

Introduction

The Corporate Director - Economy is designated, under Section 151 of the Local Government Act 1972, as the officer responsible for administering the financial affairs of the council in accordance with all current statutory duties and obligations.

These financial regulations represent the broad 'policy statements' adopted by the council. They are supplemented by Financial Operating Procedures, Contract Standing Orders and a Contract Management Handbook which represent the wider procedures, processes and systems relating to the broad policies provided to all officers with budgetary, procurement and or supervisory responsibility.

All the above documents have been approved by the executive board during 2007 and will be reviewed again in 2009.

Status of Financial Regulations

Financial Regulations provide the framework for managing the council's financial affairs. They apply to every council member and officer of the council and anyone acting on its behalf.

All council members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

The Corporate Director - Economy is responsible for maintaining a continuous review of the financial regulations and is also responsible for reporting, where appropriate, breaches of the financial regulations to the council, either via the audit & governance committee or the executive board.

The Financial Regulations representing the broad 'policy statements' adopted by the council can be found on pages 3 – 10.

Compliance with these Regulations, the Financial Operating Procedures, Contract Standing Orders, Contract Management Handbook and retention guidelines is mandatory for all council members and employees. Failure to comply could constitute misconduct or gross misconduct as laid down in the council's Disciplinary Policy.

The Disciplinary Policy states that breaches of the council's specific rules, for example, its Financial Regulations, Financial Operating Procedures and/or Contract Standing Orders would constitute misconduct. Offences of dishonesty, theft or fraud including bribery and other corruption, falsification of time records or claims for financial reimbursement with the intention of claiming from the council a payment to which the claimant is not entitled, including the abuse of flexitime or flexible/preferred working hours arrangements would constitute gross misconduct and could result in dismissal.

Financial Regulations

FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

Accounting Policies

A.1 The Corporate Director - Economy is responsible for selecting accounting policies and ensuring that they are applied consistently. See also Financial Operating Procedures (1.12 – 1.15)

Accounting Records and Returns

A.2 The Corporate Director - Economy is responsible for determining the accounting procedures and records for the council. See also Financial Operating Procedures (1.16 – 1.30)

The Annual Statement of Accounts

A.3 The Corporate Director - Economy is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC)*. The full council is responsible for approving the annual statement of accounts. See also Financial Operating Procedures (1.31 – 1.42)

FINANCIAL REGULATION B: FINANCIAL PLANNING

Budgeting

Budget Format

B.1 The general format of the budget will be approved by the full council and proposed by the executive board on the advice of the Corporate Director - Economy. See also Financial Operating Procedures (2.01 – 2.06)

Budget Preparation

B.2 The Corporate Director - Economy is responsible for ensuring that a revenue budget is prepared on an annual basis reflecting agreed service plans for consideration by the executive board and overview committees before submission to the full council. The full council may amend the budget or ask the executive board to reconsider it before approving it. See also Financial Operating Procedures (2.07 – 2.18)

Budget Monitoring and Control

B.3 The Corporate Director - Economy is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Budget holders must monitor and control expenditure against budget allocations and report variances to the relevant committee.

B.4 It is the responsibility of the Corporate Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Corporate Director - Economy. Corporate Directors should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Corporate Director - Economy to any problems. See also Financial Operating Procedures (2.19 – 2.35)

Medium Term Financial Planning

B.5 The Corporate Director - Economy is responsible for preparing a Medium Term Financial Plan on a three yearly basis for consideration by the executive board and overview committees before submission to the full council. See also Financial Operating Procedures (2.36 – 2.49)

Preparation of the Capital Program

B.6 The Corporate Director - Economy is responsible for ensuring that a capital program is prepared on an annual basis for consideration by the executive board and overview committees before submission to the full council. See also Financial Operating Procedures (2.50 – 2.65)

Virement

B.7 The Chief Executive may exercise virement between any revenue budget head across the council and Corporate Directors may exercise virement between any revenue budget head within their service. Any such virement should not commit the council to expenditure over more than one year. The Section 151 Officer or his designated officer should be informed by the Chief Executive or Corporate Director if virement should become necessary. See also Financial Operating Procedures (2.66 – 2.73)

Maintenance of Reserves

B.8 It is the responsibility of the Corporate Director - Economy to advise the executive board and/or the full council on prudent levels of reserves for the council. See also Financial Operating Procedures (2.74 – 2.81)

Treasury Management

B.9 The council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

B.10 The full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*. The policy statement is proposed to the full council by the executive board. The Corporate Director - Economy has delegated responsibility for implementing and monitoring the statement.

B.11 All money in the hands of the council is controlled by the Section 151 officer.

B.12 All executive board decisions on borrowing, investment or financing shall be delegated to the Corporate Director - Economy, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

B.13 The Corporate Director - Economy shall report to the relevant committee not less than twice in each financial year on the activities of the treasury management operation and on the exercise of his treasury management powers. See also Financial Operating Procedures (2.82 – 2.108)

FINANCIAL REGULATION C: CORPORATE GOVERNANCE AND CONTROL OF RESOURCES

Performance Plans

C.1 The Council has a statutory responsibility to publish a best value performance plan which provides performance and associated information for local people. See also Financial Operating Procedures (3.01 – 3.12)

Corporate Strategy

C.2 The Council demonstrates how it sets its priorities. Each priority contains outcomes and measures, driving both service delivery and the financial strategy over a period of three years. See also Financial Operating Procedures (3.13 – 3.22)

Corporate Risk Management

C.3 The Corporate Director - Economy is responsible for preparing the Council's Code of Corporate Governance and for promoting it throughout the council.

C.3 The Audit and Governance Committee is responsible for approving the council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. See also Financial Operating Procedures (3.23 – 3.35)

C.4 The Corporate Director – Economy is responsible for reviewing the adequacy of corporate governance arrangements for significant partnerships. See also Financial Operating Procedures (5.01 – 5.20)

Internal Control

C.5 The Corporate Director - Economy is responsible for advising on effective systems of internal control and for producing the Statement of Internal Control appended to the council's Financial Statements. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use. See also Financial Operating Procedures (3.36 – 3.52)

Audit Requirements

Internal Audit

C.6 The Accounts and Audit Regulations 2006 require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. See also Financial Operating Procedures (3.53 – 3.66)

External Audit

C.7 Each Director shall ensure that full co-operation is given to the Council's External Auditors and any other organisation with statutory powers to examine council records. See also Financial Operating Procedures (3.67 – 3.74)

Preventing Fraud and Corruption

C.8 The Corporate Director - Economy is responsible for the development and maintenance of an anti-fraud and corruption policy. See also Financial Operating Procedures (3.75 – 3.89)

Assets

C.9 Corporate Directors should ensure that records and assets are properly maintained, securely held and disposed of in accordance with the Disposals Policy. 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. See also Financial Operating Procedures (3.90 – 3.128)

Insurance

C.10 The Corporate Director - Economy is responsible for ensuring that proper insurance exists where appropriate. See also Financial Operating Procedures (3.129 – 3.142)

Staffing

C.11 In order to provide the highest level of service, it is crucial that the council recruits and retains high caliber, knowledgeable staff, qualified to an appropriate level. See also Financial Operating Procedures (3.143 – 3.152)

FINANCIAL REGULATION D: FINANCIAL SYSTEMS AND PROCEDURES

General

D.1 The Corporate Director - Economy is responsible for the operation of the council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Corporate Directors to the existing financial systems or the establishment of new systems must be approved by the Corporate Director - Economy. However, Corporate Directors are responsible for the proper operation of financial and administrative processes in their own directorates.

D.2 Corporate Directors should ensure that their staff receive relevant financial training that has been prepared by the Corporate Director - Economy.

D.3 Corporate Directors must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Corporate Directors must ensure that staff are aware of their responsibilities under freedom of information legislation. See also Financial Operating Procedures (4.01 – 4.18)

Income and Expenditure

D.4 Corporate Directors are responsible for ensuring that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on their behalf in respect of payments, income collection and placing orders, together with the limits of their authority. The Executive Board is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. See also Financial Operating Procedures (Income 4.19 – 4.52 & Expenditure 4.53 – 4.98)

Procurement

D.5 All major procurement should seek to accommodate the core values of the Council and be administered to ensure adherence to relevant UK and EC legislation. See also Financial Operating Procedures (4.99 – 4.117)

Management and Control of Contracts

D.6 Corporate Directors are responsible for ensuring that the Council's culture is honest and transparent and to promote acceptable purchasing practices, encourage public accountability and deter corruption. See Financial Operating Procedures (4.118 – 4.133), and Contract Standing Orders (1.105 – 1.110) and the Contract Management Handbook.

Contract Administration

D.7 Corporate Directors are responsible for ensuring that the procedures regarding external contracts are adhered to. See Financial Operating Procedures (4.134 – 4.160), Contract Standing Orders and the Contract Management Handbook.

E-Tendering

D.8 Corporate Directors are responsible for ensuring that the procedures regarding e-tendering are adhered to. See Financial Operating Procedures (4.161 – 4.166), Contract Standing Orders and the Contract Management Handbook.

Third Sector

D.9 Corporate Directors are responsible for ensuring that the Council's Contract Standing Orders are adhered to when considering the selection and awarding of third sector bids. See Financial Operating Procedures (4.167 – 4.176) and Contract Standing Orders.

Payments to Employees and Members

D.10 The Corporate Director - Central Services is responsible for all payments of salaries and wages to all staff or former employees of the Council, including processing payments for overtime, and for payment of allowances to Members. See also Financial Operating Procedures (4.177 – 4.196)

Taxation

D.11 The Corporate Director - Economy is responsible for advising Corporate Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the council.

D.12 The Corporate Director - Economy is responsible for maintaining the council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. See also Financial Operating Procedures (4.197 – 4.206)

Trading Accounts / Business Units

D.13 It is the responsibility of the Corporate Director - Economy to advise on the establishment and operation of trading accounts and business units if considered appropriate. See also Financial Operating Procedures (4.207 – 4.215)

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

E.1 The Corporate Director - Economy is responsible for ensuring 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.

E.2 Corporate Directors are responsible for ensuring that the risks have been fully appraised and such appraisals are available for inspection before agreements are entered into with external bodies. They should also ensure that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. See also Financial Operating Procedures (5.01 – 5.20)

External funding

E.3 The Corporate Director - Economy is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts. See also Financial Operating Procedures (5.21 – 5.27)

Work for third parties

E.4 The Executive Board is responsible for approving the contractual arrangements for any work for third parties or external bodies. See also Financial Operating Procedures (5.28 – 5.41)