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# **FINANCIAL PROCEDURE RULES**

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### **Glossary of Terms**

## Status of Financial Procedure Rules

1. Hart District Council aims to be efficient, transparent and accountable. To conduct business efficiently, the Council aims to ensure that it has sound financial management policies in place and that it complies with all statutory and good practice requirements concerning the management of its finances. These Financial Procedure Rules provide the framework for management of the Authority's financial affairs. They are part of the means by which the Council seeks to achieve excellence in corporate governance. They aim to demonstrate high standards of financial integrity in the delivery of services. They apply to every Member and officer of the Authority and to any agent, contractor or other person acting on behalf of the Council. Only the Cabinet or full Council may approve any deviation from them.
2. These Financial Procedure Rules identify the financial responsibilities of the full Council, the Cabinet, the Audit Committee, the Head of Paid Service, the Monitoring Officer, the Section 151 Officer as the Council's designated "Section 151 Officer" in accordance with the Local Government Act 1972, Corporate Directors, and Heads of Service. All members of the Management Team (which comprises the Head of Paid Service, Corporate Directors and Heads of Service) should maintain a written record of their departmental or divisional Schemes of Delegation where decision-making has been delegated to members of their staff, including any seconded, temporary or agency staff. Where decisions have been delegated or devolved to other responsible officers, such as Cost Centre Managers, references to the Heads of Service in these Financial Procedure Rules should be read as referring to the responsible Head of Service.
3. The responsibilities identified in this document are substantially of a financial nature and complement the detailed roles and functions of the respective parties set out in the body of the Council's Constitution. The Constitution is the Council's overall instrument of governance and these Financial Procedure Rules are designed to be part of that document.
4. All Members and staff have a general responsibility to take all reasonable action to provide for the security of the Council's assets under their control, and to ensure that the use of all resources is legal, is properly authorised, provides value for money, and achieves best value.

5. The Section 151 Officer is responsible for maintaining a continuous review of these Financial Procedure Rules and for submitting any additions or changes necessary to the Cabinet and full Council for approval. A full formal review should be carried out at least every three years and, preferably, every twelve months.
6. The Section 151 Officer is also responsible for reporting, in conjunction with the Head of Paid Service and the Monitoring Officer, any breaches of these Financial Procedure Rules to the Council and/or to the Cabinet, where that breach is deemed to be substantial.
7. The Section 151 Officer is responsible for issuing any supporting procedures, advice and operational guidance deemed necessary to underpin these Financial Procedure Rules that Members, officers and others acting on behalf of the authority are required to follow. Any supporting procedures that may be issued shall have the same force as that of these Financial Procedure Rules and will be incorporated in or appended to future editions of these Rules. In the event of any dispute, the Section 151 Officer is responsible for defining and interpreting the meaning of these Financial Procedure Rules. This responsibility must be exercised reasonably and in accordance with the overall tone of these Financial Procedure Rules.
8. Each member of the Management Team is responsible for ensuring that all staff in their departments are aware of the existence and content of the Authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them. They must also ensure that they draw to their staff's attention where these Rules are available for reference within their departments.
9. Each Head of Service is required to address the training requirements of their staff in accordance with Council policy. In addition Heads of Service, together with the Section 151 Officer, are responsible also for identifying the training needs of, and drawing up a training programme for, such staff as may, in their opinion, require training to support them in ensuring compliance with these Financial Procedure Rules. This training programme will be incorporated into the annual Hart Training Plan in collaboration with the Head of Human Resources. The Section 151 Officer, in conjunction with the relevant Head of Service, shall be jointly responsible for the implementation of any such agreed training programme. It is the responsibility of any person engaged in any activity covered by these Financial Procedure Rules to ensure that they are conversant with those Rules that impact upon their role or duties.

10. The failure of any officer of the Council to comply with these Financial Procedure Rules, or any supplementary Rules as defined in paragraph 7 above, may constitute misconduct or gross misconduct. Depending upon the circumstances of non-compliance, this may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedures.
11. Any departure from these Financial Procedure Rules by a Council Member may, subject to Financial Procedure Rule A9 below, be referred to the Council's Standards Committee for further consideration.

# **Financial Procedure Rules A: Financial Management**

## **ROLES AND RESPONSIBILITIES**

- A.1** Financial management covers all financial accountabilities in relation to the running of the Authority, including the Policy Framework and Budget. Proper control of the Council's financial affairs requires roles and responsibilities to be clearly defined.

## **THE FULL COUNCIL**

- A.2** The full Council is responsible for adopting the Authority's Constitution and the Members' Code of Conduct and for approving the Policy Framework and Budget within which the Executive (designated as the "Cabinet" in Hart) operates. The Council is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control. That framework is set out in the Council's Constitution. The full Council is also responsible for monitoring compliance with the approved Policy Framework and related Executive decisions, although it may delegate this role to a Committee. Ultimate responsibility for ensuring that proper financial controls are in place with regard to all of the Authority's activities also rests with the Council. The Council is required each year to publish in its Statement of Accounts a description of its internal control environment together with an assessment of its effectiveness.
- A.3** The full Council is responsible for approving procedures for recording and reporting decisions taken. This includes key decisions delegated by, and decisions taken by, the Council and its Committees. These delegations, and details of which staff or body has responsibility for which decisions, are set out in the Council's Scheme of Delegation.

## **THE CABINET**

- A.4** The Cabinet is responsible for proposing the Policy Framework and Budget to the full Council, and for discharging the executive functions of the Council but only in accordance with the Policy Framework and Budget following its approval by the full Council.

- A.5** Political (but not management) responsibility for particular services or groups of services, known as Portfolios, may be assigned to individual Cabinet Members. This may include the assignment of political responsibility for the Finance Portfolio to one of its Members.
- A.6** Executive decisions can be delegated by the Cabinet to a Committee of the Executive, an individual Cabinet Member (such as a Portfolio Holder), an Officer, or a Joint Committee in accordance with the Council's Scheme of Delegation.
- A.7** The Cabinet is responsible for agreeing protocols to ensure that individual Cabinet Members consult with relevant officers before taking a decision within his delegated authority. In doing so, the individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision. Invariably this should be done through consultation with the Section 151 Officer and the Monitoring Officer.

#### **AUDIT COMMITTEE**

- A.8** The Audit Committee reports to the full Council. The Committee is responsible for adopting the annual Statement of Accounts, reviewing the external auditor's reports, the annual Audit and Inspection letter, internal audit and inspection reports and for approving the work programme for internal audit activity. It has right of access to all the information it considers necessary for the conduct of its business and can consult directly with internal and external auditors. In approving the programme of work for internal audit it must have regard to the advice of the Section 151 Officer some of whose statutory functions in respect of financial control are carried out through the internal audit function.

#### **STANDARDS COMMITTEE**

- A.9** The Standards Committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct by Members. In particular, it is responsible for advising the Council on the adoption and revision of the Members' Code of Conduct, for monitoring the operation of the Code, and for investigating alleged breaches of the Code.

## **HEAD OF PAID SERVICE**

**A.10** The Head of Paid Service is responsible for the corporate and overall strategic management of the Authority. He must report to, and provide information for, the Cabinet, the full Council, and other committees as and when required. He is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service's responsibilities in relation to sound corporate governance include supporting the Section 151 Officer in securing compliance with these Financial Procedure Rules.

## **MONITORING OFFICER**

**A.11** The Monitoring Officer role is a non-executive function, with responsibility for promoting and maintaining high standards of conduct, including financial conduct, and is therefore the principal advisor to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet.

**A.12** The Monitoring Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the approved Policy Framework.

**A.13** The Monitoring Officer, together with the Section 151 Officer, is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the approved Budget. Actions that may be contrary to the approved Budget include:

- (i) initiating a new policy without Cabinet or Council approval,
- (ii) committing expenditure in the current and/or future years to above the level of the approved budget,
- (iii) granting income concessions without Cabinet or Council approval,
- (iv) incurring interdepartmental transfers above virement limits,
- (v) taking action such that the total expenditure financed from council tax, grants and corporately-held reserves increases.

**A.14** The Monitoring Officer is responsible for maintaining an up-to-date Constitution, the Council's instrument of governance.

## **SECTION 151 OFFICER**

**A.15** The Section 151 Officer has executive and non-executive functions. The Section 151 role has statutory duties in relation to the financial administration and financial stewardship of the Authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- (i) The Local Government Act 1972 (Section 151),
- (ii) The Local Government Act 1985 (Section 73),
- (iii) The Local Government Finance Act 1988 (Sections 26 and 112 - 115),
- (iv) The Local Government and Housing Act 1989 (Section 6),
- (v) The Local Government Act 2000,
- (vi) The Local Government Act 2003 (Section 25 - 30),
- (vii) The Accounts and Audit Regulations 2003.

**A.16** The Council's Section 151 officer, is responsible for:-

- (i) the proper administration of the Authority's financial affairs,
- (ii) maintaining strong financial management underpinned by effective financial controls,
- (iii) contributing to corporate management and leadership,
- (iv) supporting and advising Members,
- (v) supporting and advising officers in their operational roles, and
- (vi) leading and managing an effective and responsive financial service.

**A.17** In addition to the statutory duties set out in A16 above, Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council and the external auditor if the authority or one of its officers:

- (i) has made, or is about to make, a decision which involves incurring unlawful expenditure,
- (ii) has undertaken, or is about to undertake, an unlawful action which has resulted or would result in a loss or deficiency to the Authority,
- (iii) is about to make an unlawful entry in the Authority's accounts.

Section 114 of the Local Government Finance Act 1988 also requires:

- (i) the Section 151 Officer to nominate a properly qualified member of staff to deputise should he be unable to perform the duties under Section 114 personally,
- (ii) the Authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out his duties under Section 114.

**A.18** Section 25 of the Local Government Act 2003 imposes a duty on the Section 151 officer to publicly report to the Council

- (i) on the robustness of the budget estimates,
- (ii) on the adequacy of financial reserves, and
- (iii) on the setting of prudent borrowing limits.

**A.19** The Section 151 Officer is responsible for:

- (i) making arrangements to ensure that there are written procedures to support these Financial Procedure Rules,
- (ii) acting as the Council's principal financial adviser,
- (iii) maintaining a framework of delegation to facilitate the business of the Council,
- (iv) being the Council's signatory (together with appropriate delegations to his senior staff) to the Council's bank account and other financial documentation.

## **CORPORATE DIRECTORS AND HEADS OF SERVICE**

**A.20** Corporate Directors and Heads of Service are fully accountable to the Head of Paid Service for the financial management of the activities of their departments.

**A.21** In discharging their responsibilities, Corporate Directors and Heads of Service may delegate responsibility for any or all of the Cost Centres within their control to an appropriate member of their staff. Such authorisation does not in any way reduce the overall responsibilities of the Corporate Directors and Heads of Service as set out in A20 above. Each Corporate Director or Head of Service must keep a record of such delegations and must take account of the advice of the Section 151 Officer on matters of internal control.

**A.22** Corporate Directors and Heads of Service are responsible for:

- (i) ensuring that Cabinet Members are advised in reports of the financial implications of all proposals and that the financial implications have been, at least, agreed by, if not written by, the Section 151 Officer (or his representative),
- (ii) signing contracts on behalf of the Authority, subject to the Standing Orders as to Contracts, and other relevant procedures,
- (iii) committing expenditure and collecting income on behalf of the Authority, subject to the financial provisions allocated to them within the approved Annual Revenue Budget and Capital Programme.

- A.23** Corporate Directors and Heads of Service are individually responsible for the proper stewardship of all the resources allocated to them. This includes control of staff and the security, custody and management of assets including buildings, plant, equipment, IT equipment, materials, cash and stores. It is acknowledged that there may be instances where such responsibility is shared by more than one individual.
- A.24** It is the responsibility of Corporate Directors and Heads of Service to consult with the Section 151 Officer and seek approval on any matter liable to affect the Authority's finances materially before any commitments are incurred. To ensure that the fulfillment of the Section 151 Officer's statutory responsibilities is facilitated, Heads of Service and Corporate Directors must consult him or her on all financial matters.
- A.25** Corporate Directors and Heads of Service are responsible for providing the Section 151 Officer with any information relating to activities under their control required to facilitate the carrying out of his Section 151 responsibilities.
- A.26** Corporate Directors and Heads of Service are responsible for ensuring that staff under their control are aware of and comply with these Financial Procedure Rules and any supporting Regulations.
- A.27** Corporate Directors and Heads of Service are responsible for ensuring that all matters reported to a decision making body of the Council comply with these Financial Procedure Rules.
- A.28** Nothing in these Financial Procedure Rules shall prevent expenditure being incurred where an emergency or disaster involving material destruction of, or danger to, life or property occurs or is imminent. Where in the opinion of the Corporate Director or Head of Service or delegate, after consultation, if possible, with the Head of Paid Service and the Section 151 Officer, the urgency of the situation will not admit delay, necessary expenditure may be incurred. Any action taken under this Rule must be reported to the next available meeting of the Cabinet regardless of normal reporting protocols.

# Financial Procedure Rules B: Financial Planning

## INTRODUCTION

**B.1** The full Council is responsible for approving the Authority's Policy Framework and Budget. Each year a budget and council tax levy will be recommended by the Cabinet to the full Council, which the Council may approve, vary, or refer back. In terms of financial planning overall, the key elements are:

- (i) the Corporate Plan,
- (ii) the Medium Term Financial Strategy,
- (iii) the Revenue Budget,
- (iv) the Asset Management Plan, and
- (v) the Capital Strategy and Programme.

## POLICY FRAMEWORK

**B.2** The full Council is responsible for approving the Policy Framework and Budget. The Policy Framework includes the following statutory plans and strategies:

- (i) community strategy,
- (ii) corporate plan,
- (iii) best value performance plan,
- (iv) medium term financial strategy,
- (v) revenue budget,
- (vi) capital programme,
- (vii) comprehensive performance assessment improvement plan,
- (viii) treasury management policy statement,
- (ix) I.T. Strategy,
- (x) annual governance statement
- (xi) crime and disorder reduction strategy,
- (xii) race equality and equality and diversity policy,
- (xiii) plans and strategies which together comprise the Development Plan,
- (xiv) local transport plan, and
- (xv) Housing Sustainability Strategy.

**B.3** The full Council is responsible for approving the annual budget (revenue and capital). It is also responsible for approving procedures for agreeing variations to approved budgets, plans, and strategies forming the Policy Framework and for determining the circumstances in which a decision will be deemed to be contrary to the approved Policy Framework and Budget.

## **PREPARATION OF THE CORPORATE PLAN**

- B.4** The Head of Paid Service is responsible for proposing the Corporate Plan to the Cabinet for consideration before its submission to the full Council for approval.

## **PREPARATION OF THE BEST VALUE PERFORMANCE PLAN**

- B.5** The Head of Paid Service is responsible for proposing the Best Value Performance Plan to the Cabinet for consideration before its submission to the full Council for approval.

## **MEDIUM TERM FINANCIAL STRATEGY (REVENUE)**

- B.6** The following Financial Procedure Rules aim to provide a consistent framework for the preparation and monitoring of the revenue budget. In order for the Council to be able to plan the development of services, and to allocate resources between services, it needs to plan its finances over a period of three to five years.
- B.7** Effective financial control requires the annual preparation of a Medium Term Financial Strategy which will show the amount and sources of the Council's income, and the services and assets on which it is to be spent. The Medium Term Financial Strategy is a key tool in ensuring that the Council's resources are used in accordance with its decisions relating to its wider planning processes.
- B.8** Any policy guidelines issued by the Cabinet for the guidance of Corporate Directors and Heads of Service in the preparation of their elements of the Medium Term Financial Strategy must be issued before the summer recess.
- B.9** The first year of each Medium Term Financial Strategy will be the current year's approved Annual Revenue Budget. This budget sets out an estimate of the annual income and expenditure requirements for all services, and sets out the financial implications of the Council's current policies.
- B.10** The Section 151 Officer is responsible for forecasting the availability of resources for both the Medium Term Financial Strategy and the Annual Revenue Budget. This includes making assumptions about council tax levels.

- B.11** The format and timetable for the Medium Term Financial Strategy will be determined by the Section 151 Officer subject to the requirements of the Cabinet.
- B.12** Corporate Directors and Heads of Service will produce information annually after consultation with the relevant portfolio holder(s) to enable the Section 151 Officer to co-ordinate the presentation to Cabinet of a draft Medium Term Financial Strategy. The forecast must include the financial effects of all known commitments, together with the financial effects of all other proposals for changes to the existing level of services or for new services.
- B.13** The Section 151 Officer is responsible for reporting the overall forecast position annually to the Cabinet prior to the annual Local Government Finance Settlement announcement.

#### **ANNUAL REVENUE BUDGET**

- B.14** Once the Annual Revenue Budget has been approved by full Council, the Cabinet, Corporate Directors and Heads of Service are provided with the authority to incur expenditure, subject to the rules relating to virement. The budget also provides the basis on which to monitor the financial performance of services within the year.
- B.15** The general format of the annual Revenue Budget will be proposed by the Cabinet and approved by the full Council on the advice of the Section 151 Officer. Unless agreed otherwise, the format will normally be based on Cost Centres aggregated into Service Areas, each the responsibility of a Head of Service or Corporate Director, reflecting the management structure of the Authority. This format is designed to facilitate accountable budget monitoring during the year.
- B.16** Guidelines for the preparation of the Annual Revenue Budget are to be issued to Members, Corporate Directors and Heads of Service by the Cabinet following on the basis of a report from the Section 151 Officer. The guidelines should take account of:
- (i) legal requirements,
  - (ii) medium term planning prospects,
  - (iii) the corporate plan and community strategy,
  - (iv) available resources,
  - (v) spending pressures,
  - (vi) best value and other relevant government guidelines,
  - (vii) other internal policy documents, and
  - (viii) cross cutting issues (where relevant).

- B.17** The Section 151 Officer will also ensure that a draft Revenue Budget is prepared on an annual basis for consideration by the Cabinet, before submission to the full Council.
- B.18** The Section 151 Officer is responsible for issuing guidance and requesting information from Heads of Service on the general content of the published Revenue Budget Book as soon as possible following approval of the annual Revenue Budget by the full Council.
- B.19** It is the responsibility of Heads of Service, supported by the Leadership Team (comprising of the Head of Paid Service and Corporate Directors), to ensure that the Medium Term Financial Strategy and draft annual Revenue Budget estimates reflect agreed Service Plans when submitted to the Cabinet. After the Cabinet has given guidance as to how it intends to achieve a balanced budget, it is the further responsibility of Heads of Service to ensure that further versions of the draft annual Revenue Budget are prepared in line with that guidance. The proposed budget must also comply with any other guidance issued, including any service changes or new grant regimes imposed by central government. Co-ordination of the preparation of the Medium Financial Strategy document and draft Revenue Budget is the responsibility of the Section 151 Officer.
- B.20** The Council will set the Council Tax Base before 31 January and will approve a budget and fix the level of council tax before 11 March each year.

## **CAPITAL PROGRAMME**

- B.21** Capital expenditure is an important element in the development of the Council's services since it represents major investment in new and improved assets. The following Rules aim to provide a consistent framework for the preparation and appraisal of the capital programme, to provide appropriate authorisation for schemes to proceed and to allow Corporate Directors and Heads of Service to manage their programmes within defined parameters.
- B.22** Each financial year the Section 151 Officer shall prepare and submit to Cabinet a Capital Strategy for the Authority. All capital expenditure of the Authority should be undertaken in line with the approved Capital Strategy and in compliance with CIPFA's "Prudential Code for Capital Finance in Local Authorities" and all other statutory and regulatory requirements.

- B.23** The relevant Heads of Service, principally the Head of Engineering and Transport and the Head of Information and Communications, supported by the Section 151 Officer, are responsible for drawing up lists of schemes for inclusion in the draft Capital Programme. These should encompass the ensuing five years, and should be in accordance with the Council's Corporate Plan and Capital Strategy. The Section 151 Officer is responsible for reporting the proposed draft Capital Programme to the Cabinet for consideration before its submission to the full Council for approval.
- B.24** Those Heads of Service responsible for the development of the Capital Programme are also responsible for the drawing up of a three to five year Asset Management Plan.
- B.25** Project appraisals are required for all projects to be capitalised and included in the Council's Capital Programme. Each project appraisal will be evaluated using an agreed scoring system to assist in the prioritisation of projects to facilitate the selection of successful bids. The Section 151 Officer will define, authorise and monitor the scoring system.
- B.26** The Section 151 Officer will report to the Cabinet on the overall cost of the Capital Programme compared with the resources likely to be available to finance it.
- B.27** The relevant Heads of Service, supported by the Section 151 Officer, are responsible for reviewing and updating the Capital Programme at least twice during the course of a financial year. They are responsible for proposing any amendments, and for addressing the appropriate financial implications, to the Cabinet before submission to the full Council for approval.

## **RESERVES**

- B.28** It is the responsibility of the Section 151 Officer to advise the Cabinet and/or the full Council on prudent levels of reserves for the Authority, having regard to any professional guidance issued by CIPFA and the circumstances of the Authority. This includes meeting the statutory obligation set out in paragraph A18.

# **Financial Procedure Rules C: Budget Management and Control**

## **INTRODUCTION**

- C.1** All Council services must be funded and all funding must be properly controlled through effective budget management and control. Spending must be closely monitored through the year against approved budgets and any over-spends or under-spends highlighted as appropriate.

## **VIREMENT**

- C.2** Budget virement enables the transfer (in an approved manner) of funds between elements of the same budget, provides flexibility to manage services within approved budgets and enables the offsetting of unavoidable over-spends.
- C.3** Corporate Directors and Heads of Service shall have the authority to approve the virement of budgeted expenditure not exceeding £10,000 within any specific Cost Centre within a Service Area, and between Cost Centres within a Service Area. Exercise of this authority must be subject to consultation with the Section 151 Officer and the relevant Portfolio Holder(s) and must be subject to the action supporting the Council's policies and requirements for that service. Virements of budgeted expenditure between Service Areas must be approved by the Cabinet, or, where the approved Policy Framework and Budget is affected, by full Council. A Service Area for this purpose is defined as that group of Cost Centres which is the responsibility of an individual Head of Service.
- C.4** The virement of budgeted expenditure exceeding £10,000 (but less than £30,000) shall be approved by the Cabinet after consideration by the relevant Portfolio Holder(s) where appropriate.
- C.5** Where the proposed virement exceeds £30,000, the Cabinet shall recommend the virement to full Council for approval. In the rare event of a proposed virement of less than £30,000 being considered to vary the Council's approved Policy Framework and Budget, that proposed virement must be approved by the full Council.
- C.6** The limits set out in paragraphs C3, C4 and C5 apply cumulatively within each financial year.

- C.7** Virements will be reported in the periodic revenue budget monitoring reports to Cabinet in order to ensure that there is always a “latest approved budget” against which subsequent budget monitoring is carried out.
- C.8** Service Area over- and under-spends are the responsibility of the relevant Corporate Director or Head of Service. Before finance is provided from any other source within the Authority, spending in that Service Area must be rigorously scrutinised for compensating savings.

### **TREATMENT OF YEAR END BALANCES**

- C.9** Unless deemed contrary to the Policy Framework and Budget, the Section 151 Officer is responsible for ensuring adequate procedures for carrying forward to the next financial year any revenue budget under- and over-spending within Service Areas. Carry forward of unspent balances will only be agreed where the overall budget for which the Corporate Director or Head of Service is responsible is commensurately under-spent. The Section 151 Officer will ensure that these procedures comply with accounting standards, and that any amounts agreed do not lead to spending exceeding the relevant year’s Budget Requirement approved by Council.
- C.10** Each year’s provisional outturn will be reported to the Cabinet in June for decisions in regard to carry forwards to be agreed together with any other necessary approvals required for the closure of the Council’s accounts, such as movements in reserves. Any carry forwards approved should only be spent on one-off expenditure. The Cabinet, at this meeting, should also determine any action to be taken with regard to any Service Area overspends in the previous year, such as making that overspend (or part of it) a first charge on the current year’s budget.

### **ACCOUNTING POLICIES**

- C.11** The Section 151 Officer is responsible for determining the appropriate accounting policies and ensuring that they are applied consistently. In addition this responsibility will include the setting of the assumptions on which the Medium Term Financial Strategy, Annual Revenue Budget, and Capital Programme will be prepared. It also includes the issue of requirements and timetables to enable the Council’s accounts to be closed and the Statement of Accounts to be published in accordance with the Accounts and Audit Regulations 2003.

### **ACCOUNTING RECORDS, ACCOUNTING SYSTEMS AND RETURNS**

- C.12** Effective financial management requires financial information to be available to managers; information which is timely, accurate, consistent and meaningful. Such accurate information helps to ensure that the Council's income, expenditure, assets and liabilities are fully and accurately accounted for and its financial interests are safeguarded against loss.
- C.13** To enable finance staff to provide accurate financial information it is essential that they are provided with the fullest information on a timely basis by staff involved in financial processes.
- C.14** The Section 151 Officer is responsible for determining the accounting procedures and records of the Authority, including the setting of the information requirements and the controls required in all financial systems. The Section 151 Officer should ensure, through Internal Audit, that adequate management of risks concerning financial records, transactions and systems is being implemented by Heads of Service in their Service Areas. It is also the responsibility of Internal Audit to review the effectiveness of such financial controls and to monitor their implementation and report to the Section 151 Officer accordingly.
- C.15** Corporate Directors and Heads of Service are responsible for ensuring that all procedures are complied with in the Service Areas under their control and that records and systems are properly maintained. As advised by the Section 151 Officer the accounting procedures will have regard to best practice as set out in Statements of Standard Accounting Practice, Financial Reporting Standards, Statements of Recommended Practice, Codes of Practice, the Accounts and Audit Regulations, and the Best Value Accounting Code of Practice.

## **ANNUAL STATEMENT OF ACCOUNTS**

- C.16** The Section 151 Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with UK generally accepted accounting practice applicable to Local Authorities including the "*Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice*" (CIPFA) and the "*Best Value Accounting Code of Practice*" (CIPFA). The Audit Committee is responsible for approving the Annual Governance Statement, ensuring that adequate governance and internal controls are in place and that proper action is taken in response to reports from both Internal and External Audit.

## **REVENUE AND CAPITAL BUDGET MONITORING**

- C.17** The Section 151 Officer is responsible for providing appropriate financial information to enable Corporate Directors, Heads of Service and other managers to monitor their budgets effectively. He is also responsible for co-ordinating the monitoring and control of both revenue and capital expenditure against budget allocations and for reporting to the Cabinet on the overall financial position on a regular basis. Such reports will include (but will not necessarily be confined to) a Revenue Budget Monitoring Statement and a Capital Budget Monitoring Statement.
- C.18** It is the responsibility of the Corporate Directors and Heads of Service to control income and expenditure within their Service Areas and to monitor performance, taking account of the financial information provided by the Section 151 Officer. They should report on variances within their Service Areas, and review the need to make appropriate virement decisions as outlined Financial Procedure Rules C3, C4 and C5 above. They should, without delay, take any action necessary to avoid exceeding their budget allocations and alert the Section 151 Officer to any problems.
- C.19** The approval of supplementary estimates to cover prospective overspends will be subject to full Council approval for any amount in excess of £30,000 and will be subject to the Council's overall financial position. Such requests should only be made in wholly exceptional circumstances, where the expenditure involved could not have been reasonably foreseen. Any report seeking the use of the Council's reserves for this purpose must include proposals for the restoration of those reserves within 18 months.
- C.20** Each Corporate Director, Head of Service and Portfolio Holder is responsible for regular monthly monitoring of the income and expenditure compared with budgets under their ownership. Evidence of this must be retained for at least 18 months sufficient to demonstrate, to Members, the Leadership Team, and internal or external audit as may be required that they have undertaken regular budget monitoring. The Section 151 Officer and accountancy staff will provide appropriate support to this process.
- C.21** Any forecast under- spend of expenditure or unbudgeted income is to be reported to the Section 151 Officer to enable him or her to review jointly with the reporting Corporate Director or Head of Service the appropriate action to be taken, and, if necessary, for onward reporting to the Cabinet or Council. This is to ensure that only appropriately authorised expenditure is incurred and that any movements of resources do not exceed the relevant year's Budget Requirement or vary the Policy Framework and Budget approved by Council. It also ensures that fortuitous or unbudgeted income is deployed in accordance with the Council's overall priorities.

- C.22** It is the responsibility of the Cabinet to regularly monitor progress against approved Revenue and Capital Budgets. It is also the responsibility of the Cabinet to take appropriate action, or to ensure appropriate action is taken, where over-spending of budget are forecast or where under-performance of the Capital Programme is anticipated.

### **REVENUE BUDGET MONITORING**

- C.23** Corporate Directors and Heads of Service are directly responsible for ensuring that spending and commitments do not exceed the latest approved budget.
- C.24** Subject to the observance of these Financial Procedure Rules and any other necessary procedures, Corporate Directors and Heads of Service may authorise revenue expenditure on policies agreed within the approved Policy and Budget Framework for which funds have been provided in the approved budget.
- C.25** It is the responsibility of Heads of Service to ensure the accurate reporting to the Section 151 Officer of projected outturn of income and expenditure compared with the approved Annual Revenue Budget for onward reporting to the Cabinet as set out in C17.

### **CAPITAL BUDGET MONITORING**

- C.26** Corporate Directors and Heads of Service are authorised to spend on any scheme for which they have responsibility up to the amounts included in the latest approved Capital Programme for that scheme. Regard must be had to managing in year expenditure within the in year budget as well as total expenditure over the life of the scheme in the programme.
- C.27** It is the responsibility of the relevant Corporate Directors and Heads of Service to notify the Section 151 Officer of the projected outturn of income and expenditure compared with budgeted expenditure in the approved Capital Programme, both in year and in total, to enable him or her to monitor the Capital Budget effectively. Relevant Corporate Directors and Heads of Service are responsible for the provision of accurate and timely financial information to the Section 151 Officer as required. The Section 151 Officer will provide relevant financial support to assist.
- C.28** Where actual or forecast expenditure on a scheme varies from the approved budget such variances should be included in the reports to the Cabinet prepared by the Section 151 Officer together with proposed action to be taken.

- C.29** Proposed additions to the Capital Programme during the financial year must be submitted to the Cabinet for approval supported by a full project appraisal and proposals for funding. The Section 151 Officer must be involved in the preparation of all such reports.
- C.30** The Cabinet is authorised, once the Capital Programme has been set, to approve new capital schemes and variations to existing schemes subject to funding being available and the scheme being in accordance with the objectives and priorities of the Council.
- C.31** Implementation of approved schemes in the Capital Programme must be processed by Corporate Directors and Heads of Service in accordance with the Council's approved Contract Procedures and in accordance with Official Journal of the European Union (OJEU) rules.

# **Financial Procedure Rule D: Risk Management and Control of Resources**

## **INTRODUCTION**

- D.1** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational and strategic risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

## **RISK MANAGEMENT**

- D.2** The Cabinet is responsible for approving the Authority's Risk Management Policy and Strategy Statement and for reviewing the effectiveness of risk management.
- D.3** The Section 151 Officer is responsible for ensuring that appropriate insurance cover exists where necessary and for advising the Cabinet on insurance cover. There is an expectation and requirement that all Members and officers at all levels will act to minimise any exposure to risk that they or the Council may have by, or as a consequence of, their actions.
- D.4** A Corporate Director is the lead officer responsible for preparing the Authority's Risk Management Policy and Strategy Statement, as directed by the Head of Paid Service. The Head of Paid Service and Corporate Directors will determine the management of strategic risks, which Heads of Service will review and identify in detail within their Services Areas. Heads of Service are responsible for promoting the Policy throughout the Authority, ensuring that risks are identified and mitigated. The statutory responsibilities of the Section 151 Officer involve a clear obligation to ensure the adequate arrangements are made for the management of risks regarding financial controls and systems.

## **INTERNAL CONTROL**

- D.5** Internal Control refers to the systems of control, devised by the Management Team, and identified within Annual Governance Statement (part of the published annual Statement of Accounts), that help to ensure that the Authority's objectives are achieved. Adequate Internal Control needs to be achieved in a manner that promotes economical, efficient, and effective use of resources whilst at the same time ensuring that the Authority's assets and interests are safeguarded.

- D.6** The Corporate Directors and Heads of Service are responsible for effective systems of Internal Control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other regulations that govern their use.
- D.7** It is the responsibility of Corporate Directors and Heads of Service to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.
- D.8** The Accounts and Audit Regulations 2003 place a requirement on the Council, that is delegated to the Audit Committee, to review at least once a year the effectiveness of its system of internal control. The Council is required to publish an Annual Governance Statement as part of its annual Statement of Accounts.

#### **AUDIT REQUIREMENTS**

- D.9** The Accounts and Audit Regulations 2003 issued by the Secretary of State require every local authority to maintain an adequate and effective system of internal audit.
- D.10** The Council discharges this responsibility through the Audit Committee.
- D.11** It is the responsibility of the Chief Executive to maintain an adequate and effective system of internal audit to all accounting, financial and other operations of the Council and in particular to arrange for the examination, review and appraisal of:
- (i) the soundness, adequacy and application of internal controls,
  - (ii) the safeguards for Council assets and interests from losses of all kinds arising from theft, fraud, waste, extravagance, inefficient management, poor value for money or other cause,
  - (iii) the suitability and reliability of financial and other management data, and
  - (iv) the compliance with rules, legislation, policy and procedures.
- D.12** The Audit Manager shall prepare an annual report outlining the work of Internal Audit for presentation to the Audit Committee.
- D.13** The Audit Manager, after consultation with the Section 151 Officer, shall maintain an annual Audit Plan will be prepared detailing the areas of audit

coverage for the following year. The plan should be approved by the Audit Committee

- D.14** The Audit Manager and all internal audit staff have the authority to:
- (i) enter at any time Council premises or land subject to any statutory or contractual restrictions that may apply,
  - (ii) have access to all records, documents, correspondence, information and data relating to all areas of business of the Council and to remove any such records as is necessary for the purposes of their work (including those of the Council's agents and contractors),
  - (iii) require and receive such explanations as are necessary concerning any matter under examination,
  - (iv) require any employee or agent of the Council to produce cash, stores or any other Council property under their control.
- D.15** The Audit Manager shall have direct access and right of report to the Head of Paid Service, Corporate Directors, Heads of Service, the Monitoring Officer, the Audit Commission, the Cabinet, the Leader, and the Audit Committee.
- D.16** The Audit Commission is responsible for appointing external auditors to each local authority and is also responsible for Best Value inspections under the Audit Commission Act, 1998. The basic duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.
- D.17** The Authority may, from time to time, be subject to audit, inspection, or investigation by other external bodies such as HM Revenue and Customs and the Benefits Fraud Inspectorate, who have statutory rights of access.

## **PREVENTING FRAUD, IRREGULARITY AND CORRUPTION**

- D.18** The Council is responsible for administering significant funds on behalf of the public and those funds must be properly protected. The Council has adopted a formal Anti-Fraud Strategy that includes definitions of fraud and corruption.
- D.19** The Section 151 Officer, as directed by the Head of Paid Service and after consultation with the Audit Manager, is responsible for the development and maintenance of the Council's Anti-fraud and Anti-corruption Policy. It is the responsibility of Heads of Service to ensure this policy is actioned. The Revenues and Benefits Service has specific particular responsibilities due to its exposure to risk within this area. It must also have a

Prosecutions Policy. There is an expectation and requirement that all Members, officers at all levels and anyone acting on the Council's behalf will act with integrity. Heads of Service are expected to follow up any allegation of fraud or corruption in accordance with the published Policy.

- D.20** All Council staff, Members, agents, contractors and strategic partners have responsibilities to protect the funds they administer on behalf of the Council. Whilst certain staff have specific responsibilities within the process, where fraud, corruption or irregularity is suspected, all staff have responsibilities to guard against and report such incidents or suspicions.
- D.21** It is the responsibility of Corporate Directors and Heads of Service to ensure that the risks of fraud and irregularity are minimised.
- D.22** All staff, Members, agents, and contractors of the Council have a responsibility to bring to the attention of the Audit Manager and the Section 151 Officer and their senior manager any suspected fraud, corruption or irregularity. Where confidentiality is requested by the person reporting such suspicions, the Council will not disclose details without the specific authority of the person concerned.
- D.23** It is generally not appropriate that staff, Members, agents or contractors undertake investigations into suspected fraud or irregularity. The carrying out even of basic or rudimentary analysis/investigation can corrupt evidence and deny the Council the opportunity to deal with the issue properly. Only where the Audit Manager has provided specific written authority should non-audit staff undertake any investigation or analysis into suspected irregularity. The Audit Manger should be consulted if there is uncertainty if any matter falls within the definition of fraud, irregularity or corruption.
- D.24** Corporate Directors and Heads of Service informed of any suspected fraud or irregularity must immediately inform the Audit Manager. They are not required to name the person referring their suspicions, although investigations are greatly assisted by the ability to discuss directly with the person making the referral.
- D.25** The Audit Manager, after consultation with either the Monitoring Officer or the Section 151 Officer as appropriate will take such action as considered necessary by way of investigation or report. Wherever possible the Corporate Director or Head of Service referring their concerns shall be kept informed.
- D.26** Should it be found that a fraud or irregularity is occurring of a significant nature the Audit Manager or Section 151 Officer shall inform the Head of Paid Service.

- D.27** Where the Audit Manager concludes that sufficient prima facie evidence has been collected that indicates that a criminal act may have taken place, a formal recommendation will be made to the relevant Corporate Director or Head of Service and Section 151 Officer to refer the matter to the Police.

## **MONEY LAUNDERING**

- D.28** The Audit is designated as the Council's Money Laundering Reporting Officer under the Money Laundering Regulations 2003, Statutory Instrument No 3075. He, supported by the Section 151 Officer, will provide the necessary detailed procedures for staff to follow when accepting cash payments.

## **ASSETS**

- D.29** Corporate Directors and Heads of Service should ensure that documents, records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

## **TREASURY MANAGEMENT**

- D.30** The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice* ('the Code').
- D.31** The full Council is responsible for approving a Treasury Management Policy Statement and suitable Treasury Management Practices, as submitted by the Section 151 Officer in accordance with the Code, following consideration by the Cabinet.
- D.32** All money in the hands of the Authority is controlled by the Section 151 Officer who is referred to in the Code as the 'responsible officer'.
- D.33** The Section 151 Officer is responsible for reporting to the Cabinet a proposed Treasury Management Strategy for the coming financial year at or before the start of each financial year and an annual report after its close, in the form prescribed in the Treasury Management Practices.
- D.34** Responsibility for the implementation and monitoring of the Council's Treasury Management Practices is delegated to the Cabinet.
- D.35** Responsibility for the execution and administration of treasury management decisions is delegated to the Section 151 Officer, who will

act in accordance with the Council's Policy Statement and Treasury Management Practices.

- D.36** If the Council resolves to engage in prudential borrowing for the funding of capital schemes, it will be the consequent responsibility of the Section 151 Officer to ensure that the approved Treasury Management Policy and Practices are adhered to. It will also be the responsibility of the Section 151 Officer to report to full Council details of the prudential indicators in accordance with the provisions of the Prudential Borrowing Code and associated guidance published by CIPFA.

## **STAFFING**

- D.37** The full Council is responsible for determining how officer support for executive and non-executive roles within the Authority will be organised by approval, on an annual basis, of the Establishment List.

- D.38** Section 4 of the Local Government and Housing Act 1989 requires the full Council to:

- (i) designate one officer as the Head of Paid Service; and
- (ii) provide that officer with such staff, accommodation and other resources as are, in his opinion, sufficient to allow his duties under this Section to be performed.

The Head of Paid Service is responsible for providing overall management of staff. He is also responsible for ensuring that there is proper use of job evaluation or other statutory agreed national systems for determining the remuneration of a job.

- D.39** Section 5 of the Local Government and Housing Act 1989 requires the full Council to:

- (i) designate one of their officers (to be known as "the Monitoring Officer") as the officer responsible for performing the duties imposed by this Section;
- (ii) provide that officer with such staff, accommodation and other resources as are, in his opinion, sufficient to allow those duties to be performed.

- D.40** Section 6 of the Local Government and Housing act 1989 (and Section 151 Local Government Act 1972, and Section 114 Local Government Finance Act 1988) requires the full Council to:

- (i) make arrangements for the proper administration of such of its financial affairs as relate to it in its capacity as a local authority,

- (ii) secure that one of its officers has responsibility for the administration of those affairs (the Section 151 Officer),
- (iii) Provide that officer with such staff, accommodation and other resources as are in his opinion sufficient to allow those duties to be performed (Section 114(7) of the 1988 Act).

**D.41** The Head of Human Resources is responsible for maintaining and reviewing the Establishment List, and for controlling total staff numbers and grades required by the Authority for the discharge of its functions. The Head of Human Resources is responsible for recommending the annually reviewed Establishment List to Council. In order to facilitate this, Heads of Service will:

- (i) maintain an annual review of the appropriate staffing levels,
- (ii) advise the Cabinet, after consulting with the Section 151 Officer, on the budget necessary in any given year to cover estimated staffing levels,
- (iii) adjust the staffing establishment for which they are responsible to a level that can be funded within approved budget provision, varying the staffing as necessary within that constraint in order to meet changing operational needs,
- (iv) consult with Section 151 Officer on any changes that might impact on budgetary requirements,
- (v) refer at all times to Human Resources policy, advice and the proper use of appointment procedures as documented by the Head of Human Resources.

**D.42** Section 114(6) of the Local Government Finance 1988 Act requires the Section 151 Officer to nominate a properly qualified member of staff to deputise should he be unable to perform the duties under Section 114 personally.

# **Financial Procedure Rule E: Systems and Procedures**

## **INTRODUCTION**

- E.1** Sound systems and procedures are essential to an effective framework of accountability and control. Detailed procedures will be devised and regularly updated to provide underlying support to these Financial Procedure Rules.

## **GENERAL**

- E.2** The Section 151 Officer is responsible for the operation of the Authority's accounting systems, the form of the accounts and the form of the supporting financial records. Heads of Service are responsible for the proper operation of financial processes in their own Service Areas.
- E.3** Any changes to agreed procedures by Heads of Service to meet their own specific service needs must be consulted on and agreed with the Section 151 Officer.
- E.4** Heads of Service should ensure that their staff receive relevant financial training after consultation with the Section 151 Officer, and as determined in paragraph 9 of the Status chapter above.
- E.5** Heads of Service must ensure that, where appropriate, computer and other systems are registered in accordance with advice from the Data Protection Officer and data protection legislation. Heads of Service must also ensure that staff are aware of their responsibilities under Freedom of Information legislation.

## **INCOME AND EXPENDITURE**

- E.6** It is the responsibility of Heads of Service to ensure that a properly recorded list of agreed authorised officers has been established within their area and is consistent with the Council's Scheme of Delegation and procedures established by the Section 151 Officer. Any such agreed authorisations should identify the named staff permitted to act on Heads of Services' behalf, or on behalf of the Cabinet, in respect of payments, income collection, and placing orders, together with the limits of the authority being given.

## **RECOVERY AND WRITE OFF**

- E 7** The Heads of Service are responsible for the collection and recovery of income due within their Service Area, and must consult with the Section 151 Officer on appropriate procedures for setting charges in accordance with relevant charging policies. The Section 151 Officer has responsibility for providing appropriate arrangements for the write-off of irrecoverable sums, and will agree relevant policies and arrangements for delegation.
  
- E.8** The Section 151 Officer is responsible for regularly reviewing and reporting to the Cabinet those procedures for charging, recovery of unpaid debt and writing-off debts as part of the overall control framework of accountability and control.

## **PAYMENTS TO EMPLOYEES AND MEMBERS**

- E.9** The Section 151 Officer is responsible for all payments of salaries to all staff, including payments for overtime, and for the payment of allowances to Members.
  
- E.10** The Head of Human Resources is responsible for providing the Section 151 Officer with sufficient documentation to ensure the validity and accuracy of the required payment of salaries.
  
- E.11** The Heads of Service are responsible for providing sufficient documentation to ensure the validity and accuracy of the required payment of overtime in accordance with approved procedures. Project managers are responsible for keeping timesheets and managing time recording.
  
- E.12** The Head of Performance and Democracy is responsible for providing sufficient documentation to ensure the validity and accuracy of the required payment of allowances to Members.
  
- E.13** The Heads of Service are required to ensure that any payment to be made is within budget, or that sufficient cover has been arranged after consultation with the Section 151 Officer, and in accordance with these Financial Procedure Rules.

## **TAXATION AND VALUE ADDED TAX**

- E.14** The Section 151 Officer is responsible for advising Heads of Service, in the light of guidance issued by appropriate bodies and relevant legislation, on all taxation issues that affect the Authority.
- E.15** Heads of Service are responsible for actioning recommended practices regarding Value Added Taxation (VAT) that the Section 151 Officer requests. Heads of Service must also notify Section 151 Officer of all potential major contracts and land sales at the earliest opportunity and well before contracts are concluded and recorded in the Contracts Register in order to ensure any “option to tax” has been fully considered so as to avoid any breach of the partial exemption limits.
- E.16** The Section 151 Officer is responsible for maintaining the authority’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **TRADING ACCOUNTS**

- E.17** It is the responsibility of the Section 151 Officer to advise on the establishment and operation of any trading accounts that may from time to time be required.

# **Financial Procedure Rule F: External Arrangements**

## **INTRODUCTION**

- F.1** The Council provides leadership for the community and brings together the contributions of various stakeholders. In accordance with the Local Government Act 2000, it must also promote the economic, social and environmental well being of its area.

## **PARTNERSHIPS**

- F.2** The Cabinet is responsible for approving delegations, including frameworks for partnerships. The Council is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- F.3** The Cabinet may delegate functions, including those relating to partnerships, to officers. These delegations are set out in the Scheme of Delegation that forms part of the Council's Constitution. However, where functions are delegated, the Cabinet remains accountable for them to the full Council.
- F.4** The Head of Paid Service, and other officers, represent the Authority on partnerships and external bodies, in accordance with the Scheme of Delegation.
- F.5** The Section 151 Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships as apply throughout the Authority.
- F.6** The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- F.7** Heads of Service and Corporate Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

## **EXTERNAL FUNDING**

- F.8** The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

## **WORK FOR THIRD PARTIES**

- F.9** The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies. Once agreed, all arrangement will be subject to the Council's Contract Standing Orders and other policies.

# Glossary of Terms

## **Anti Fraud and Anti Corruption Policies**

The framework that the Council has in place to prevent and detect fraud and corruption. It includes Codes of Conduct for Members and Officers, Risk Management, and whistle-blowing arrangements.

## **Asset Management Plan**

The Asset Management Plan maps out how the Council's investment in its property will realise optimum benefits for the service and the community, and a proactive approach to the disposal of surplus assets facilitates potential further investment

## **Audit Commission**

An independent body established under the Local Government Finance Act 1982. It is responsible for appointing External Auditors to Local Authorities and setting standards for those auditors; also carrying out national studies to promote economy, efficiency and effectiveness.

## **Best Value Performance Plan**

A statutory document that the authority is required to publish each year which contains a summary of performance against targets; also targets for future years.

## **Budget**

A statement of the Council's policies expressed in financial terms.

## **Budget Requirement**

The Council's calculated net Revenue expenditure to be financed from the Council Tax after taking into account Revenue Support Grant and National Non Domestic Rate payable by Government.

## **Capital Programme**

A budget generally covering a 3-5 year period relating to items of capital expenditure, e.g. buildings, vehicles, grants to other bodies, etc.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy - the leading professional accountancy body in the UK for public services.

## **Corporate Plan**

The document that sets out the Council's strategic direction and priorities.

## **Cost Centre Managers**

Managers having responsibility for the budgets of one or more service areas.

**Council Tax Base**

The Valuation Office Agency assigns a valuation band (A-H) to each residential property in the District and the Council Tax is calculated each year using the Council Tax Base which is the number of Band D equivalent properties

**Establishment List**

The list of all the posts contained within the Council's approved organisation structures.

**Governance**

The way that public service organisations manage themselves to deliver services to the public. It covers qualitative issues such as values and standards; also disciplines such as risk management, audit and financial control.

**Head of Paid Service**

See paragraph D.38

**Housing Strategy**

An overview of Housing need across the District with details of plans that seek to meet that need.

**Internal Control**

The systems of control that help ensure the Council's objectives are achieved in an economical, efficient and effective way and consistent with safeguarding the Council's assets.

**I.T. Equipment**

Information Technology using a wide range of equipment, e.g. servers, personal computers, printers, etc. and sophisticated software systems.

**Medium Term Financial Strategy (MTFS)**

The MTFS is a 3-5 year forecast of the estimated revenue income and expenditure and potential Council Tax implications. It is an essential component for the medium term planning and prioritisation of Council services.

**Members Code of Conduct**

The rules and responsibilities with which the Council's elected representatives are expected to comply in the performance of their duties as Councillors.

**Members Allowances**

Sums payable to Members in acknowledgment of the duties they undertake and the expenses they incur.

**Money Laundering**

The act of spending money that has been obtained through illegal means whilst conveying the impression that the transactions are legitimate.

**Monitoring Officer**

See paragraph D.39

**OJEU**

Official Journal of the European Union through which specified contracts for works and services have to be advertised when seeking tenders.

**Partnerships**

Arrangements with other organisations particularly in the public sector for the joint provision and financing of services.

**Policy Framework**

The Policy Framework comprises the full range of the Council's statutory plans and strategies. These are detailed in Section B.2 of the Rules.

**Portfolio Holder**

A member of the Cabinet having specific political responsibility for particular services or groups of services (known as Portfolios).

**Prudential Code**

A capital investment framework developed by CIPFA effective from April 2004. It allows Councils to undertake borrowing for capital purposes where the Council is first able to satisfy a range of prudential indicators specified within the Code.

**Risk Management**

All Members and Officers are expected to seek to minimise their own and the Council's exposure to risks. The implementation of systems for identifying and evaluating all significant operational and strategic risks are a major element of risk management.

**Scheme of Delegation**

The Scheme of Delegation details for Chief Officers and for individual Heads of Service those functions that they are legally empowered to carry out on behalf of the Council

**Section 151 Officer**

The Officer who has personal responsibility for "the proper administration of the Council's affairs" in accordance with S151 of the Local Government Act 1972. See paragraph D.40

**Stakeholders**

Individuals, groups, organisations, etc, having a direct or indirect interest in a service of the Council and whose views (on service quality, delivery, etc.) are to be sought particularly during consultation exercises.

**Statement of Accounts**

The Councils' Accounts for each financial year that have to be audited by the external auditor, presently the Audit Commission.

**Supplementary Estimate**

Expenditure in excess of budget that is considered and approved by the Council in advance of any commitment being made.

**Treasury Management Strategy**

A document stating how the Council plans to optimise its return on its cash and investments in the coming financial year whilst ensuring the over-riding criterion of security of public money.

**Virement**

The permission to spend more on one budget head when this is matched by a corresponding reduction in one or more other budget heads.

**Year End Balances**

At the end of each financial year, actual expenditure will normally be slightly less or more than the original estimate. Decisions are then made on how to deal with such sums.