Council's policy framework any such recommendation to **Council** shall show the financial consequences of such a change on the current year's revenue budget and future years (if different), even if there is no financial effect.
- 4.18 Any proposed decision which would increase the Council's overall net revenue budget, irrespective of the policy issues, can only be decided by **Council**.
- 4.19 The **Council** shall be authorised to increase net spending during the course of a financial year, on the recommendation of the **Cabinet** and the **Section 151 Officer**.

Revenue Budget Changes and Transfers

- 4.20 Virements of existing budgets are permissible provided the gross revenue expenditure budget of the council is not increased and subject to the following limitations. Where the virement involves more than one directorate, the agreement of all involved Heads of Service / Directors / Cabinet Members is required.
- **Heads of Service** can approve virements between budgets up to a value of £250,000.
 - **Directors** with the **Section 151 Officer** can approve virements between budgets between £250,000 and £500,000.
 - **Cabinet Members** with the **Section 151 Officer** can approve virements between budget between £500,000 and £1,000,000.
 - The **Cabinet** can approve virements between budgets between £1,000,000 and £5,000,000.
 - The **Council** can approve virements between budgets of over £500,000,000
 - All Virements between £250,000 and £1,000,000 shall be retrospectively reported to the **Cabinet** as part of the corporate budget monitoring report.
- 4.21 The council's gross revenue expenditure budget may be increased by bringing in funding from additional income, savings, grant or earmarked reserves, provided the net revenue budget of the council is not increased and subject to the following limitations.
- **Heads of Services** can approve increase in gross revenue budget up to a value of £100,000, provided that no funding from corporate resources is required.

- **Directors** with the **Section 151 Officer** can approve increase in gross revenue budget between £100,000 and £500,000.
- **Cabinet Members** in consultation with the **Section 152 Officer**, can approve increases in gross revenue budget between £500,000 and £1,000,000.
- The **Cabinet** can approve increases in gross revenue expenditure of between £1,000,000 and £5,000,000 and
- The **Council** can approve increases in gross revenue budget above £5,000,000.
- All increases in gross budget between £250,000 and £1,000,000 shall be retrospectively reported to the **Cabinet** as part of the corporate budget monitoring reports.

4.22 The S151 Officer may authorise exemptions from the approval limits for technical virements and budget changes in paragraphs 4.20 and 4.21 where they have no material impact on the nature or substance of previously agreed income and expenditure, with all those over £250,000 being reported respectively to the Cabinet.

Budget Monitoring - Capital

- 4.23 Once decided by **Council**, or other delegated decision makers in year, the capital budget may be spent by **Directors** without further reference to the **Cabinet or Council** or any other political decision-making body and subject to the policy framework of the Council, other aspects of this Framework and Contract Standing Orders. Under no circumstances shall any capital project proceed, or any contractual commitments be entered into, without the permission of **Council**, the **Cabinet** or other delegated decision maker, through the relevant capital budget setting processes described in paragraphs 3.38 to 3.43.
- 4.24 **Directors** shall be responsible for accounting for all financial transactions of officers under their control, for ensuring the accuracy, completeness, and retention of records of such transactions and for systems of internal control to ensure that resources are effectively used in pursuing the Council's aims and objectives.
- 4.25 **Directors** shall be responsible and accountable for control of capital budgets and projects allocated by the **Council** to them and keep within the budget limit set.

- 4.26 **Directors** may delegate day-to-day responsibility for their capital budget and any capital projects to a named responsible officer under their line management. The responsible officer for each project shall follow the Council's Contract Standing Orders for any required contracting or procurement exercise relevant to the capital project and shall manage the resultant contract(s) appropriately to deliver the project.
- 4.27 The **responsible officer** for each budget shall monitor their actions and their financial consequences every month to keep within the budget limit set for the project under their control.
- 4.28 The **responsible officer** shall report any projected variance against the budget to the relevant **Director** as soon as such a judgement can be made in order for the **Section 151 Officer** to review the funding situation.
- 4.29 **Directors** shall report spending against their budgets on a monthly basis, with a projection of the annual and project spend, every month from June of each year onwards.
- 4.30 **The Leader of the Council or nominated Cabinet Member** and the **Section 151 Officer** shall review spending against the capital budget and the projection of annual/project spend for all budgets each month from June of each year onwards and report to **Cabinet** accordingly.
- 4.31 The **Cabinet** shall review the capital budget monthly where the Municipal Calendar allows and shall be responsible for agreeing action, including the relevant **Cabinet Member** and **Director** to take such action, to rectify potential variances or project slippage which could cause loss of resources.
- 4.32 Forecast variances on approved capital projects must be communicated to the **Section 151 Officer** immediately.
- 4.33 Having notified the **Section 151 Officer**, the **Director or Head of Service** must submit options to the **Section 151 Officer** for offsetting the forecast variance (e.g. by reducing the project specifications, or budget for other projects) and/or identifying additional funding.

Capital Budget Changes and Transfers

- 4.34 Virements of existing capital budgets between approved projects / schemes are permissible subject to the advice of the **Section 151 Officer** on any required changes to funding and subject to the following limitations. Where the virement involves more than one directorate, the agreement of all involved Directors / Cabinet Members is required.
- **Directors** with the **Section 151 Officer** can approve virements between budgets to a maximum of £500,000

- **Cabinet Members** in consultation with the **Section 151 Officer** can approve virements between budgets of between £500,000 and £1,000,000
- Virements within the capital budget of between £1,000,000 and £5,000,000 shall be decided by **Cabinet**; and
- Virements over £5,000,000 shall only be decided by **Council**.
- All virements between £250,000 and £1,000,000 shall be retrospectively report to the **Cabinet** as part of the corporate budget monitoring reports.

4.35 Increases of changes to capital schemes are permissible subject to the funding impacts being identified and subject to the following limitations:

- **Directors** with the **Section 151 Officer** can approve changes to capital budgets up to a maximum of £500,000
- **Cabinet Members** in consultation with the **Section 151 Officer** can approve changes between £500,000 and £1,000,000
- Changes to the capital budget of between £1,000,000 and £5,000,000 shall be decided by **Cabinet**; and
- Changes over £5,000,000 shall only be decided by **Council**.
- All changes between £250,000 and £1,000,000 shall be retrospectively reported to the **Cabinet** as part of the corporate budget monitoring reports
- All changes that fall outside the limits of the Council's approved Prudential Borrowing indicators, must be approved by the **Council**

4.36 Cabinet approval is required for the reprofiling across years of a capital scheme's budget, or for a carry-forward of capital budgets at the end of the financial year.

Authorisation of Non-Budget Expenditure

4.37 In cases of urgency or emergency, the **Chief Executive** in consultation with the **Section 151 Officer** may approve revenue or capital expenditure in excess of the latest approved budget.

4.38 The **Section 151 Officer** may approve revenue or capital expenditure not provided for within the latest approved budget if satisfied that:-

- The expenditure is wholly reimbursable to the Council; or
- Compensatory savings have been identified; and
- There are no significant full year effects

4.39 In all circumstances, the expenditure must be consistent with the Corporate Plan and key priority plans and should be reported to next Cabinet meeting.

5. Further Responsibilities of Directors and Heads of Service

External Funding

- 5.1 **Directors**, in consultation with the **Section 151 Officer**, are encouraged to explore all feasible options that maximise external funding available to the Council. External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria. It also covers contributions being sought from participating organisations and individuals, from either public or private sources. This may include lobbying Government with new funding proposals. Paragraphs 3.12 to 3.19 and 3.34 to 3.41 cover the approval levels applicable for schemes to be approved in principle before any bid for funding is made.
- 5.2 In fulfilling the provisions detailed in paragraphs 3.12 to 3.19 and 3.34 to 3.41, decisions to make funding bids must contain the following information:-
- how the bid supports achievement of Corporate Plan ambitions;
 - whether the bid is for capital and/or revenue funding;
 - revenue and capital matched funding contributions required from the Council, and how these will be identified;
 - revenue and capital matched funding contributions required from other organisations and individuals, how these amounts will be secured, and the risks associated with them;
 - an 'exit strategy', which sets out how budgets will be adjusted after the grant expires;
 - where the bid is for revenue funding:-
 - whether this is to support existing levels of activity or enhanced / new activities;
 - proposals for reducing the activity OR incorporating it in the base budget once the external funding is exhausted.
 - where the bid is for capital funding: -
 - whether an asset will be created, and if so, how this fits in with the Council's Asset Management Strategy;
 - how the ongoing cost of maintaining the asset will be funded;
 - whether the asset can / will be disposed of at a later date

- 5.3 **Directors and Heads of Service** must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, unless approval has been given by the **Section 151 Officer** and subject to the other approvals required as part of the Financial Regulations.
- 5.4 Decisions to proceed ahead of confirming external funding will be taken after assessing all relevant risks. The **Section 151 Officer** has the right to refer the decision to the **Cabinet** or **Cabinet Member with responsibility for Finance**.
- 5.5 **Directors and Heads of Service** must advise the **Section 151 Officer** of all grant and subsidy notifications as soon as they are received. Where the amount notified is greater than the budget, the excess will be deemed a windfall and should in the first instance be returned to the general non-earmarked reserves unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the service. Where the amount notified is less than the budget, the **Director or Head of Service** must notify the **Section 151 Officer** of options for containing any potential variance.
- 5.6 Where external funding is applied for, it is the responsibility of the **Director or Head of Service** to ensure that the monies are received from the paying body and, wherever possible, received ahead of the planned expenditure being incurred by the council.
- 5.7 **Directors and Heads of Service** must advise the **Section 151 Officer** of the grant terms and conditions as soon as they are received. The **Section 151 Officer** will be responsible for accepting, or otherwise, the terms and conditions to be applied to the receipt of the grant or funding.
- 5.8 **Directors and Heads of Service** (and the **Head of Internal Audit** if Internal Audit sign off is required) must ensure that all conditions associated with external funding are met and that information and evidence required to complete grant and subsidy claims are provided on time and in sufficient detail to satisfy the requirements of the **Section 151 Officer** and the external funding body.

Full Year Effects

- 5.9 In preparing any estimates of expenditure and income, **Directors and Heads of Service** must give proper consideration to full year effects and future years' effects.

Control of Establishments Lists

Directors and **Heads of Service** are responsible for making arrangements to ensure control of the service HR Establishment list. In particular to ensure that proper controls are in place to ensure that the service HR structure is fully and accurately maintained in the Council's HR System iTRENT and that a system of control is in place to ensure that no new posts are created without adequate resources being in place and without the prior approval of the **Head of Performance, Improvement and People Services**.

Impact on Other Services

- 5.10 Before a **Director or Head of Service** makes a decision that could affect the budget of another **Director or Head of Service** they must first consult with the other **Director(s) or Head(s) of Service** and, if it is established that there is a financial impact, the decision must be agreed by the impacted **Director / Head of Service**.

Annual Governance Statement

- 5.11 **Directors** and **Heads of Service** must support the work on corporate risk management led by the **Section 151 Officer**, contributing to the production of the Annual Governance Statement. **The Audit Committee, the Monitoring Officer** and **Section 151 Officer** will sign off the Annual Governance Statement and its requirements prior to the statement being presented to the **Chief Executive** and **Leader of Council** for final approval and signature.

Partnership Working

- 5.12 Before entering into a partnership with another organisation that involves pooling some of the Council's revenue and/or capital budgets, the **Director or Head of Service** must ensure that adequate financial controls are in place in liaison with the **Section 151 Officer**. A financial risk assessment must also be prepared and monitored over time.

General Requirements

- 5.13 **Directors** and **Heads of Service** must consult the **Section 151 Officer** at an early stage on any current or future matter or decision that has financial implications that could impact on the Medium Term Financial Plan.
- 5.14 **Directors** and **Heads of Service** must adhere to guidance issued by the **Section 151 Officer** in respect to financial forward planning, budget setting, budget monitoring and closing of the accounts.

- 5.15 **Directors** must ensure that decision sheets that contain financial implications either in the current year or future financial years are forwarded to the **Section 151 Officer** for comment and clearance, prior to publication in line with the financial thresholds set out in the revenue and capital budgets sections of these regulations.
- 5.16 When preparing any decision notice, **Directors** and **Heads of Service** must make clear the financial implications of the decision that is being proposed. This must include proposed changes to revenue and capital expenditure and funding in current and future years, including the full year impact of the decision. Reports should include the estimated expenditure prior to the decision and subsequent to the decision, with details of the relevant cost codes. Links with expenditure and savings plans illustrated in the Medium Term Financial Plan must also be shown. Where reports / decision notices have proposed financial consequences of £50,000 or over, advice must be sought from the **Section 151 Officer**.

Loans and Financial Guarantees

- 5.17 Loans and financial guarantees to third parties are subject to the following approval limits:
- **Directors** with the **Section 151 Officer** may approve loans and or financial guarantees up to the value of £100,000
 - **Cabinet Members** in consultation with the **Section 151 Officer** may approve loans and or financial guarantees between £100,000 and £250,000
 - The **Cabinet** may approve loans and or financial guarantees between £250,000 and £1,000,000
 - The **Council** may approve loans and or financial guarantees over £1,000,000

6. Closing of Accounts & Statement of Accounts

- 6.1 The **Section 151 Officer** is responsible for planning for closing the accounts and producing the annual Statement of Accounts, as well as all matters relating to their audit and public inspection. **Directors** are responsible for ensuring that they and their staff adhere to the timetable and requirements set out by the **Section 151 Officer**.

- 6.2 The **Council** is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which are required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP), both updated annually and supported by International Financial Reporting Standards (IFRS).
- 6.3 **Directors** and **Heads of Service** must provide on time all information and evidence the **Section 151 Officer** requires to close the accounts and complete all grant and subsidy claims.
- 6.4 The Annual Audit Letter includes the **external auditor's** report and opinion on the audit of the accounts, as well as comments and recommendations on the Council's financial standing, the legality of financial transactions and internal control. This will be reported each year to the **Audit Committee** or **Council**, together with an appropriate action plan.
- 6.5 The **Section 151 Officer** shall decide on any required accounting policies and publish those policies required, and any changes to them, in the annual Statement of Accounts.
- 6.6 The audited Statement of Accounts shall be approved by the **Cabinet**, **Council** or **Audit Committee** in accordance with the required legislative timetable.

7. Treasury Management Framework

- 7.1 The **Council** adopts the key recommendations contained in "The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2011), "Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes (CIPFA, 2011) and any subsequent recommended good practice by CIPFA.

- 7.2 The **Cabinet** shall agree a Treasury Management Policy and annual strategy to cover overall management of investments, cash flow management, banking arrangements and contracts, borrowing and capital financing arrangements on the basis of advice from the **Section 151 Officer** and report to **Council** accordingly. The **Section 151 Officer** will create and maintain suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The content of the strategy and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
- 7.3 The **Council** will ensure that regular reports are prepared for consideration by the **Cabinet Member with responsibility for Finance** and **Cabinet** on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 7.4 As a minimum, the **Cabinet** will receive:
- An annual report on the strategy and plan to be pursued in the coming year
 - Both an annual, and also a mid-year report, on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's Treasury Management Strategy and TMPs.

SUMMARY OF FINANCIAL REGULATIONS THRESHOLDS											
Budget Area	Revenue			Capital		Bids for Funding		Loans		Assets	
Ref	1	2	3	4	4	6	7	8	9	10	11
Nature of Transaction	Budget transfers / virements (all)	Increasing gross revenue budget	New Capital Expenditure	Budget transfers / virements (all)	Increase gross capital budget	Submission of bids for capital funding	Submission of bids for revenue funding	Loans and Financial Guarantees	Purchase / transfer of assets / leases	Sale / disposal / transfer of assets / leases	Commercial Property Investment
Financial Regulations Reference	PART ONE - FINANCIAL MANAGEMENT								PART TWO - FINANCIAL ADMINISTRATION		
	4.20	4.21	3.42 - 3.47	4.34	4.35	3.34 - 3.41 and 5.2	3.12 - 3.19 and 5.2	5.17	18.1 - 18.7	19.1 - 19.6	19.9
Notes	Virement of existing budgets under the responsibility of one or more directors with no increase in gross revenue expenditure budget	Increasing gross revenue budget with financing from income, savings, grant or reserves and no increase in net revenue budget	New in-year capital budgets with funding within the Council's approved Prudential Indicators	Virement of existing budgets under the responsibility of one or more directors with no increase in gross revenue expenditure budget	Increases / changes to approved capital schemes as a result of budget variances, with changes to funding	Submission of bids for external capital funding - in principle agreement to the scheme and its revenue and capital impact	Submission of bids for external revenue funding - in principle agreement to the scheme and its financial impact	Approval of new loans and financial guarantees to third parties	Approvals of land, property or asset purchase / transfer / acquisition	Approvals of land, property or asset sale / transfer / disposal	Approvals of investment in property / assets from the Commercial Investment Fund
Approval Levels											
Heads of Services	Heads of Service for all the involved services - up to £250,000	Up to £100,000 (with no call on corporate resources)				Up to £250,000 and without any match funding requirements	Up to £250,000 and without any match funding requirements				
s151 Officer									Value / whole life rent of up to £500,000	Value / whole life rent of up to £500,000	
Director(s) and s151	Directors of the all involved Directorates, plus s151 - £250,000 to £500,000	£100,000 to £500,000	Up to £500,000	Directors of the all involved Directorates, plus s151 - up to £500,000	Up to £500,000	£250,000 to £1,000,000	£250,000 to £1,000,000	Up to £100,000			
Executive Member(s) (plus Director and s151)	Executive Members for all portfolios involved, plus Directors and s151 - £500,000 to £1,000,000	£500,000 to £1,000,000	£500,000 to £1,000,000	Executive Members for all portfolios involved, plus Directors and s151 - up to £1,000,000	£500,000 to £1,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£100,000 to £250,000	Value / whole life rent of £500,000 to £1,000,000	Value / whole life rent of £500,000 to £1,000,000	Up to £1,000,000
Retrospective report to Executive for information (Quarterly)	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£500,000 to £5,000,000	£500,000 to £5,000,000		Value / whole life rent of £500,000 to £1,000,000	Value / whole life rent of £500,000 to £1,000,000	Up to £1,000,000
Executive	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£5,000,000 to £10,000,000	£5,000,000 to £10,000,000	£250,000 to £1,000,000	Value / whole life rent of £1,000,000 to £5,000,000	Value / whole life rent of £1,000,000 to £5,000,000	£1,000,000 to £5,000,000
Council	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £10,000,000	Over £10,000,000	Over £1,000,000	Value / whole life rent of over £5,000,000 and any CPOs regardless of value	Value / whole life rent of over £5,000,000	Over £5,000,000

Part 2 – Financial Administration

1. Introduction

- 1.1 These Financial Rules apply to all financial transactions of the Council with the exception of schools with delegated budgets, who are required to have their own set of financial regulations.
- 1.2 They are designed to safeguard the interests of the Council and individual officers by setting out clear procedures to be followed under the various sections.
- 1.3 This should be used in conjunction with other points of the constitution, legal requirements and other codes of practice which may be issued under 1.5 of this section.
- 1.4 The **Section 151 Officer** or **Head of Internal Audit**, after discussion with the relevant Chief Officer, may report any breach of this Code to the **Cabinet**.
- 1.5 These Financial Rules may be supplemented at any time by other codes of practice or instructions issued by the **Section 151 Officer**.

2. Financial Systems

- 2.1 The **Section 151 Officer** shall establish all relevant corporate financial systems to enable the Council to maintain proper standards of financial administration and probity.
- 2.2 **Directors** shall be responsible for the accuracy and completeness of financial information held in operational systems under their control and the completeness of information transferred to corporate financial systems from systems under their control.
- 2.3 The **Section 151 Officer** shall ensure there are relevant procedures to ensure the integrity and completeness of interfaces between the Council's financial systems.
- 2.4 **Directors** shall be responsible for retaining records of financial transactions for an appropriate time after the transactions take place. Advice on record retention shall be provided by the **Head of Internal Audit** in consultation with the council's **Information Governance Group** as time limits may apply to specific sets of records.

3. Internal Audit

- 3.1 Under the Accounts and Audit Regulations 2011 the **Council** has a statutory obligation to have an adequate and effective system of internal audit.
- 3.2 Internal Audit is an assurance function that provides 'an independent and objective opinion to the council on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluate and reports on the adequacy of the control environment as contribution to the proper, economic, efficient and effective use of resources'. CIPFA 2006
- 3.3 **Directors** are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the Annual Governance Statement, both emphasizes and reflects the importance of this aspect of internal audit work. Management's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.
- 3.4 The **Head of Internal Audit** and **Section 151 Officer** shall advise on systems of internal control at the request of Directors who are advised to consult as a matter of course in their considerations.
- 3.5 The **Audit Committee** shall approved an Internal Audit Strategy and Plan, including a definition of its role, an annual audit plan and any relevant internal audit policy, on the basis of advice from the **Section 151 Officer**, specifically to review internal control in the Council.
- 3.6 As part of the internal reporting structure, the **Head of Internal Audit** will advise the **Statutory Officers Group** of key findings and recommendations. The **Statutory Officers Group** will comprise at least the **Chief Executive**, the **Monitoring Officer**, and the **Section 151 Officer**.
- 3.7 The **Section 151 Officer** and **Head of Internal Audit** shall deliver the Internal Audit Plan as agreed by the **Audit Committee**.
- 3.8 The **Section 151 Officer** and **Head of Internal Audit** shall define a means for judging the importance of recommendations, including a definition of a high priority recommendation which shall be used for reporting findings to the **Audit Committee**.

- 3.9 The **Section 151 Officer** and **Head of Internal Audit** shall have unrestricted access to all records, property, officers or any other resource of the Council and its contractors of any nature and shall be given access immediately it is requested.
- 3.10 The **Head of Internal Audit** shall agree the results of individual audit reviews with relevant **Director(s)** or their officers, including an action plan to rectify issues raised and a process for following up the action agreed to ensure it is implemented.
- 3.11 Any disagreement between **Directors** and the **Head of Internal Audit** over a matter judged to be fundamental shall be referred to the **Section 151 Officer** for further discussion and action. Any disagreement between the **Head of Internal Audit** and the **Section 151 Officer** in his/her role as **Director of Corporate Services** shall be initially referred to the **Deputy Section 151 Officer** for consideration. Ultimately the **Head of Internal Audit** can refer any unresolved issue to the **Chief Executive**.
- 3.12 The **Section 151 Officer** shall report any high priority recommendations arising from Internal Audit reviews and action agreed by **Directors** to the **Audit Committee** as appropriate to the level and seriousness of the issue, but at least annually.
- 3.13 The **Section 151 Officer** and **Head of Internal Audit** shall develop an Annual Assurance Statement for the **Audit Committee** to place reliance on integrity and completeness of the Council's financial systems and statements.

4. Anti-Fraud

- 4.1 Under Section 51 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.
- 4.2 The **Cabinet** shall agree an Anti-Fraud and Corruption Policy for officers, members, and the public, including consideration of receipt and acceptance of gifts, hospitality and promotional offers on the advice of the **Monitoring Officer** and **Section 151 Officer**.
- 4.3 The **Audit Committee** shall agree an annual Anti-Fraud work programme for Internal Audit and consider any high priority recommendations arising from that work.

- 4.4 The **Cabinet** shall agree procedures for the authorisation of surveillance work required by the **Section 151 Officer** and/or **Head of Internal Audit** which shall comply with any relevant legislation on Human Rights or similar matters as advised by the **Monitoring Officer**.

5. Risk Management

- 5.1 Sound governance requires effective and efficient management of risk and maximising opportunities, covering all forms of risk, not just financial.
- 5.2 The process of identifying risks should demonstrate a direct link to the Corporate objectives.
- 5.3 Risks are assessed using the matrix scoring system which rates each risk as having a high, medium, or low likelihood of occurring and a high medium or low impact on the ability to deliver against the Corporate Objectives.
- 5.4 All risks should be monitored and re-assessed based on the actions and activities that either mitigate the risk or have had an impact on the risk objective that has either increased or decreased the likelihood or impact.
- 5.5 The process of re-assessing the risk is conducted by the “lead officer” who is identified in the risk log and accepted by the **Director or Head of Service**.
- 5.6 The approach to risk management within the Council is that **Directors and Heads of Service** are responsible for ensuring their service has a robust and efficient method of managing risk.
- 5.7 The **Audit Committee** shall agree a Risk Management Strategy and a Risk Management Methodology for the Council on the basis of advice from the **Section 151 Officer**.
- 5.8 The **Section 151 Officer** shall set out procedures for **Directors** to ensure that risks (threats and opportunities) are notified promptly and shall respond to those notifications by advising on the risk control measures to manage the risks as appropriate within the Risk Management Strategy.
- 5.9 The **Section 151 Officer** shall be responsible for all strategic risk management arrangements including identification, evaluation, control and review of risks (threats and opportunities), the maintenance of risk registers and the provision of appropriate guidance for Members, Directors and Officers in respect of risk management in decision making, service planning, project management, procurement and Internal Audit.

- 5.10 The **Section 151 Officer** shall define a means for judging the significance of risks (threats and opportunities), including the definition of threats and opportunities and the Council's appetite to risk, which shall be used for reporting risks to Members.
- 5.11 The **Section 151 Officer** shall report all strategic risks (threats and opportunities) to the **Corporate Management Team**, the **Audit Committee**, and the **Cabinet** as appropriate.

6. Banking Arrangements

- 6.1 All banking arrangements shall be organised by the **Section 151 Officer** who may open, close, operate, define, amend or in any other way change such banking accounts as are considered necessary to operate the Council's business and who shall define appropriate procedures for the control of cheques, overdrafts, signatures, foreign currency transactions and any other banking matter. All accounts are to bear the Council's name and under no circumstances to bear the name of any individual officer or Member.
- 6.2 Under no circumstances are any other officers of the Council authorised to open, close or amend bank accounts, building society or any other financial institution account unless delegated to do so by the **Section 151 Officer**.
- 6.3 The **Section 151 Officer** shall ensure that all bank accounts of the Council are reconciled with appropriate accounting records at least monthly.
- 6.4 The **Section 151 Officer** shall be authorised to issue credit and purchasing cards on the Council's bank accounts and procedures for their operation where considered appropriate for the efficient operation of the Council's business.
- 6.5 The **Section 151 Officer** shall issue procedures for all relevant officers on accounting for, and banking of, all income collected.
- 6.6 All income collected for the Council by officers (or any other parties) shall be banked as soon as possible into one of the Council's bank accounts and under no circumstances should any Council monies be paid into personal or other accounts.

7. Income collection, Fees and Charges (General Provisions)

7.1 Statutory Fees and Charges

Where the level of fees and charges are regulated by primary and secondary legislation (e.g. planning applications), no additional approval is required.

7.2 Local Fees and Charges

Changes to charges and proposed new charges should take account of the Council's income principles and guidance for determining fees and charges. The following limits apply:

Decision Maker	Estimated Additional/ Reduced income (per Annum)	Increase/Decrease In charge
Director	Up to £100,000	OR Up to & Including 5%
Cabinet member	Up to £300,000	OR Over 5% and up to 10%
Cabinet	£300,000 or over	OR Over 10%

Exceptions

The relevant Director(s) shall agree, on an appropriate ad-hoc basis, fees, charges, tariffs or other means of setting prices where the nature of the business is such that a flexible pricing policy is required. The areas of such flexibility are to be agreed with the relevant Cabinet Member.

All changes to car parking charges shall be subject to approval by the Cabinet.

7.3 The relevant **Director(s)** shall ensure that all income due to the Council is requested and collected as soon as is possible and levied in accordance with the price levels agreed by the **Cabinet Member(s)** and **Cabinet**.

7.4 **Directors** shall decide how the income concerned should be best collected, receipted and recorded in accordance with procedures issued by the **Section 151 Officer** and on the advice of the **Head of Internal Audit**.

8. Issuing of Invoices

8.1 The **Section 151 Officer** shall set out procedures for **Directors** to be able to issue invoices to debtors of the Council.

8.2 Where an invoice is to be issued, **Directors** shall request the issue of an invoice as soon as it is possible for the Council to charge.

- 8.3 The **Section 151 Officer** shall issue invoices requested as soon as possible after a request is received and shall decide on appropriate procedures to chase payments due and shall take all reasonable steps to ensure monies due are collected.
- 8.4 All debt must be collected in accordance with the Council's Debt Recovery Policy.
- 8.5 The **Section 151 Officer** shall issue procedures for the issue of debtors' invoices at the year-end and accounting for such invoices in the Statement of Accounts of the Council.
- 8.6 After all appropriate steps have been taken by the **Section 151 Officer**, sums owing may be written off by the **Section 151 Officer** up to the sum of £10,000 for any one debt.
- 8.7 The **Cabinet Member with responsibility for Finance** shall have the power to write off debts due over the value of £10,000, on the advice of the **Section 151 Officer**. Any debt requiring write off over £100,000 shall be required to be reported to **Audit Committee** at the earliest opportunity.
- 8.8 In the event that sundry debts cannot be collected and are written off using the approval systems then the sum in question shall be written back to the budget which was originally credited with the income to be collected.
- 8.9 The **Section 151 Officer** shall be authorised to agree the level of bad debt provision to be included in the annual Statement of Accounts.
- 8.10 Income due to the Council arising from any legal agreement, contract or sale of fixed assets shall only be finalised after approval of the legal agreement by the **Monitoring Officer**.

9. Cash Handling

- 9.1 **Directors** shall be responsible for ensuring that any service under their control which involves charging users of the service and immediate payment in cash (or other means such as cheque, credit card, etc) has appropriate procedures to receive, record, account for, transfer, handle and bank such cash and that such procedures are followed.
- 9.2 The **Head of Internal Audit** shall advise **Directors** as appropriate on the procedures adopted, or to be adopted, for the handling of cash and acceptable means of payment to the Council under these circumstances.
- 9.3 The **Section 151 Officer** shall arrange means by which cash can be banked into the Council's bank accounts and correctly recorded and shall issue procedures in the regard.

- 9.4 In all circumstances total cash received shall be banked in full as it is received and as soon as is appropriate to the volume being held.
- 9.5 The **Section 151 Officer** shall arrange a means by which any debtor of the Council can pay any amount owing by accessible means, including in person at the Council's offices during office hours.
- 9.6 The **Section 151 Officer** shall arrange suitable safeguards for all payment streams including security for, and transport of, cash received at office of the Council.
- 9.7 In the case of cash holdings, **Directors** shall establish a maximum amount to be held by officers under their control. The **Head of Internal Audit** shall provide advice to **Directors** on appropriate safeguards, the use of safes and receptacles, together with procedures for the handling of cash and the operation of safes.

10. Petty Cash & Imprest Accounts

- 10.1 The **Section 151 Officer** shall set out procedures for the operation of petty cash and imprest accounts which shall be followed by offices of the Council.
- 10.2 **Directors** may request the creation of petty cash or imprest accounts for any of the officers under their line management which the **Section 151 Officer** shall create.
- 10.3 The Commissioning, Contracting and Funding Team, CYPS Resources Service has arranged Purchase cards accounts for Schools with the Council's bankers, on which cards can be issued to named individuals, where a need can be justified. This process will require specific approval of the Head Teacher or the Chair of Governors and the Commissioning, Contracting and Funding Manager before the card can be issued.
- 10.4 The issue of such cards within the Council should only be done with the prior approval of the **Head of Internal Audit**.

11. Minor Asset Sales

- 11.1 **Directors** shall be authorised to dispose of any item which is not land or buildings (As defined) and where the estimated disposal value is less than £10,000 shall follow the procedures for such disposals as set out in Part C of the Contract Standing Orders.

- 11.2 Where the estimated disposal value is over £10,000 advice must be sought from the **Head of Internal Audit** or the **Section 151 Officer**, who shall recommend an appropriate disposal method for submission to the relevant **Cabinet Member**.

12. Insurance

- 12.1 The **Section 151 Officer** shall agree an Insurance & Risk Management Policy for the Council which shall include the approach to be adopted by the Council to insuring against potential risks.
- 12.2 The **Section 151 Officer** shall set out procedures for **Directors** to ensure that risks are notified promptly and shall respond to those notifications by insuring against such risks as appropriate within the Insurance & Risk Management Policy.
- 12.3 The **Section 151 Officer** shall be responsible for all central insurance arrangements including arranging insurance cover, maintaining records, paying premiums, holding policy documents and handling claims.
- 12.4 The **Section 151 Officer** shall administer the Council's Insurance Fund on the basis of the Insurance & Risk Management Policy of the Council, subject to an annual review by the **Cabinet Member with responsibility for Finance**.
- 12.5 **Directors** shall notify the **Section 151 Officer** of any potential, likely or actual claim on the insurance immediately they are aware of such claims; no admission of liability shall be made in any circumstances. Any individual claims for more than £100,000 shall be notified to the **Cabinet Member with responsibility for Finance**.
- 12.6 If the Council is requested to insure any third party, individual or organisation not directly employed or related to the Council, or directly conducting Council business, then the **Section 151 Officer** shall be authorised to make any such indemnification as is judged reasonable in the circumstances or to refuse to make any such cover.

13. Reserves, Funds & Provisions

- 13.1 The **Section 151 Officer** shall be authorised to create, amend, close, or in any other way administer reserves, funds and provisions as considered appropriate for the benefit of the Council.

13.2 Prior to the publication of the annual unaudited Statement of Accounts, the **Cabinet Member with responsibility for Finance** shall review the Council's reserves, funds, and provisions annually on the basis of advice and information which shall be provided by the **Section 151 Officer**.

14. Value Added Tax

- 14.1 **Directors** shall ensure that all financial transactions are recorded with the correct treatment of VAT and shall provide whatever information is needed for the **Section 151 Officer** to make the appropriate returns to H.M. Revenue and Customs.
- 14.2 The **Section 151 Officer** shall provide advice to **Directors** on the correct VAT treatment of financial transactions and shall ensure that appropriate returns are made to H.M. Revenue and Customs.
- 14.3 The **Section 151 Officer** shall retain all records necessary to satisfy H.M. Revenue and Customs requirements for record support and retention.
- 14.4 Any issues arising from H.M. Revenue and Customs shall be reported to the **Cabinet Member with responsibility for Finance**.
- 14.5 Employment tax, primarily Income Tax and National Insurance (NI), is handled on a day to day basis by the Payroll Team. The Council is required, under the PAYE regulations, to deduct tax at source from any payments made in the nature of employment. This means that any payments made to individuals for employment purposes will have tax and NI deducted before the payment is made over - unless there is a specific exemption for the payment being made. It is important to note that employment status for taxation purposes may differ from employment status for contract and employment law purposes. **Directors**, in consultation with the **Head of Performance, Improvement and Head of People Services** and the **Section 151 Officer**, will ensure that payroll are informed of all contractual arrangements, prior to commencement of employment.

15. Clients Property

- 15.1 **Directors**, or **employee contractors** who are responsible for the private property of any person under their guardianship or supervision, other than officers, shall take all reasonable steps to prevent or mitigate loss or damage to that property, retain a complete, accurate and up to date register of any such property immediately on taking responsibility for the person; and shall arrange for the safe custody of all items in that inventory.

16. Assets, Property & Land (General Provisions)

- 16.1 **Directors** and **Heads of Service** are responsible for the proper security and privacy of all information assets under their control, for ensuring that these information assets can only be accessed by authorised personnel and that adequate controls exist to ensure the separation of duties.
- 16.2 **Directors** and **Heads of Service** are responsible for undertaking a risk assessment of all assets considered crucial to the delivery of the service. The risk assessment should cover the loss of the asset caused by malfunction and the possibility of restricted access caused by an emergency crisis and the mitigating actions and contingency plans that will need to be developed to support business continuity.

17. Assets, Property & Land (Land & Property)

- 17.1 All land and property of the Council in the corporate ownership of the Council shall be controlled by the **Cabinet**.
- 17.2 The **Cabinet** shall allocate such land and property necessary for a Director to discharge their service delivery responsibilities. Any land and property not to an individual **Director** for delivery of their service shall be controlled by the **Head of Property and Asset Management**.
- 17.3 **Directors** shall ensure that assets under their control are used to the benefit of the Council and the services to be delivered and shall maintain and use assets in accordance with the Council's Asset Management Plan and Capital Strategy and any relevant directorate/service Asset Management Plan.
- 17.4 **Directors** shall ensure that assets under their control are secured appropriate to the risks involved and the value of the assets.
- 17.5 **Directors** shall have responsibility for the safe custody, protection, security, maintenance and recording of all assets, buildings, land, vehicles, IT and general equipment, stocks and stores used in providing services under their control and shall follow guidance issued by the **Section 151 Officer** in relation to insurance of those assets.
- 17.6 All freehold land and property shall be in the named ownership of North Somerset Council and under no circumstances shall ownership be conferred on individual members or officers of the Council or governors of schools or other bodies associated with the Council, such as a school.
- 17.7 The **Monitoring Officer** shall arrange for the safe custody and recording of documents held by the Council relating to its ownership of land or properties.

18. Land Purchases

- 18.1 The **Council** shall approve a land purchasing procedure which will set out the process to be adopted to gain freehold or leasehold ownership of land, property, or any other major asset of the Council on the advice of the **Section 151 Officer**.
- 18.2 All land and property purchases or capitalised leases shall have the necessary capital programme approvals before the purchase or lease is completed.
- 18.3 The **Council** shall approve any land, property or asset purchase/transfer with a value of more than £5,000,000 and/or a lease which will cost more than £5,000,000 in rental over its life and/or any Compulsory Purchase Orders irrespective of value.
- 18.4 The **Cabinet** shall have the power to purchase any land, property or asset or agree any lease with a life value of between £1,000,000 and up to £5,000,000 and shall be advised by the **Section 151 Officer**.
- 18.5 The **Cabinet Member with responsibility for Property** shall approve any land, property, or asset purchase/transfer with a value between £500,000 and £1,000,000 and/or a lease which will cost between £300,00 and £1,000,000 in rental over its life.
- 18.6 The **Section 151 Officer** shall have the power to purchase any land, property or asset or enter into any lease with a life value of up to £500,000.
- 18.7 All purchases/transfers with a value or whole life lease rent of between £500,000 and £1,000,000 shall be retrospectively reported to the Cabinet as part of the corporate budget monitoring report.

19. Land Sale & Transfers

- 19.1 The **Council** shall approve a land sales procedure which will set out the process to be adopted to sell land, property or any other asset of the Council and a procedure for agreeing any lease or concession from which the Council will gain an income on the advice of the **Section 151 Officer**.
- 19.2 The **Council** shall approve any land, property, or asset sale with a value of more than £5,000,000 and/or a lease which will generate £5,000,000 or more in income over its life.
- 19.3 The **Cabinet** shall have the power to sell any land, property or asset or agree any lease or concession with a life value of between £1,000,000 and £5,000,000.

- 19.4 The **Cabinet Member with responsibility for Property** shall have the power to dispose of any land, property or asset or let a lease or concession with a life value of between £500,000 and £1,000,000.
- 19.5 The **Section 151 Officer** shall have the power to dispose of any land, property or asset or let a lease or concession with a life value of up to £500,000.
- 19.6 All sales/transfers or life value leases/concessions of between £500,000 and £1,000,000 shall be retrospectively reported to the Cabinet as part of the corporate budget monitoring report.
- 19.7 The **Section 151 Officer** of the Council shall be required to provide any necessary advice to **Directors**, **Cabinet Members** and the **Cabinet** on the value of land and property where there is a proposal to sell.
- 19.8 The **Director of Corporate Services** shall have the authority to sell, or dispose of any interest in any council properties under 'Right to Buy' or similar disposal legislation with no financial limit, subject to a quarterly report of such sales to the relevant **Cabinet Member**.

20. Commercial Property Investment

- 20.1 The Council's Property Investment Strategy provides for the establishment of a Commercial Investment Fund under the management of a **Property Investment Board**.
- 20.2 The **Council** has approved in principle, a Commercial Investment Fund of up to £50m. Approval of each individual investment decision to be funded from the Commercial Investment Fund requires a separate approval as follows:-
- Up to £1,000,00 – **Cabinet Member** with advice from the **Director** and the **S151 Officer** and reported retrospectively to the **Cabinet** at the earliest possible opportunity
 - Up to £5,000,000 – **the Cabinet**
 - Over £5,000,000 – **the Council**

21. Leasing

- 21.1 The **Section 151 Officer** shall organise corporate leasing arrangements for the Council and issue guidance to **Directors** on how they may access such arrangements to obtain goods under the arrangements made.

21.2 No contract hire, or leasing arrangement shall be entered into without the express approval of the **Section 151 Officer** who shall make any arrangement as is necessary within the Council wide arrangements, or who may tailor arrangements to meet Directors' needs.

22. Inventories

- 22.1 **Directors** shall be responsible for the care and custody of stocks and stores used by officers under their line management.
- 22.2 **Directors** shall establish appropriate control arrangements for inventories in liaison with the **Head of Internal Audit**.
- 22.3 Any stock shortfalls arising as a result of a stock-take shall be written off by **Directors** up to a limit of £1,000 or 10% of the value of the stock held, whichever is greater.
- 22.4 Any stock shortfalls arising as a result of a stock-take of more than £1,000 or 10% of the value of the stock held shall be subject of a review by the **Head of Internal Audit** who shall report to the relevant **Director** and **Cabinet Member** with a recommended course of action. The relevant **Cabinet Member** shall be authorised to write off stock shortfalls arising in these situations up to a limit of £20,000
- 22.5 Any stock shortfalls arising of more than £20,000 shall be reported to the **Cabinet** for write off, subject to a report to the **Audit Committee** on any financial or other consequences of such a loss.

23. Minor Assets, IT and other Equipment

- 23.1 **Directors** shall be responsible for the care and custody of minor assets, equipment and IT used by officers under their line management.
- 23.2 **Directors** shall ensure that inventories of equipment are held, up to date and appropriate to the equipment in question, on the advice of the **Head of Internal Audit** and, where relevant, in accordance with the Council's ICT policies.
- 23.3 **Directors** shall ensure that appropriate action is taken to secure items belonging to the Council and that they are appropriately and clearly marked as being the property of the Council.

24. Investments, Borrowing, Capital Financing & Trust Accounts.

- 24.1 All investments, except bearer securities, controlled by the Council shall be registered in the Council's name or in the name of nominees approved at an **Cabinet** meeting. In order to maximise the return on temporary surplus cash balances and minimise the cost of short-term borrowing, the Council employs a policy of "Treasury Management". The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities.
- 24.2 All securities shall be held securely by the Council's bankers, the **Section 151 Officer** or custodians approved at a **Cabinet** meeting.
- 24.3 The **Section 151 Officer** shall ensure that all borrowing and, whenever applicable trust funds, are registered in the name of the Council.
- 24.4 The **Section 151 Officer** will set Prudential Indicators, as outlined in the Prudential Code for Capital Finance in Local Authorities, for the forthcoming and following two financial years. The **Section 151 Officer** will also provide regular monitoring reports to and report any breaches or amendments of the code to the **Cabinet**.
- 24.5 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plan of the Council is affordable, prudent, sustainable and in accordance with good professional practice – or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the **Council** can take timely remedial action.
- 24.6 The **Section 151 Officer** will be the Council's registrar of all stocks and bonds. In addition, this officer will maintain a register of all loans and investments made in the name of the Council.
- 24.7 The **Section 151 Officer** shall ensure that all legislative amendments and changes in treasury or capital limits are approved at a **Cabinet** meeting and where necessary **full Council**.
- 24.8 The **Section 151 Officer** will be responsible for adopting any changes and ensuring compliance with any amended practices or limits.

25. Ordering of Supplies, Works & Services

- 25.1 The procurement process guides that support the Procurement Strategy of the Council shall include procedures for the ordering of work, goods, services or other facilities for which the Council shall be financially liable and therefore invoiced by a third party, and acceptable methods of ordering work and approving the order to be made.
- 25.2 The Procurement process guides shall include definitions of what constitutes sufficient evidence that the Council has placed an official order for goods or services which will reflect procurement methods at that time.
- 25.3 The corporate purchase-to-pay processes (such as No PO, No Pay policy) will be adhered to by suppliers for goods, works and services, unless identified as a specific exemption to the process. This will ensure that consistency, visibility, and control is provided across the Council.
- 25.4 **Directors** shall ensure that all invoices received shall be checked by officers under their control against the order placed, examined, checked, verified and (for non-PO invoices) authorised for payment by authorised officers of the Council. Invoices not authorised for payment will be escalated using automated workflows within the Council's financial management system.
- 25.5 The **Section 151 Officer** shall organise for all invoices received to be paid as appropriate to the creditor concerned and on terms which are judged to be the most beneficial for the Council as a whole and which are in line with legislation on the payment of invoices.
- 25.6 The **Section 151 Officer** shall ensure that the procedures adopted are integrated with the Council's banking and cash management policies and procedures, including the payment of any sums not in sterling.
- 25.7 The **Section 151 Officer** shall be authorised to issue other supplementary procedures for the processing of invoices, such as for sub-contractors, as is deemed reasonable to safeguard public money and properly process payments due.
- 25.8 The **Section 151 Officer** shall issue procedures for the processing of invoices at the year end and the recognition of creditors of the Council at that time.
- 25.9 The **Section 151 Officer** shall organise a system to enable **Directors** to make payments to suppliers as a matter of urgency and shall notify **Directors** as appropriate of the procedure.

25.10 Procurement of supplies, works and services must be in accordance with Contract Standing Orders and Procurement Strategy. It is a disciplinary offence to fail to comply with Contract Standing Orders and the Procurement Strategy when letting contracts. Council employees have a duty to report breaches of Contract Standing Orders to an appropriate senior manager and the **Head of Internal Audit**. The procedures for initiating procurement activity, for authorising and accepting tenders and the financial limits for procurement are set out in the Contract Standing Orders and are not repeated here.

25.11 Payments in advance: **Directors** and **Heads of Service**, prior to authorising payments in advance, must undertake a risk assessment of the supplier or service provider defaulting. All payments in advance in excess of £100,000 must be notified to the **Section 151 Officer**.

26. Contracts and Contracting

26.1 The **Council** shall agree Contract Standing Orders which shall set out detailed procedures for the procurement of works, goods and services by the Council, the letting of contracts by the Council and the roles and responsibilities of officers and Members.

26.2 The **Cabinet** shall propose amendments to Contract Standing Orders on the basis of advice from the Section 151 Officer and Monitoring Officer.

26.3 The **Cabinet** shall agree a Competition Policy and Procurement Strategy for the Council on the basis of advice from the **Director of Corporate Services**.

26.4 **Directors** shall be responsible for ensuring that all officers under their management are aware of the Contract Standing Orders, the Competition Policy and Procurement Strategy and follow them to the standards expected.

26.5 The **Council** shall decide on any commissioning plan with an estimated contract value of £10m and over.

26.6 The **Cabinet** shall decide:

- Contract award approval for any contract with a contract value of £5m and over (£10m and over for capital projects):
- The commissioning plan where the estimated contract value is between £1m and £9,999,999.

26.7 The responsible **Cabinet Member** shall decide:

- The commissioning plan where the estimated contract value is between £500,000 and £999,999;

- In consultation with the relevant Director and the Head of Strategic Procurement, the procurement plan where the estimated contract value is over £500,000

26.8 The responsible **Director** shall decide:

- Contract award approval where the contract value is up to £99,999
- The commissioning plan where the estimated contract value is between £100,000 and £499,999
- In consultation with the Head of Strategic Procurement, the procurement plan where the estimated contract value is between £100,000 and £499,999
- In consultation with the S151 Officer and the Head of Strategic Procurement, Contract award approval where the contract value is between £100,000 and £499,999 (39,999,999 for capital projects)

26.9 **Directors** shall assign appropriate officers to manage contracts under their control and in line with all relevant policies of the Council.

26.10 The **Chief Executive** will make appropriate arrangements for the review of significant revenue contractors, the underlying contract, and the expiry date annually on the basis of information which shall be supplied by **Directors**.

27. Staff Structures & People Services

27.1 The **Chief Executive** shall develop a People Services Strategy for the agreement of the **Cabinet Member with responsibility for People Services** and the **Cabinet**.

27.2 The **Cabinet or relevant Cabinet Member** shall decide People services policies applicable to all officers of the Council on the advice of the **Chief Executive**.

27.3 The **Chief Executive** shall develop relevant other people services policies, for example on pensions, health and safety, appointments, disciplinary and any other aspect of the management of people services.

27.4 **Directors** shall be responsible for the organisation and management structure of their Directorate and shall ensure that people services policies of the Council are applied in full for all officers under their control.

27.5 **Directors** shall be authorised to appoint to established posts under their line management, up to and including grade Level 11.

- 27.6 **Directors** shall be authorised to appoint to established posts under their line management over grade Level 11 and below the Employment Committee appointments (see 27.7), with the prior approval of the **Chief Executive**.
- 27.7 The **Employment Committee or Sub-Committee** shall interview candidates to make appointments to the following posts:
- The Head of Paid Services subject to approval by the Council and
 - Directors and s151 finance officer and monitoring officer.
- 27.8 **Directors** shall be authorised to change the structure and number of posts under their control, up to and including grade Level 11, subject to the cost being contained within budgets allocated to them and following appropriate consultation with the **Head of People Services**.
- 27.9 Changes in the structure and / or changes in the number of posts above grade Level 11 and below those posts for which Employment Committee is responsible for making appointments (see 27.7) shall be authorised by the director with the prior approval of the Chief Executive and Head of People services.
- 27.10 Changes in the structure and / or changes in the number of posts for which Employment Committee is responsible for making appointments (see 27.7) shall be authorised by the Cabinet.
- 27.11 Any honoraria or acting up payments for those posts for which Employment Committee is responsible for making appointments (see 27.7) shall require prior approval of the **Employment Committee** while honoraria for other posts shall be authorised by the Director with prior approval of the Chief Executive. All honoraria or acting up payments shall be made in accordance with any policy issued by the **Head of People Services**.
- 27.12 The **Chief Executive** shall establish a formal consultation forum for the Council to consult recognised Trade Unions on Council wide people management and other issues.
- 27.13 The **Chief Executive** shall allocate one officer of the Council to lead in all matters of industrial relations with Trade Unions recognised by the Council; this will normally be the **Head of People Services**.
- 27.14 The **Chief Executive** shall allocate one officer of the Council to lead on all matters of health and safety; this will normally be the **Head of People Service**.
- 27.15 The **Chief Executive** shall establish appropriate people services information monitoring and reporting systems for the **Cabinet**, in consultation with the **Cabinet Member with responsibility for People Services**.

27.16 **Directors** shall establish appropriate training and development plans for officers in consultation with **Head of People Service** and the **Cabinet Member with responsibility for People Services**.

28. Payroll & Expenses

28.1 Payment of any salary, wages, pensions, compensation, or any other payment to an individual shall only be made by the **Section 151 Officer** in accordance with the established pay and conditions structure and other policies of the Council and in accordance with information from relevant government agencies on statutory deductions from pay.

28.2 **Directors** shall be responsible for notifying the **Section 151 Officer** of all officers under their control and the appropriate grade and rate of pay applying at any time, and any changes of those circumstances as soon as they are known and any ad-hoc payments to be made such as for overtime.

28.3 **Directors** may delegate officers pay and condition notifications to appropriate authorised officers under their control, such officers shall be notified to the **Section 151 Officer** in advance.

28.4 No payment of salaries, wages, or any other payment to officers for work performed shall be made from petty cash, local bank account or other available local funds under any circumstances.

28.5 In the event of overpayment of salaries, wages or any other payment for work performed, **Directors** are responsible, in consultation with the **Head of People Services**, to take all necessary steps to recover the overpayment.

28.6 The **Section 151 Officer** shall make arrangements for the accurate and timely treatment of tax, pensions and other deductions and payment of such monies to appropriate organisations.

28.7 The **Section 151 Officer** shall be authorised to make any, and all appropriate, deductions from salaries and wages for any statutory deductions (such as PAYE, superannuation, and National Insurance) and any other deductions (such as Trade Union subscriptions) as notified by **Directors** or officers as appropriate.

28.8 The **Section 151 Officer** shall ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.

- 28.9 The **Section 151 Officer** shall maintain and retain all appropriate payroll and payment records applying to the officers and Members. All payroll records relating to Income Tax and National Insurance must be retained for six years to satisfy the requirements of the Taxes Management Act. Those records identifying pay received and superannuation contributions must be retained for ten years as they may be required for the information requirements of the Pensions Authority.
- 28.10 The **Cabinet** shall establish a Council wide expenses and allowances policy for officers of the Council on the basis of advice from the **Cabinet Member with responsibility for People Services** and the **Chief Executive**.
- 28.11 The **Section 151 Officer** shall establish a system to allow officers to claim expenses and allowances and shall establish systems to make payments only on the basis of authorised claims.
- 28.12 **Directors** may nominate appropriate authorised officers under their control to authorise expenses claims of officers and shall notify the **Section 151 Officer** of such authorised officers in advance.
- 28.13 **Directors** shall report performance against their budget for staff costs to the relevant **Cabinet Member(s)** on a monthly basis, with a projection of the annual spend, every month from June of each year onwards.
- 28.14 The **Cabinet Member(s)** with responsibility for finance and people resources and the **Chief Executive** and **Section 151 Officer** shall review the overall officers' budget monthly from June of each year onwards.
- 28.15 The **Council** shall establish a Members allowances and expenses policy taking into account relevant legislation in the setting of the policy.
- 28.16 The **Section 151 Officer** shall establish a system to allow Members to claim expenses and allowances and shall establish systems to make payments as appropriate.

29. External Audit and Inspection

- 29.1 The **Section 151 Officer** shall be the liaison officer for the Council's External Auditors.
- 29.2 The **Council** shall consider the annual Management Letter from the Council's External Auditors and shall agree an action plan to address any issues raised on the basis of advice from relevant **Directors** and refer the matter to the **Audit Committee** for review.

- 29.3 The relevant **Cabinet Member(s)** and **Director(s)** and will be responsible for agreeing an action plan in relation to any individual detailed reports from the External Auditors, including specific value for money or other reviews.
- 29.4 The **Chief Executive** and any relevant **Director(s)** and **Cabinet Member(s)** shall agree any proposed work plans of individual Inspectorates as required.
- 29.5 The relevant **Cabinet Member(s)** and **Director(s)** shall agree an action plan in relation to any Inspection reports and consider whether to refer the matter to any Select Committee for review.

30. Information, Communications & Technology

- 30.1 **The Cabinet Member with responsibility for ICT** conjunction with officers shall develop an Information, Communications and Technology Strategy for the agreement of the **Cabinet**.
- 30.2 The ICT Strategy shall cover systems development plans and arrangements, ICT management arrangements, corporate systems, system ownership, corporate contracts and technical standards.
- 30.3 The **Cabinet Member with responsibility for ICT** shall approve the development of new or replacement ICT systems and their funding in conjunction with other relevant **Cabinet Member(s)** and **Directors**, except for changes to systems with financial records where the decision shall be taken jointly with the **Cabinet Member with responsibility for Finance** and the **Section 151 Officer**.
- 30.4 **Directors** are responsible for ICT systems under their control, financial or otherwise, and shall ensure the completeness and accuracy of data within them, in accordance with the ICT Strategy of the Council and the Data Protection policies of the Council.
- 30.5 The **Chief Executive** shall make one officer responsible as Data Protection Officer under the Data Protection Act 1988 and any subsequent and relevant legislation on data, information, technology, and communications.
- 30.6 The **Cabinet Member with responsibility for ICT** shall approve any relevant ICT and data protection policies of the Council and report accordingly to the Cabinet for decision.

Part 3 Relevant Statutory Financial and Legal Requirements

1. Section 151 Local Government Act 1972

The Director of Corporate Services shall for the purpose of Section 151 of the Local Government Act 1972 be responsible for the proper administration of the Council's financial affairs

2. Section 114 Local Government Finance Act 1988

- 2.1 Section 114 of the Local Government Finance Act 1988 imposes certain duties on the Director of Corporate Services.
- 2.2 The Director of Corporate Services shall make a report under this Section of the Act, if the Council, or any decision-making body within the Council, or a Joint Committee on which the Council is represented:
 - 2.2.1 Has made, or is about to make, a decision which involves, or which would involve the Council incurring expenditure which is unlawful
 - 2.2.2 Has taken, or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council; or
 - 2.2.3 Is about to enter an item of account, the entry of which is unlawful.
- 2.3 The Director of Corporate Services shall make a report under this Section if it appears that the expenditure incurred (or to be incurred) is likely to exceed the Council's resources (including sums borrowed) available to it to meet that expenditure.
- 2.4 In making any such report under this Section, the Director of Corporate Services, shall consult, as far as practicable, with the Head of Paid Services and the Monitoring Officer.
- 2.5 Where the Director of Corporate Services makes a report under this Section it shall be sent to every Member of the Council at that time and the Council's external auditor. A meeting of the Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the Subject of the report.

3. Section 5 Local Government and Housing Act 1989

- 3.1 Section 5 of the Local Government and Housing Act 1989 requires every local authority to designate an officer as the Monitoring Officer. The Monitoring Officer appointed by the Council is the Assistant Director Legal and Governance.
- 3.2 It is the duty of the Monitoring Officer to report to the Council if it appears that any proposal, decision or omission of the Council has given rise to, or is likely to, or would give rise to
 - 3.2.1 A contravention by the Council of any enactment or rule of law or any Code of Practice made, or approved under any enactment; or
 - 3.2.2 Any such maladministration or injustice as is mentioned in Part 3 of the Local Government Act 1974.
- 3.3 In preparing such a report, the Monitoring Officer shall consult, as far as practicable, with the Head of Paid Service and the Section 151 Officer and will send a copy of the report to every Member of the Council and the external auditor.

4. Local Government Act 2003 Parts I and II

Part I of the Local Government Act 2003 created a framework for the prudential capital finance system underpinned by the CIPFA 'Prudential Code for Capital Finance in Local Authorities'.

Part II of the Local Government Act 2003 placed duties on the Council that reinforce sound financial management. In particular when the Council is deciding the annual budget and council tax level it will have to take into account a report from the Section 151 Officer on the "robustness" of the budget and the 'adequacy' of the Council's reserves and the Council's prudential indicators for the period of its Medium-Term Financial Plan.

5. Accounts and Audit Regulations 2002

The regulations stipulate that the Council has 'corporate responsibility' for the financial management of its affairs. Regulation 4 states that the Council is responsible for ensuring that financial management and accounting control systems are adequate and efficient, including risk management arrangements. As part of this responsibility the Council will need to conduct a review, at least annually, of the

effectiveness of its system of internal control and be required to publish a statement of adequacy with its annual Statement of Accounts.

Part 4. The Role of Internal Audit (Policy & Resources Committee, March 1998)

1. Statutory Requirements

The Council is required under Section 6 of the Accounts and Audit Regulations 2003, made under Section 27 of the Audit Commission Act 1998, for the maintenance of an adequate and effective system of internal audit of its system of internal control.

2. Definition

The internal Audit Service is an independent appraisal function established by the Council to review internal control systems of the Council. It shall objectively examine, evaluate, and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.

3. Scope of Responsibilities

- 3.1 The scope of Internal Audit, in providing an independent opinion of control, is to review;
- 3.2 Systems established by the Council, financial or otherwise, to provide reasonable assurance on
 - 3.2.1 Effective and efficient operations
 - 3.2.2 Reliable financial information and reporting, and
 - 3.2.3 Compliance with applicable established policies, plans and procedures, laws and regulations.

- 3.3 Processes designed specifically to safeguard the Council's interest and assets from losses arising from
 - 3.3.1 Fraud or other offences
 - 3.3.2 Waste, extravagance, inefficiency or poor value for money
- 3.4 The suitability of new developments or plans by the Council which may impact of responsibilities 3.2 or 3.3
- 3.5 It is expected that delivering assurance for the Council within these responsibilities is likely to include review of;
 - 3.5.1 Procedures, plans and systems of control
 - 3.5.2 Information systems
 - 3.5.3 Specific establishments without the authority to develop independent policies and procedures through delegation
 - 3.5.4 The development of any new systems which would impact 3.5.1, 3.5.2 or 3.5.3
 - 3.5.5 Specific anti-fraud measures
 - 3.5.6 Compliance with data protection
 - 3.5.7 Contracting processes and specific contractors with whom the Council has (or may have) a specific relationship
 - 3.5.8 Specific areas from a value for money perspective
 - 3.5.9 The measures necessary to resolve any reported fraud, corrupt act, irregularity, or other reported action of concern
- 3.6 In addition, the role of Internal Audit shall include an advisory and consultancy role to clarify existing Council procedures or systems and any proposed new policy, procedure, or system as appropriate.

Part 5. North Somerset Council Anti-Fraud and Corruption Policy Statement

1. Introduction

North Somerset Council is committed to ensuring that it acts with integrity and has

high standards. Everyone involved with the Council has a responsibility in respect of preventing and detecting fraud. Members, Directors, Managers, Officers and Internal Audit all have a role to play (Section 2). The Council also recognises the role the public play in alerting the Council to areas where there is a suspicion of fraud. The Council has many measures to ensure proper administration and prevent and detect fraud and corruption, as outlined in Section 3. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect. How to report a suspected fraud is outlined in Section 4. The areas that are most likely, on the basis of experience in Local Government, to be subject to attempted fraud are outlined in Section 5. Definitions of key terms are given in Section 6.

2. The Principal Roles

2.1. **Members**

To the public a local authority can be judged by the conduct of its Members. The Council is committed to the General Principles of Local Government and provides training to Members on all aspects of proper conduct.

The Council has also adopted the following measures to demonstrate its commitment:

- full adoption of the Code of Conduct by all Councillors;
- a Standards Sub-Committee;
- a requirement for Members to declare prejudicial interests and not contribute to any Council business related to that interest;
- a requirement for Members to disclose personal interests and not contribute to any Council business related to that interest;
- prevention of Members from using Council facilities for any purpose other than for the Council's normal business;
- a clear policy on the acceptance of gifts and hospitality which restrict acceptance to those arising from undertakings the Council's normal business; and;
- a recognition that the civic role of the Chairperson is an exception and is given more room to accept and give hospitality to promote North Somerset.

Members also have a duty under the Members' Code of Conduct to report

another Member whose conduct is reasonably believed to represent a failure to comply with the Code to the Standards Board for England.

2.2. Directors

Every Director has a responsibility for ensuring that internal controls will ensure proper administration and safeguard the resources of the Council. In respect of fraud it is therefore the responsibility of Directors to ensure internal controls prevent and detect any frauds promptly. This includes:

- proper procedures and financial systems;
- effective management and financial information;
- the application of the Code of Conduct for employees;
- completion of an annual assurance statement to support the Council's Annual Statement of Internal Control (SIC)

2.3. Officers

The Council has established a number of key measures to ensure the integrity of its staff including:

- clear recruitment policies and procedures;
- a Code of Conduct for employees;
- a Staff Handbook;
- a policy on declaring pecuniary interests and not being involved in matters connected with such interests;
- a policy on the acceptance of gifts and hospitality which substantially restrict acceptance to those arising from undertaking the Council's normal business; and
- prevention of accepting any fee or reward other than their normal remuneration.

2.4. Internal Audit

Internal Audit has a clear remit to undertake work to prevent and detect potentially fraudulent acts. This is in line with best practice. This work concentrates on areas of highest risk but also on areas which, although small, are subject to fraud.

Internal Audit also has a unique role in taking responsibility for:

- investigating fraud;
- establishing the extent of any fraud;
- correcting accounting records if necessary;
- recommending improvements in internal control; and
- advising on action to take to resolve the matters arising.

3. The Principal Anti-Fraud Measures

3.1 The Council has taken a number of measures that should prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and the Council must minimise the risks to which it is exposed. At the highest level the Council will:

- regularly review and improve key internal control systems;
- regularly review measures to minimise the risk of fraud;
- involve Members in such reviews;
- adopt formal procedures to investigate fraud when it is suspected and, where detected, strengthen controls to prevent re-occurrence;
- provide mechanisms for employees to voice their genuine concerns;
- have no hesitation in referring cases of suspected financial irregularity to the attention of the Police and the external auditor; and;
- work closely with the Police and the other appropriate agencies to combat fraud.

3.2 The Council has already introduced corporate standards that should ensure proper administration. These include:

- Accountability & Responsibility Framework;

- Local Code of Corporate Governance;
- Contract Standing Orders;
- Codes of Conduct for Members and Employees;
- Measures to implement new legislation correctly;
- A clearly defined role for the Monitoring Officer;
- A clearly defined role for the Standards Sub-Committee;
- Clear Roles for the Council's statutory officers;
- Training on conduct and administration issues;
- Disciplinary Procedures; and Complaints Procedures

3.3 These measures, and others, provide a framework, supported by detailed procedure manuals for all key functions of the Council. Other key principle internal controls that the Council adopts, wherever possible, include:

- Adequate separation of duties;
- Proper authorization procedures;
- A proper audit trail;
- Independent monitoring and checking;
- Training of employees in their duties;
- Appropriate supervision;
- Effective management structures and organisation;
- Physical controls over highly portable assets;
- Effective IT and other security measures;
- A proper accounting and budgetary control system; and
- Effective internal audit review of systems.

4. Reporting a Suspected Fraud

4.1 Response to Alleged Frauds

The Council's Accountability & Responsibility Framework require suspected

fraud and irregularities to be referred to the Council's Director of Corporate Services.

All reported irregularities will be thoroughly investigated, with due regard to the provisions of the Human Rights Act 1998, Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and Council policy on Equalities and Diversity.

Steps that would normally be taken are:

- If an employee suspects a fraud has occurred (or is likely to) they should report this to their line manager who must inform their Director.
- The Director will inform the Council's Director of Corporate Services unless the suspicion relates to the line manager or Director, see Reporting Suspicions (overleaf).
- If suspicions stem from an Internal Audit assignment, the Head of Internal Audit, will inform the Director of Corporate Services.

Members of the public are encouraged to report any concerns, either to their Councillor, the Director of Corporate Services, Head of Internal Audit, the Council's External Auditor, or via the Council's Complaints Procedure.

The Director of Corporate Services will decide on the level of any investigation. If necessary, the Director of Corporate Services will involve the Chief Executive Officer and the Assistant Director Legal and Governance. Any matter relating to illegality will be jointly decided with the Assistant Director Legal and Governance.

The Internal Audit Service will carry out any investigation, reporting to the Director of Corporate Services.

If investigations indicate a criminal offence may have occurred, the Director of Corporate Services will decide, in consultation with the Chief Executive Officer and Assistant Director Legal and Governance, to handle the matter according to the Council's Disciplinary Procedures and involve the Police.

Recommendations to improve controls and prevent any reoccurrence will be made by Internal Audit. The relevant Director, in consultation with the Director of Corporate Services, will decide on the implementation of the

recommendations.

4.2 Reporting suspicions

General Employees are vital to the successful implementation of measures against fraud. The Council, therefore; considers that employees have a duty to report any legitimate concerns they may have and must do so as outlined above.

If it is subsequently established that an employee knowingly withholds information of a concern or allegation it may be dealt with as a disciplinary matter in itself.

The Public Interest Disclosure Act 1998 provides employees with statutory protection when disclosing such information.

Where possible, concerns are better raised in writing, setting out the background, giving names, dates and places and reasons for bringing the matter to the attention of the Council.

However, if an individual feels unable to put their concern in writing, an arrangement can be made to meet with an appropriate officer to discuss the concerns.

4.3 Confidentiality and Safeguarding

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Council will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

Confidentiality

All concerns will be treated in the strictest confidence. The Council will do its best to protect the identity of individuals who raise concerns and do not want their name to be revealed. However, it must be appreciated that during an investigation, a statement may be required as part of the evidence gathering process, particularly if the Police or External Auditors become involved. In order

to take effective action, the Council will need proper evidence that maybe required to stand up to examination in Courts or Tribunals.

This Policy Statement encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful, but will be considered at the discretion of the Council, in terms of:

- Seriousness of the issues raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources

Whilst the Council will always do its best to protect individuals, it is more difficult to protect an individual from harassment, intimidation or other detrimental conduct where an allegation or disclosure is made anonymously.

Safeguards

There is a need to ensure that the process is not misused. Therefore, any abuse, such as raising malicious allegations may also be dealt with as a disciplinary matter. All such reports must be genuine and honest as, to be otherwise, would go against the principle of integrity. This should not deter employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) as, in doing so they will be supported in every possible way.

Normal reporting arrangements are given above. However, the Council recognises that employees may feel more comfortable reporting or discussing such issues with someone independent and therefore employees may report any matter to any of the following:

Head of Internal Audit

Director of Corporate Services

Assistant Director of Legal and Governance

Chief Executive

Heir Director

Council's External Auditor

All genuine concerns reported will be treated in confidence and fully investigated. If a suspicion is reported and results in a prosecution or disciplinary hearing, employees' involvement, as a witness, in this process may

be necessary, unless other substantial reliable evidence is available.
Employees taking such a route will be notified quickly of any action taken.

The Council accepts that the person reporting the suspicion needs to be assured that the matter has been properly addressed. Therefore, where possible, and subject to legal constraints (including Freedom of Information Act and Data Protection Act) feedback regarding the outcome of the investigation will be provided.

5. Key Risk Areas

The Following are key risk areas the Council will review as part of its anti-fraud review programme:

- Computer Fraud
- Assets
- Car Parking
- Gifts and Hospitality
- Grants
- Loans and Investments
- Contracting and contract payments
- Creditor payments payroll
- Housing benefit claims
- Council tax benefit
- Managing financial affairs of Service Users, such as elderly people
- Travelling and Subsistence or specific expenses claims
- Cash Handling & Cash Collection procedures

6. Definitions

Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or other upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates - theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the authority, its members or officers.

It is the duty of the Council and its Officers to take reasonable steps to limit the possibility of corrupt practices, and

It is the responsibility of Internal Audit to review the adequacy of the measures taken by the Council, to test compliance and to draw attention to any weaknesses or omissions.

7. Review

The Anti-Fraud and Corruption Policy Statement will be subject to review to ensure that it remains current