

FINANCIAL REGULATIONS

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1 Status of Financial Regulations

- 1.1 Financial Regulations provide the framework for managing the Council's financial affairs and contribute to good corporate governance, internal control and the management of risks. In addition they assist sound administration, reduce the risk of irregularities, support delivery of effective, efficient and economical services and minimise the risk of legal challenge to the Council.
- 1.2 The Financial Regulations apply to all officers and Members of the Council and anyone acting on behalf of the Council. They also apply to any partnerships that the Council is a member of and for which the Council is the accountable body unless the Director of Finance is satisfied that Financial Regulations of an equivalent standard are in place. Where the Council is not the accountable body then the appropriate Director is responsible for ensuring propriety and proper processes are followed so that the Council's reputation is not at risk.
- 1.3 It is the responsibility of Directors to ensure that all staff in their Directorates are aware of the existence and content of the Financial Regulations and other internal regulatory documents, their responsibilities in relation to them and ensuring compliance.
- 1.4 Specific positions are named in these Regulations to be responsible for certain areas. However, if the named officer wishes for reasons of practicality to delegate their authority to another appropriate officer in their area, this is permissible as long as it has been documented.
- 1.5 All Members and officers have a general responsibility for taking reasonable action to provide for the security of the resources/assets under their control, and for ensuring that the use of these resources/assets is legal, is properly authorised and provides value for money.
- 1.6 To assist Members and officers, the Financial Regulations are set out in self-contained sections, each covering a specific area of control. Each section provides a contact point for further information or clarification.
- 1.7 Failure to comply with Financial Regulations, or procedures/policies issued under them, may lead to disciplinary action for officers and an investigation by the Section 151/Monitoring Officer for Members and if necessary referral to the National Standards Board.
- 1.8 All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the Director of Finance.
- 1.9 All Directors should ensure that any financial procedure/guidelines produced by their Directorate in support of financial control are fully compliant with these Financial Regulations.
- 1.10 These Financial Regulations should be read in conjunction with Standing Orders for Contracts and the Council's Constitution and they form part of the Council's Constitution.

- 1.11 The Director of Finance has authority to allow specific exceptions to these Financial Regulations where in his/her opinion it is in the Council's interest. The Director of Finance must keep a written record of such exceptions.
- 1.12 Documents/policies/procedures that are referred to in this document should be seen as an integral part of the Financial Regulations and must be complied with.
- 1.1.3 The Financial Regulations will be reviewed on a regular basis.

CONTACT: Senior Assistant Director of Finance

2 Responsibilities

2.1 General Responsibilities of the Council

- 2.1.1 Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. Section 151 of the Local Government Act (LGA) 1972 places a duty on the Council to make arrangements for the proper administration of its financial affairs, including the requirement for an officer to be nominated to have responsibility for the administration. The Director of Finance has been given this responsibility and is therefore the Section 151 Officer.
- 2.1.2 All elected Members and officers of the Council are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner.
- 2.1.3 These responsibilities apply equally to Members and officers when representing the Council on outside bodies.

2.2 Other Responsibilities

- 2.2.1 Any person charged with the use or care of the Council's resources and assets should ensure that they are aware of the Council's requirements under Financial Regulations. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to Audit Services.
- 2.2.2 All officers must report to their manager, supervisor or other responsible senior officer any illegality, impropriety, breach of procedure or serious deficiency in the provision of service. Officers are able to do this without fear of recrimination providing they act in good faith via the Council's Confidential Reporting Policy. Compliance with the Council's Anti-Fraud and Corruption Strategy and the Code of Conduct for Employees is mandatory for all officers.
- 2.2.3 Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Director of Finance to report to the Council if the Council, one of its committees, the Cabinet or one of its officers:
- a) Has made, or is about to make, a decision which has or would result in unlawful expenditure
 - b) Has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the Council or
 - c) Is about to make an unlawful entry in the Council's accounts.

Section 114 of the LGFA 1988 also requires the Director of Finance to nominate a properly qualified member of staff to deputise, should the Director of Finance be unable to perform the duties under Section 114 personally. The nominated deputy is the Senior Assistant Director of Finance.

2.2.4 **The Council** for Financial Regulation purposes means the full Council which provides the political and strategic direction of the Authority. It approves the policies of the Authority, including those relating to strategy and the budget.

2.2.5 **The Cabinet** for Financial Regulations purposes means the leader of the Council and the Cabinet Members, who propose Council policy and budget strategies.

2.2.6 The **Director of Finance (s151/s114)** and/or officers delegated by him/her are responsible for:

a) provision of financial advice for service delivery, strategic planning and policy making across the authority
b) provision of advice on the optimum use of available resources on the management of capital and revenue budgets
c) provision of financial management information
d) preparation of statutory and other accounts in accordance with legal requirements and professional accounting standards
e) provision of an effective internal audit function and assistance to management in providing safe and efficient financial arrangements
f) provision of effective financial management systems and procedures
g) provision of effective income collection and payments systems including payroll
h) treasury, investment and cash-flow management
i) advising on the safe custody of assets and insurance
j) co-ordination of the corporate risk management systems
k) maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval
l) reporting, where appropriate, breaches of the Financial Regulations to the Council's Audit Committee
m) ensuring the Council sets a balanced budget that takes account of cost pressures and the impact of council tax and housing rents
n) ensuring that the requirements of the Prudential Code for Capital Finance in Local Government are complied with
o) regularly reviewing financial management arrangements to ensure that they are "fit for purpose"
p) provision of a training programme providing training on financial issues for Members and non-finance staff
q) ensuring that resources are allocated in accordance with Council priorities

2.2.7 **Directors/Chief Executive** and/or officers delegated by them are responsible for ensuring that Financial Regulations are observed throughout all areas under their control and shall:

a) provide the Director of Finance with such information and explanations as the Director of Finance feels is necessary to meet his obligations under Financial Regulations and statutory requirements
b) consult with the Director of Finance and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred
c) ensure that executive Members are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the Director of Finance
d) inform the Director of Finance of failures in financial control resulting in additional expenditure or liability, or loss of income or assets
e) inform the Director of Finance immediately if any matter arises which may involve irregularities in any financial procedure
f) ensure the legality of their Directorate's actions

2.2.8 For Financial Regulations purposes the description "Director" would include the Chief Executive.

2.2.9 The Director of Law and Property is the designated Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

2.2.10 **Budget Holder** is a Director or any officer who has been delegated by a Director to be accountable for a cost centre or a series of cost centres. Budget Holders must ensure:

- a) they understand the requirements of Financial Regulations
- b) their budget reflects the proposed income and expenditure
- c) they use adequate systems to enable them to monitor their budget
- d) they have explanations for significant budget variances.

2.2.11 Where a Director delegates responsibility for a function/action this must be recorded in writing and duly signed by the Director. A record should be held in an electronic directory that all appropriate staff can access; so staff are aware of what delegations are in place.

CONTACT: Senior Assistant Director of Finance

3 Best Value/Effective Management

3.1 The systems and processes operated by the Council must be managed effectively. Effective management will help the Council in providing the best value services for its customers.

3.2 Each Director and his/her employees must ensure they:

- a) provide customers and stakeholders with best value services
- b) follow the Council's policies and procedures
- c) comply with all laid down quality, professional, management, legal and ethical standards.

3.3 Each Director must ensure:

- a) there are adequate, appropriate and clear decision making and reporting lines in operation within their area of responsibility
- b) that decisions are appropriately recorded in an electronic directory that appropriate staff can access
- c) there is an open, honest, transparent and accountable culture in operation within their area of responsibility
- d) that all of their employees receive up to date training to properly perform their duties
- e) that actions are taken to achieve best value services and demonstrate that they have the necessary processes in place to identify, monitor and collect data against appropriate and challenging performance targets
- f) they identify the scope for efficiencies.
- g) adequate business continuity plans have been prepared

CONTACT: Senior Assistant Director of Finance

4 Assurance Statements

4.1 Each Director must as part of the quarterly performance management arrangements complete a risk assurance protocol. By completing this protocol Directors are providing assurance, which includes that appropriate risks have been identified in line with the objectives of the Directorate and that mitigating actions are effective. As compliance with Financial Regulations will help to mitigate against certain risks, Directors must ensure that consideration is given to this when the risk assurance protocol is completed.

4.2 In preparing the protocol the Director must require all officers reporting directly to him/her to provide similar assurance for their area of responsibility.

4.3 The Chief Executive should ensure that processes are established to determine the sources of assurance required to support the Annual Governance Statement (AGS) and to review and approve the AGS. The Annual Governance Statement will be signed by the Chief Executive and the Leader of the Council.

4.4 The Director of Finance will ensure Action Plans are developed to address any significant governance issues reported in the Annual Governance Statement.

CONTACT: Senior Assistant Director of Finance

5 Financial Management

5.1 General Framework

- 5.1.1 The Council is responsible for approving the budget (including Medium Term Financial Strategy), various plans and policies, which will be proposed by the Cabinet. These will include the policy framework, the budget (including the capital programme) and the Council Plan. **See Budget and Policy Framework Procedure Rules within the Constitution.**
- 5.1.2 The Director of Finance shall, within the general direction of the Cabinet, produce forecasts of financial resources and advise upon the financial and economic implications of medium and long-term service development plans and programmes and budget strategies. In exercising this duty he/she shall be mindful of the Accounts and Audit Regulations 2006, the Prudential Code for Capital Finance in Local Government, current accepted local government accounting codes and will review levels of reserves and balances and ensure that a robust budget process has been undertaken.
- 5.1.3 The forecasts will indicate the likely changes to the Council's budget for the specified period both in terms of commitments arising out of statutory variations and Council policy and also the likely variations to funding from central or local sources.
- 5.1.4 The Cabinet, having considered the forecasts and options for the specified period, shall propose the overall budget strategy to the Council for approval after the consultation process as outlined in the Budget and Policy Framework Procedure Rules within the Constitution has been undertaken.
- 5.1.5 All matters relating to the financial administration of the Authority shall be kept under review by the Member of the Cabinet responsible for Finance.
- 5.1.6 Revenue and Capital budgets are cash limited and expenditure must be restricted to the amounts approved for each revenue service or capital scheme, unless there are exceptional circumstances.
- 5.1.7 In addition to the detailed arrangements set out below, any "key" decision by the Cabinet, Cabinet Member or Officer relating to the Revenue Budget or Capital Programme which is likely to result in the Council incurring expenditure or making savings of £250,000 or more (or which is likely to be significant in terms of its effects on communities living or working in one or more Wards in the Borough), must be included in the Forward Plan, as set out in the Constitution.

5.2 Medium Term Financial Strategy

- 5.2.1 The Council has produced a Medium Term Financial Strategy which:
- a) provides a strategic context for the Council's budgets, spending plans and financial matters in general to ensure that spending decisions are consistent with the Council's overall priorities and objectives

- b) sets out how the Council plans to balance spending pressures and available resources over the medium term, taking into account risks and uncertainties and the level of Council Tax.

5.2.2 One of the key purposes of having a Medium Term Financial Strategy is to ensure that the Council's final budget is determined according to the Council's priorities as set out in the Community Strategy, Council Plan and Directorate/Service Strategies and that funding is allocated according to the corporate vision, aims and objectives.

5.3 Revenue Budget

5.3.1 The Revenue Budget shall be determined by the Director of Finance in consultation with Directors within the general guidelines of the Cabinet and relevant professional requirements. The Revenue Budget shall be prepared annually before the start of the financial year.

5.3.2 The Cabinet shall consider a report on the Council's financial circumstances that would include a risk assessment prior to recommending a Budget and Council Tax to the full Council. This will include an indicative three year Revenue Budget and an updated Medium Term Financial Strategy. Each Select Committee will also be formally consulted on the budget proposed by the Cabinet.

5.3.3 As soon as the Council, at its Council Tax meeting has approved the revenue budget for each Directorate/Service, the appropriate Director will be accountable for managing within that budget. All spending must be on items of approved policy and incurred in accordance with Financial Regulations.

5.4 Virements

5.4.1 Each Director may in consultation with the Director of Finance, vire resources from one budget to another within a Service's cash limit if this is necessary to facilitate effective and efficient service provision. This does not include the virement of resources which:

- a) enables new policies or strategies to be implemented
- b) would result in a significant departure from existing policies and strategies
- c) involves an increasing commitment in future years, which cannot be contained within existing approved budget allocations.

Where a virement relates to any of the issues listed above the matter must be referred to the Cabinet.

5.4.2 Virement may be necessary for several reasons. For example:

- a) unforeseen cost increases
- b) demand for a particular service, in line with existing policies, exceeding estimates
- c) a local requirement to provide a different service from that anticipated at budget time for a particular client or to meet a particular situation, or
- d) utilising efficiency or other savings.

5.4.3 The Chief Executive, in conjunction with the Director of Finance, will co-ordinate consultations regarding budget variations that relate to services provided by a Director on behalf of another Director.

- 5.4.4 Additional income can only be used to finance additional expenditure when the Director of Finance is satisfied that the additional income would not be required to meet an overspending or potential overspending of the Director's approved budget limit.
- 5.4.5 Virements may involve consequential variations in budget composition for future years, provided always that the service revenue budget limit of the appropriate Director will not be exceeded in any year as a result of the proposal.
- 5.4.6 If it is considered that virement is inappropriate and additional money is required, then a request for extra resources must be submitted to the Cabinet. Additional money will not be made available unless approved by Cabinet.
- 5.4.7 The Corporate Financial Information System (Agresso) should be updated for any virements prior to the expenditure being incurred.

5.5 Revenue Budgetary Control

- 5.5.1 The Corporate Financial Information System (Agresso) determined by the Director of Finance is the Council's prime accounting record. It provides the mechanism for Directors, with the assistance of their Accounting Team, to monitor and control budgets.
- 5.5.2 Each Director will be provided with a monthly budget report showing actual position against budget and forecast outturn. Each Director is responsible for ensuring explanations are obtained for all significant variances.
- 5.5.3 Monthly reports will be produced by each Director in conjunction with the relevant accountant showing forecast outturn compared with approved budget for each division of service and explaining how any variances have arisen and how they will be dealt with. These reports will be countersigned by the relevant Cabinet Member and will be submitted to the Director of Finance in accordance with an agreed timetable. The Director of Finance will then report the overall summary position to Directors and the Cabinet quarterly as part of the Corporate Performance Management Report.
- 5.5.4 Directors have powers to incur expenditure in carrying out the functions allocated to them provided:
- a) the expenditure is lawful
 - b) Standing Orders for Contracts and Financial Regulations have been complied with
 - c) expenditure is within the approved revenue budget or capital programme provision
 - d) expenditure is in respect of Council policy
 - e) consultations, where appropriate, have taken place with appropriate Directors and/or Members of the Cabinet/Committee.
- 5.5.5 Nothing in these Rules should prevent a Director incurring expenditure essential to meet the needs of an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported at the earliest opportunity to the Cabinet and where appropriate the Council.

- 5.5.6 Each Director shall:
- a) monitor and control expenditure within their approved budget
 - b) keep the Director of Finance informed of any actual or likely changes which will/may have a significant impact on current or future budgets.
- 5.5.7 The Director of Finance shall also provide guidance on and co-ordinate the budget monitoring process and the form and basis of supporting information and timetable for the preparation thereof.
- 5.5.8 Generally all Council budgets are prepared on a cash limited (outturn) price base. This means that no supplementary estimates will be provided for inflation increases once budgets have been approved.
- 5.5.9 Unavoidable cost increase, e.g. public utilities, increments etc, for which insufficient allowance has been made at budget time will need to be met by equivalent reductions elsewhere.
- 5.5.10 All reports to Corporate Board or Members must be cleared by the Director of Finance for financial implications and should be made available to the Director of Finance in reasonable time before due for submission.
- 5.5.11 The Director will nominate an accountable officer (Budget Holder) for each cost centre. This officer will receive and review an appropriate budget report on a monthly basis. As part of this review process he/she would establish explanations for any significant variances.

5.6 Capital Budget

- 5.6.1 A co-ordinated and comprehensive capital programme monitoring system is in place to ensure that Members and Officers are kept fully aware of the constantly changing position and have the necessary information to enable them to make informed decisions about potential changes to approved programmes.
- 5.6.2 The Cabinet agrees individual schemes to be included in the Capital Programme. Individual schemes will be cash limited. Prior to inclusion in the Programme each Scheme proposal must be justified against the following criteria:
- a) contributes towards the delivery of the Council's strategic objectives e.g. Community Strategy and Council Plans
 - b) contributes towards the achievement of a specific priority/objective (s) as set out in a Directorate Service Plan, and/or arises from agreed capital strategies e.g. HIP , LTP and/or assists the Council to meet its statutory objectives or respond to new legislative requirements and /or contributes to the achievements of "Best Value"
 - c) can be supported by a coherent funding strategy, which will minimise the use of the Council's own resources
 - d) has a clear and well thought out brief which defines the objectives of the project and specifies any issues which are time critical; is otherwise achievable within the financial year concerned
 - e) has been fully evaluated against alternative methods of achieving the same objectives, and alternative funding sources.

- 5.6.3 It is the responsibility of Directors to ensure that prioritisation of individual capital schemes within the overall Capital Programme, within service programmes, and within budget headings is robust and stands up to scrutiny. Prioritisation will include formal scoring mechanisms or other objective methods wherever possible and appropriate.
- 5.6.4 Directors will identify a Lead Officer for each project who will take overall responsibility for co-ordinating all aspects of the project's implementation
- 5.6.5 Following each relevant meeting of the Cabinet, each Director will be notified of the individual schemes approved together with any conditions that may be imposed, e.g. dependent on the sale of land, securing resources for revenue implications, reporting back to the Cabinet, etc.

5.7 Capital Budget Monitoring

- 5.7.1 For each service's capital projects, meetings will be arranged at regular intervals between Lead Officers and representatives from Finance and any relevant technical sections e.g. Dudley Property Consultancy (DPC) and engineers to monitor:
- a) progress of schemes
 - b) problems and difficulties
 - c) changes to original proposals e.g. revised costs or work programmes, delays, etc
 - d) actual expenditure.
- 5.7.2 Following the above meetings, a monitoring report will be produced for the relevant Director and the Director of Finance.
- 5.7.3 Reports will be submitted regularly to the Cabinet to agree the inclusion of new schemes in the Capital Programme.
- 5.7.4 Reports will be submitted regularly to Directors with regard to each capital project and the Cabinet with regard to overall progress with each Directorate's capital programme, giving details of the current position. Particular areas for concern will also be highlighted, such as:
- a) potential under-spend/overspend of schemes and how the situation can be resolved
 - b) changes in the financial resources available, e.g. due to an increase/decrease in usable capital receipts or grant funding.
- 5.7.5 The results of Post Completion Reviews of individual projects costing more than £140,000 will also be reported to the Cabinet, in line with Contract Standing Orders.

5.8 Reserves & Balances Policies

- 5.8.1 The Director of Finance will report to the Council on the robustness of the estimates and the adequacy of reserves (when considering the budget for the following year), in accordance with the requirements of the Local Government Act 2003 and CIPFA guidance. The Director of Finance must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

- 5.8.2 Specifically, the report on reserves will include a statement on the adequacy of general reserves and provisions for the forthcoming year, linked to the medium term financial strategy.
- 5.8.3 Directorates may establish earmarked reserves from within their cash-limited budgets to fund future service developments (in line with Council priorities) or expenditure of an uneven nature (e.g. renewal of equipment).
- 5.8.4 Services operated on a trading basis (internal or external) may also establish reserves to balance profits and losses over the medium term.
- 5.8.5 As part of each year's budget review process, all earmarked reserves will be reviewed by Directors in consultation with Cabinet members. Any reserves no longer required for their original purpose will be transferred to General Balances.
- 5.8.6 A Corporate "Reserve of Last Resort" will also be maintained to cover unforeseen events that cannot be met from within cash-limited budgets, earmarked reserves, or uncommitted General Balances.
- 5.8.7 General Balances will be managed to enable spending pressures and resources to be balanced over the medium term.

5.9 Final Accounts and Year End Procedures

- 5.9.1 The Director of Finance must make arrangements for the accurate and timely production of the Council's accounts. In doing so he must:
- a) prepare accounts in accordance with accounting principles and standards
 - b) prepare the final accounts to meet the timetable provided by the Accounts and Audit Regulations 2006 and subsequent amendments
 - c) have adequate reasons and evidence to justify all balances on any Control and Balance Accounts.

CONTACT: Senior Assistant Director of Finance

6 Accounting Systems, Financial Records and Returns

- 6.1 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to internal and external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resource.
- 6.2 The Director of Finance shall:
- a) determine accounting systems and procedures and the form of financial records and statements
 - b) provide guidance and advice on all accounting matters
 - c) monitor accounting performance to ensure an adequate standard for all Directorates
 - d) certify financial returns, grant claims and other periodic financial reports required of the Council

- e) ensure there is a proper retention policy for financial documents
- f) establish timetables for budgets and closedown of accounts

6.3 Each Director shall:

- a) implement accounting procedures and adopt the form of financial records and statements as determined by the Director of Finance
- b) pass to the Director of Finance financial returns and other financial reports that require completion and certification
- c) maintain a proper separation of duties for staff with financial responsibilities
- d) be responsible for the completion and submission of grant financial returns
- e) ensure financial documents are kept in accordance with the retention policy
- f) ensure all key controls are appropriately evidenced

CONTACT: Head of Financial Services

7 Taxation and Leasing

Taxation

7.1 Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers and Members to be aware of their roles and responsibilities.

7.2 It is the responsibility of Directors to ensure compliance with all tax regulations relating to their Directorates. This will include Income Tax, National Insurance, Value Added Tax and tax accounted for under the Construction Industry Scheme. If in doubt, Directors should consult with the Director of Finance. Directors will be liable for any costs, including any penalties and interest charged for incorrect tax treatment.

7.3 Detailed guidance on Value Added Tax is contained in the VAT guide.

Leasing

7.4 Leasing is a method of financing certain types of capital assets and allows the cost to be spread over several financial years through annual rentals. It is a specialised area of finance with complex legal and financial agreements. Leasing arrangements may only be entered into by the Director of Finance or his designated officer if either of the following apply :

- a) the item would cost over £10,000 if the item was purchased outright.
- b) the item being leased is a vehicle.

CONTACT: Head of Financial Services

8 Financial Delegation Document

- 8.1 Each Director should produce a written financial delegation document in a format prescribed by the Director of Finance detailing who within his/her Directorate has been allocated specific financial responsibilities and tasks. In some cases delegations may have limits or restrictions attached. Any amendments to the delegation document should be made in writing, approved by the appropriate Director and publicised. A record of all delegations should be held in a directory that all appropriate staff can access, so staff are aware of what delegations are in place.
- 8.2 Directors must ensure that prior to giving financial delegated authority to an officer that there is an appropriate separation of duty within the relevant system e.g. it should not be the same officer who authorises the order requisition or invoice (No-Order invoice) that acknowledges receipt of the goods or service.
- 8.3 Directors are responsible for bringing to the attention of all relevant officers the need to comply with the financial delegation document for the Directorate.
- 8.4 Each Director must review his financial delegation document at least annually against the demands of the service being delivered.
- 8.5 Only authorised signatories (manual/electronically) per an approved financial delegation document may commit the Council to expenditure by:
- a) authorising order requisitions
 - b) certifying invoices (No-Order)
 - c) certifying non invoiced payments (web invoicing)
 - d) certifying expenses claims
 - e) authorising petty cash purchases
 - f) certifying timesheets and overtime claims
 - g) authorising personnel documentation
 - h) signing and awarding contracts
 - i) making purchase card payments
- 8.6 The financial delegation document should also include any delegations given with regard to Standing Orders relating to Contracts
- 8.7 The Director of Finance should be provided with a copy of each financial delegation document. If the Director of Finance considers that a delegation to an officer is inappropriate he can request for the delegation to be changed or removed.

CONTACT: Head of Financial Services

9 Audit

Internal Audit

- 9.1 The Director of Finance under section 114 of the LGFA 1988 and the Accounts and Audit Regulations 2006 has a statutory responsibility for the overall administration of the Council's financial affairs. Section 6 of the Accounts and Audit Regulations 2003, says that the Council "shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices". The Director of Finance shall, therefore, in accordance with relevant legislation arrange for a continuous and current internal audit of all areas of Council activities.
- 9.2 "Proper practices" are defined in the regulations by the CIPFA publication - "Code of Practice for Internal Audit in Local Government in the United Kingdom". Audit Services will operate to this Code and any other relevant guidance. The definition of Internal Audit within the Code is:
- Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment (comprising risk management, control and governance) by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.*
- 9.3 As the definition outlines Audit Services has a key role to play in reviewing the Council's arrangements for corporate governance, risk management and internal control. It contributes to the Council's Annual Governance Statement.
- 9.4 The existence of a continuous internal audit service does not in any way diminish the responsibility Directors for the management of divisions or sections under their control and their responsibilities in respect to the systems of internal control and the management of risk.
- 9.5 The Head of Audit Services shall ensure that Internal Audit remains independent in the planning and operation of the Council's internal audit activities. The Head of Audit Services is responsible for maintaining periodic audit plans which have due regard to the key strategic risks of the Council, the risks involved for each service area in delivering their services and the requirements of the External Auditor. The Head of Audit Services will consult with the Director of Finance, Directors and the Audit Committee on the annual audit plan and the strategic audit plan.
- 9.6 It is the responsibility of Audit Services to review, appraise and report upon
- a) the soundness, adequacy and application of internal controls providing assurance within the Annual Governance Statement
 - b) the extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from
 - fraud and other offences
 - waste, extravagance and inefficient administration, poor value for money or - other cause
 - c) the suitability, reliability, integrity and completeness of financial and other management data developed within the organisation
 - d) the soundness and adequacy of the systems operating to collect and report on performance information

- e) the corporate governance arrangements of the Council
 - f) the risk management processes of the Council both at Corporate, Directorate and Service Level
- 9.7 The Director of Finance's authorised Internal Audit representatives shall be empowered to:
- a) enter at all reasonable times any Council premises or land
 - b) have access to all Council records, documentation and correspondence relating to any financial and other transactions as considered necessary
 - c) have access to records belonging to third parties such as contractors or partners when required (such rights of access shall be written into appropriate agreements)
 - d) require and receive such explanations as are regarded necessary concerning any matter under examination
 - e) require any employee or member of the Council to account for cash, stores or any other Council property under his/her control or possession.
- 9.8 All work carried out shall have due regard for the requirements of the Human Rights Act 1998, the Data Protection Act 1998, Freedom of Information Act 2000, Regulatory of Investigatory Powers Act (2000) and other legislation current at the time of the audit.
- 9.9 Audit Services should be consulted on any changes in financial, governance or risk management procedures and on the implementation of new or updated computer systems.
- 9.10 Directors are responsible for responding to Audit Services reports in accordance with the agreed audit process flowchart. Recommendations should be implemented in accordance with the agreed timescale.
- 9.11 Audit Services will produce an annual management report on the work completed for each Directorate. This report will provide a conclusion on the effectiveness of the internal control, risk management and governance procedures.
- 9.12 It is the duty of any officer or Member to comply with the Corporate Anti-Fraud and Corruption Strategy. Any officer or Member who suspects that an irregularity involving cash, materials or any other property of the Council may have occurred must inform their Director who should report the matter directly to the Head of Audit Services or the Director of Finance. Confidentiality will be respected in any dealings with Audit Services, wherever possible.
- 9.13 The Director of Finance shall:
- a) report material failures of financial control to the Chair of the Audit Committee, the appropriate Cabinet Member and the appropriate Director
 - b) where evidence of fraud, misappropriation or theft is discovered, decide after consultation with the relevant Director, whether to refer the matter to the Police. Where a Member is involved the Chief Executive, Monitoring Officer and where appropriate, the External Auditor, will be consulted.
- 9.14 Each Director shall:
- a) respond without undue delay to any enquiries or recommendations made by the Director of Finance

- b) inform the Director of Finance as soon as possible of failures of financial control, including matters which involve, or may involve financial irregularity.
- 9.15 The Head of Audit Services has the authority to report, as appropriate, on any matter, without fear or favour, to all levels of the Council. This can include reporting directly to the Chief Executive, the Leader, Cabinet Member Finance, Chair of the Audit Committee, Section 151 officer, Directors, the Monitoring Officer or the Council's External Auditors.

External Audit

- 9.16 The basic duties of the External Auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which they are required to follow when carrying out their duties. The last code of audit practice was issued in March 2005. This requires the External Auditor to review and report upon:
- a) the audited body's financial statements and its Annual Governance Statement
 - b) whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 9.17 The Director of Finance is responsible for ensuring:
- a) that the External Auditors are given access at all reasonable times to premises, personnel, documents, assets that the External Auditors consider necessary for the purposes of their work
 - b) there is effective liaison between external and internal audit
 - c) that the full Council, Cabinet and Directors are advised on their responsibilities in relation to external audit.

CONTACT: Head of Audit Services

10 Public Accountability - Responsibilities

General

- 10.1 Members should ensure that they follow the Members' Local Code of Conduct, have read the Members' Handbook and declared any interests.
- 10.2 All officers should follow the Code of Conduct for Employees.
- 10.3 The Corporate Anti-Fraud and Corruption Strategy applies to all Members and officers of the Council and they should be aware of its contents whilst representing and working for the Council.
- 10.4 An officer of the Council must not, under cover of his/her position or office of employment, accept any fee or reward, other than his/her proper remuneration without the express permission of his/her Director in consultation with the Head of Personnel and Support Services (Chief Executive's Directorate)
- 10.5 A Member or officer must not accept any bribe or personal inducement in connection with the Council's business.

- 10.6 Members or officers must not use any Council premises, resources or facilities for the execution of private work. No private stationery or publicity material is to indicate that the person is a Member or Council officer nor should the address or any telephone number of the Council be stated. Members and officers should pay due notice to the relevant section of the Local Government Act 1972.
- 10.7 A Member or officer must not subordinate his/her duty to the Council to his/her private interest or put himself/herself in a position where his/her duty and private interests conflict.
- 10.8 Officers must ensure that they declare any private interest they may have in any of the Council's activities. Such a declaration should be made where the employee could benefit in the form of a financial or other pecuniary gain. The interest should be recorded in the "Register of Interests" held by Democratic Services (Directorate of Law and Property) and by each Directorate.
- 10.9 Posts over a certain grade are classified as politically restricted posts. Officers who are in politically restricted posts need to be aware of the restrictions that are placed upon their employment. Advice can be sought from the Head of Personnel and Support Services.
- 10.10 Officers and Members must respect the confidentiality of information and must not use information received for personal gain.
- 10.11 Officers and Members should avoid any arrangements which might prevent fair competition.
- 10.12 Officers should be aware of the existence of the corporate Confidential Reporting Policy. This policy provides the framework for any employee or person working under a contract for the Council to report any concerns or issues without fear or recrimination, for subsequent investigation.

Gifts & Hospitality

- 10.13 Officers and Members should follow the advice given in the Members' Code of Conduct and the Code of Conduct for Employees.

CONTACT: Head of Personnel & Support Services

11 Purchasing Arrangements

- 11.1 These regulations should be read in conjunction with Standing Orders relating to Contracts and corresponding guidance.
- 11.2 Directors must ensure that any purchasing contracts comply with Standing Orders relating to Contracts, statutory requirements and European Directives.
- 11.3 Standing Orders relating to Contracts applies to:
- a) the purchase of goods, materials and related services
 - b) the execution of works
 - c) the provision of services.

This includes the award of work to an inhouse provider where there is a statutory requirement for competition or a Director has opted for a competitive process.

- 11.4 Officers should seek the advice of Purchasing and Payment Services (Directorate of Finance, ICT and Procurement), where appropriate. Purchasing and Payment Services shall be informed at the outset, either in writing or by e-mail, of all contracts, agreements, awards and other instruments involving the payment or receipt of money, of a value of £140,000 or over during the lifetime of the contract. These will then be included within the Forward Plan.
- 11.5 Before inviting Quotations or Tenders or entering into Negotiations in respect of any Contract, it must be established whether a Corporate Contract exists covering the proposals. If one does exist then the Corporate Contract must be used unless the appropriate Director is satisfied that there are special factors justifying a different course of action. Such special factors shall be recorded in writing and copied to the Director of Finance.
- 11.6 Consultation should be undertaken with the Director of Finance prior to undertaking any ICT project.
- 11.7 Consultation should be held with the Director of Law & Property for all purchases of land and buildings and the procurement of legal support.
- 11.8 Consultation should be held with the Director of the Urban Environment for all vehicle purchases.

CONTACT: Head of Purchasing and Payments Services

12. Partnerships

- 12.1 Partnerships are defined as a group of people from two or more organisations who work together to achieve agreed goals and objectives. The Council enters into a wide variety of different partnership arrangements. For the purposes of these Financial Regulations a Partnership is defined as a key strategic working partnership and/or where the Council has significant financial involvement.
- 12.2 The Director of Finance is responsible for the following:
 - a) confirming that appropriate Financial Regulations and Standing Orders relating to Contracts are in place
 - b) assessing the financial viability of the partnership in the current and future years
 - c) ensuring accounting/budgetary arrangements are satisfactory
 - d) advising the partnership on financial matters including insurance, risk and taxation
 - e) ensuring that the partnership is appropriately audited
 - f) maintaining a record of partnerships where Dudley MBC is the accountable body
- 12.3 Directors are responsible for the following:
 - a) ensuring that the work to be undertaken is in accordance with the Council's statutory powers
 - b) carrying out an assessment of the benefits of undertaking the work in

- partnership prior to entering into partnership (feasibility study)
- c) ensuring that the partnership has adequate governance procedures in place
 - d) ensuring that adequate risk management procedures are in place
 - e) ensuring that the partnership has adequate systems/policies/procedures in place
 - f) ensuring that the responsibilities of the partners are clearly defined and recorded
 - g) notifying the Director of Finance that a partnership is to be entered and whether Dudley MBC is the accountable body and any information that he/she requires
 - h) evaluating the effectiveness of the partnership
 - i) maintaining a register of all partnerships entered into
 - j) approving the entering into of a partnership arrangement
 - k) keeping records of all key correspondence between the funding partners, especially those relating to agreement of specification, roles, risks and responsibilities.
 - l) keeping all appropriate documents in an electronic directory and evidence required to satisfy internal and external audit requirements. This directory should be accessible to all appropriate staff
 - m) ensuring that the partnership is evaluated on a regular basis using the partnership evaluation tool
 - n) ensuring partnership working agreements are in place before any activity for the scheme begins or a contract is let. These must be in writing, and as a minimum should cover:
 - A definition of who the funding bodies are and what they are committed to under the agreement e.g. allocation of contractual risks, roles and responsibilities, who will be responsible for any cost overruns, etc.
 - Express agreement as to whether the Contracts (Rights of Third Parties) Act 1999 should apply to any contract subsequently entered into with a supplier by the lead partner on behalf of the partnership. This will allow the partners other than the lead body to both enforce their rights under the contract and to be held liable for default or risk under it. Please note that this clause must also be expressly stated in the contract with the supplier to be valid.
 - How the specification will be agreed by all of the funding bodies, plus any 'exit' arrangements if the parties are unable to agree. The specification should include:
 - a description of the goods/services/outputs to be produced
 - timescales
 - testing/effects procedures
 - ownership of any intellectual property (e.g. copyright, design rights etc) or physical property (e.g. goods, buildings) resulting from the agreement
 - procedure for making variations to the agreement or the project
 - measures of quality/success
 - how disputes between the funding partners will be dealt with
 - written agreement to pay/physical fund transfer to the lead body (when and how this will be done)

- o) The agreement should be formally reviewed in accordance with the terms of the agreement.
- 12.4 Where a Director feels it is appropriate to discharge a service or provide a function through the formation of a new legal entity (company or otherwise), the relevant Director should consult with the Director of Law & Property and the Director of Finance.

CONTACT – Head of Policy

13 Schemes Financed Partly or Wholly by External Funding

- 13.1 External funding programmes can pose significant risks for the Council and should only be considered after a rigorous process of consultation and internal or external assessment including financial scoping and risk assessment.
- 13.2 The Council has produced an External Funding Code of Practice that establishes the key procedures and protocols that must be followed by every Council officer involved in bidding for and managing projects and programmes that are largely or wholly funded through external funding. In all instances officers of the Council must ensure that the External Funding Code of Practice is followed, when funding is applied for in the name of the Council.

CONTACT – Head of Financial Services

14 Orders for Work, Goods and Services

- 14.1 Official Order requisitions are to be authorised by officers approved by Directors within the scheme of financial delegation. Authorised officers are responsible for ensuring that before an order is issued that there is an adequate budget provision and that Standing Orders relating to Contracts and Financial Regulations have been complied with.
- 14.2 The Director of Finance should be notified of all officers authorised by Directors to approve official orders. As Dudley MBC operates an electronic ordering system (Agresso) this means in practice those officers who are to be provided with access to approve the requisition on the system. It is a requirement that the officer who raises the requisition is different from the officer who approves the requisition. It is also a requirement that the officer who approves the requisition is different from the officer who receipts the goods or service.
- 14.3 Official orders should be issued for all work, goods or services to be supplied to the Council (except for small value purchases). Authorising officers must be able to demonstrate that the work, goods or services are required in order to provide Council Services. Orders do not have to be raised for supplies of utilities, periodic payments such as rent or rates, purchases made by petty cash or purchase card or such other exceptions as may be approved. If an Authorising officer does not consider an order should be raised for any other type of payment then they should seek the written approval of the Head of Audit Services.
- 14.4 The most cost effective method should be used to purchase low value items e.g. purchase card.

- 14.5 Telephone orders may be used in exceptional circumstances but must be confirmed by raising an order on the Corporate Financial System (Agresso) and marked "Confirmation Order" in the appropriate text field so that it will appear on the order, within 7 days of the verbal order being given.
- 14.6 Standard terms and conditions must not be varied without the prior approval of the Director of Finance. Goods and services should be checked on receipt to ensure they are in accordance with the order. The delivery/advice note should be signed to evidence the check and retained.
- 14.7 Official orders shall indicate clearly the date of the order, the quantity, quality and nature of the goods, works and services and the contract or agreed price. An estimated price shall be provided when an agreed price is not available.
- 14.8 A method of procuring goods or services is via a purchase card. The Purchase Card User Manual should be referred to for specific details on how the Purchase Card should be used and must be complied with.
- 14.9 Directors should ensure that action is taken to ensure invoices are paid within 30 days of being received or on the stipulated date so that any settlement discounts can be obtained.
- 14.10 Any interest charged to the Council in respect of late payment under the Late Payment of Commercial Debts (Interest) Act 1998 will be passed on to the Section that ordered the goods/services.
- 14.11 Officers should monitor the orders raised and ensure that goods/services are received/provided within the stipulated timetable. Where an order or part of an order is no longer required, then it should be cancelled off the system so that the outstanding commitment is amended on the appropriate budget report.

CONTACT: Head of Purchasing and Payments Services

15 Payment of Accounts

- 15.1 Where payment is to be made, Directors should ensure that that the officers who authorise No Order invoices for payment or have approved invoice variations have prior to authorisation confirmed that:
- a) a valid invoice has been received
 - b) the goods, services and work have been received or carried out, examined and approved as to quality and quantity.
 - c) the expenditure is necessary, legal and within the estimates provision.
 - d) the prices are in accordance with any quotation, tender or contract and/or are reasonable.
 - e) discounts or credits due have been deducted
 - f) VAT or other tax treatment is correctly stated.
 - g) the account is arithmetically correct.
 - h) the amount has not been previously paid or certified for payment, either in whole or part.
 - i) appropriate entries have been made in asset registers, inventories and stock records.

- j) the information shown on the scanned invoice is in agreement with the details to be paid
 - k) there is an appropriate separation of duty
- 15.2 Where payment is made via web-invoicing the Director must ensure that section 15.1 (b,c,d,e,g,h,i,k) is adhered to and that web-invoicing is an appropriate method of making payment. Reference should be made to the Guidance on using web-invoicing.
- 15.3 Where payment is made by any other method the requirements detailed in 15.1 must be complied with unless exemption has been given by the Director of Finance.
- 15.4 Where an invoice is found to be incorrect e.g. because of an addition error, the VAT is incorrectly calculated or the invoice is not addressed to the Council, it should be returned to the supplier with an explanatory note. Hand-written amendments should not be made to an invoice as this may invalidate the recovery of VAT. A credit note should always be requested, where required.

CONTACT: Head of Purchasing and Payments Services

16 Income and Debtors

- 16.1 The Director of Finance shall ensure that effective income collection systems are in place to ensure that all of the income due is identified, collected, receipted and banked properly. Income should be obtained in advance of supplying goods or services where it is considered that payment may be at risk.
- 16.2 Directors are responsible for ensuring that all income due to the Council is received at the right time using the correct and most cost effective procedures. Whenever possible for sums below £100 credit should not be given and these sums should be collected on or before service delivery.
- 16.3 All invoices should be raised on the Corporate Financial System (Agresso) to ensure that effective action shall be taken to pursue non-payment within defined timescales. Approval to not use the Corporate Financial System must be obtained from the Director of Finance.
- 16.4 Directors are responsible for ensuring when invoices are raised that the appropriate VAT code is used and they have been authorised in accordance with the financial delegation document.
- 16.5 The Director of Finance will be provided with regular reports of outstanding debt. Individual Budget Holders should request/produce monthly debt monitoring reports, which should be reviewed to determine whether it is appropriate to continue the provision of a service to any person or organisation that has amounts outstanding outside of the credit period.
- 16.6 Directors shall, wherever possible, separate the responsibility for identifying the amount due/raising of accounts from the responsibility for collection. They should also ensure that any unbanked income is retained securely to safeguard against loss or theft and that receipts, tickets and other records of income are held securely for the appropriate period.

- 16.7 All debts will be followed up via reminder notices and debt recovery procedures as prescribed by the Director of Finance. No debt in respect of an amount due to the Council once established shall be discharged otherwise than by payment in full except where write-off has been properly authorised as detailed in 16.8.
- 16.8 Debts can only be written off by the Director of Finance in consultation with the Cabinet Member for Finance.
- 16.9 The cost of all write-offs will be borne by the Budget Holder, who originally benefited from the credit.
- 16.10 All receipts, tickets and other acknowledgements for payments received shall be approved by the Director of Finance. The Director of Finance has the authority to waive the requirement to acknowledge the receipt of certain income streams if he considers it is not practical or cost effective to do so. In all instances when acknowledgement for payment is not provided two members of staff must be present when collecting, counting and recording cash and a document must be completed recording the amount collected and signed by the two officers present to certify the accuracy of the information. Any subsequent transfer of cash between two employees shall be acknowledged by both officers signing and dating a record of the transfer.
- 16.11 Each officer who receives money on behalf of the Council, or for which they are accountable to the Council, shall keep such records as required by the Director of Finance.
- 16.12 All money received by an officer on behalf of the Council shall be paid promptly and completely to the Director of Finance, or as he/she may direct, to the Council's bankers. This should be preferably on the same day or if this is not possible at the earliest opportunity. In the interim the money should be kept securely, preferably in a locked safe. No deductions may be made from such money other than as may be approved by the Director of Finance. When money is banked information as to the reason for its receipt, or its origin, shall be supplied. Directors should ensure income held on premises does not exceed the insured amount.
- 16.13 Money held on behalf of the Council shall not be used to cash personal cheques for Members, officers or third parties.
- 16.14 Directors shall review charges made for services under their control to the public at least annually and will ensure that they are formally approved by decision sheet by the appropriate Cabinet Member.

CONTACT: Assistant Director Revenues, Benefits and Management Support

17 Banking Arrangements

- 17.1 All arrangements with the Council's bankers must be made or approved by the Director of Finance, who shall be authorised to operate such bank accounts.
- 17.2 Cheques drawn on the Council's banking account shall bear the signature of the Director of Finance or be signed by him/her or such other identified senior officers as he/she may from time to time designate in writing.
- 17.3 Standing order and direct debit payments may only be established by the Director

of Finance or such other identified senior officers as he/she may from time to time designate in writing.

- 17.4 The Director of Finance shall maintain a list of identified senior officers who may on his/her behalf give instructions to the Council's banker and countersign cheques.

CONTACT: Head of Financial Services

18 Payments to Employees

- 18.1 Staff costs are the largest item of expenditure for most Council services. It is therefore important that there should be controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with the individual's conditions of employment.
- 18.2 Directors must ensure that all staff are appointed in accordance with the Council's Recruitment and Selection Policy and there must be written evidence to support this on file including references, evidence of educational qualifications and criminal record bureau checks, if applicable.
- 18.3 The payment of all salaries, wages, pensions, compensation and other emoluments shall be made by the Director of Finance or under arrangements approved and controlled by him.
- 18.4 Each Director shall keep a personal record for each employee within his approved establishment, containing a copy of the employee's contract of employment together with sufficient information to identify service, salary scale and current amount payable, sickness leave taken and annual leave due and taken.
- 18.5 Each Director shall be responsible for updating the Corporate Payroll and Personnel System (PS Enterprise) in accordance with the approved timetable of all matters affecting the payment or emoluments and in particular:
- a) appointments, resignations, dismissals, secondments and transfers
 - b) absences from duty for sickness or other reason
 - c) changes in remuneration including normal increments and pay awards and agreements of general application
 - d) information necessary to maintain records of service for superannuation, income tax, national insurance etc
 - e) provision of benefits in kind
- 18.6 All timesheets, overtime forms or other pay documents shall be in a form prescribed or approved by the Director of Finance and shall be duly signed by the employee and certified by a nominated officer in accordance with the Directorate's financial delegation document.
- 18.7 Appointments to existing posts shall only be made in accordance with approved establishments, grades and rates of pay, unless agreed otherwise with the appropriate Director in consultation with the Head of Personnel and Support Services.
- 18.8 New posts require the approval of the Cabinet Member for Personnel, Legal & Property in consultation with the appropriate Director and the Head of Personnel and Support Services.

- 18.9 No amendment should be made on the Corporate Payroll and Personnel System unless the officer entering the amendment has received payroll documentation signed in accordance with the financial delegation document for the Directorate.
- 18.10 Audit logs should be obtained from the Corporate Payroll and Personnel System (PSE) on a regular basis showing permanent e.g. new starter and temporary e.g. overtime changes made. These should be checked by an independent officer to the personnel/payroll documentation processed and the checks evidenced.
- 18.11 No payment shall be made to a person deemed to be an employee other than through the normal payroll procedure. Under no circumstances should an employee be paid in cash.
- 18.12 Directors should give careful consideration to the employment status of individuals employed on a 'self-employed consultant or sub-contract' basis as these may well be considered employees by HM Revenues & Customs and should therefore be paid through the payroll.
- 18.13 Budget Holders should on a regular basis e.g. monthly review detailed information on the salary/wage payments made to their staff. This should be checked to ensure that the staff establishment is correct and that payments made are accurate.

CONTACT: Head of Personnel and Support Services

19 Travel and Subsistence

- 19.1 All staff should comply with the Council's Conditions relating to Car Allowances procedure.
- 19.2 Directors are responsible for the verification of their officers' travel/mileage claims. This would include:
- a) that the costs have been incurred whilst officers were engaged on official Council business
 - b) the accuracy of the mileage claimed
 - c) the validity of the journeys taken
 - d) subsistence claim is appropriately supported and in line with Council policies
 - e) car parking and other expenses are appropriately supported and in line with Council policies.
- 19.3 All travel/mileage claim forms should be signed by the officer, their supervisor and a certifying officer (in accordance with the financial delegation document). The only exception to this would be if the supervisor and the certifying officer are one and the same i.e. the officer reports directly to the certifying officer.
- 19.4 Travel/mileage claim forms should be certified by an officer of a higher grade, unless the travel/mileage claim relates to a Director.
- 19.5 The Director of Finance will reimburse members' travel/mileage claims on receipt of the completed claim form signed by the Member concerned. The Director of Law & Property will have approved the claim.
- 19.6 All claims should be completed in full, appropriately authorised and must be

submitted within three months of undertaking the journey or incurring the expenses, to qualify for reimbursement.

- 19.7 Directors must ensure that all officers claiming car allowances are appropriately insured and are legally allowed to drive a vehicle. This in practice means the following checks should be undertaken on an annual basis when an officers' car insurance policy has expired.
- a) that the officer has a valid insurance certificate that includes the use of the vehicle on official business
 - b) that the officer has a valid driving licence
 - c) that the officer's vehicle has a valid MOT certificate if required

If evidence of a valid insurance certificate, driving licence and MOT cannot be provided then the officer should not be allowed to use his/her car on Council business.

- 19.8 The officer who processes the travel/mileage claim form on the Corporate Payroll and Personnel System (PS Enterprise) should ensure that the claim form has been completed in full and certified in accordance with the financial delegation document.
- 19.9 Audit logs should be obtained from the Corporate Payroll and Personnel System (PS Enterprise) on a regular basis and checked by an independent officer to the actual travel/mileage claim forms. This is to ensure information has been accurately entered onto the system. All checks should be documented.

CONTACT: Head of Personnel and Support Services

20 Imprests

- 20.1 The Director of Finance shall provide petty cash imprests of such amounts as may from time to time be required for the purpose of paying minor items of expenditure and any other items as may be approved by him/her. Individual petty cash payments should not exceed £100 although wherever possible a purchase card should be used to make payment.
- 20.2 Where the Director of Finance considers it appropriate, he shall open an account with the Council's bankers for use by the imprest holder. The accounts will not have overdraft facilities. An officer independent to the imprest holder should undertake regular reconciliations of the bank account i.e. bank statements to supporting records.
- 20.3 The Director of Finance should approve the petty cash records maintained. Petty cash should be maintained on an imprest basis.
- 20.4 A petty cash payment slip must be completed for every reimbursement that is made, signed by the claimant, authorised by an appropriate officer and signed by the person receiving payment.
- 20.5 Receipts must be obtained for all payments over £5, unless the Director of Finance is satisfied that the obtaining of a receipt is impracticable and for under £5, wherever possible.
- 20.6 The Director of Finance reserves the right to withdraw imprest facilities from officers

if it is deemed that they are being used inappropriately, the expenditure limit is exceeded, or the facility is rarely used.

- 20.7 No income received on behalf of the Council may be paid into an imprest account but must be separately banked, unless the agreement of the Director of Finance has been obtained.
- 20.8 Petty cash accounts must never be used to cash personal cheques or make personal loans.
- 20.9 The imprest account should be continually kept in balance and regular reconciliations should be undertaken by an independent officer of the cash in hand to the records maintained. These checks should be documented.
- 20.10 Petty cash payments and petty cash imprest reimbursements should be authorised in accordance with the Directorate financial delegation document.
- 20.11 The officer responsible for an imprest account shall, if requested, give the Director of Finance a certificate confirming the amount held. Upon leaving the Council or at the request of the Director of Finance the responsible officer shall repay to the Council the balance of the imprest held or have the imprest formally transferred to another officer.

CONTACT: Head of Financial Services

21 Risk Management

- 21.1 The Director of Finance is the lead officer in respect of risk management and is responsible for the corporate risk management processes of the Council. However, it is the responsibility of all officers and Members to be aware of the principles of risk management and to manage risks, where appropriate for their area. All Directors have a responsibility for ensuring that risk management is fully embedded within their Directorate.
- 21.2 The Director of Finance will keep the Cabinet informed of the Council's key risks via the Quarterly Performance Report and will report on a regular basis to the Audit Committee.
- 21.3 The Director of Finance is responsible for the development, co-ordination and maintenance of the Council's Corporate Risk Management Strategy and policies, which are reviewed on an annual basis.
- 21.4 Directors are responsible for implementation of the Corporate Risk Management strategy/policies within their Directorate. As part of this they are required to complete the Risk Assurance Protocol on a quarterly basis.
- 21.5 Directors must undertake a formal risk assessment prior to developing new strategic policies or procedures, making amendments to existing strategic policies/procedures and/or implementing new or revised services. Pertinent papers should be retained by Directorate Management Teams and/or attached to the document storage facility on the Corporate Risk Management System (JCAD). If risks are identified then they should be entered onto the Corporate Risk Management System (JCAD).

- 21.6 Directors submitting a report to Cabinet, the Council or one of the Council's Committees must ensure that any risks arising from the proposed action or decision are explicitly detailed in the background section of the report as required by the Corporate Format of Report. Any controlling/mitigating actions to be taken to reduce these risks should also be included in the report.
- 21.7 Directors should ensure that risk identification and analysis is undertaken at the earliest opportunity in the business process and prior to the commencement of a project or partnership. Directors must ensure that appropriate controls/mitigating actions are identified, effectively applied and regularly monitored.
- 21.8 Directors should ensure that where a corporate significant project is undertaken a formal risk assessment is undertaken and appropriate monitoring procedures implemented. Identified risks should be entered onto the Corporate Risk Register on JCAD.
- 21.9 Directors should ensure that positive i.e. relating to opportunities, as well as negative risks (threats) are identified and monitored.
- 21.10 Directors must be aware of their responsibilities when delivering services with partners or via partnerships. Risks must be identified by all significant partnerships, documented (recorded on Corporate Risk Register) and formally monitored.

CONTACT: Risk and Insurance Manager

22 Insurance

- 22.1 The Director of Finance is responsible for ensuring the Council's assets and liabilities are adequately and properly insured in accordance with prevailing market conditions. Only the officer identified by the Director of Finance may obtain insurance cover on behalf of the Council. The Director of Finance or his delegated officer will review insurance cover on an annual basis.
- 22.2 The Director of Finance shall keep a record of all insurances effected by the Council and the property and risk covered thereby, including insurance valuations of insured property. Directors must notify the Director of Finance of all new risks, properties and vehicles which may need to be insured and of any alterations affecting existing risks or insurances and provide all information requested by insurers in connection with these and current risks. Also, Directors must remain cognisant of the potential insurance implications arising from changes in or new working practices. This will include partnerships, ad- hoc or unusual secondments, temporary or out of the ordinary contracts involving Council employees or consultants.
- 22.3 Directors must notify the Risk Manager prior to undertaking any new activities or acquiring / disposing of any assets that may affect the Council's existing insurance arrangements or introduce new insurable risks to the Council. Failure to comply could result in Directorates being uninsured
- 22.4 Directors must consult with the Director of Finance and the Director of Law and Property in respect of the terms of any indemnity which the Council is requested to give under contract to ensure the adequacy of the Council's insurance arrangements.
- 22.5 Any loss, liability or damage causing event that may give rise to a claim of any kind

against the Council must be notified to the Risk Manager as soon as practicably possible who will take the appropriate action to safeguard the Council's position. Any incident involving a death must be notified to the Risk Manager immediately.

- 22.6 The Director of Finance shall process all claims relating to the Council's external and internal insurance arrangements and negotiate settlements (where liability is accepted) within the limits and terms and conditions of these insurance arrangements.
- 22.7 Directors are responsible for ensuring that anyone covered by the Council's insurances is aware that they must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 22.8 Appropriate officers will co-operate at all times with the investigations of the Risk Manager into any claims and will supply all information upon request. It is imperative that officers comply with the timescales for investigating claims. Failure could directly affect the Council's ability to defend a claim or could result in financial penalties being imposed on the Council. Where it is deemed an insurance recovery will not be forthcoming the Director of Finance shall notify the relevant directorate as soon as possible to enable them to take any further action necessary.
- 22.9 It is the responsibility of Directors to ensure that all hirers of the Council's buildings sign a formal hiring agreement requiring them to indemnify the Council against the cost of any damage caused to Council property or legal claim(s) arising from the negligent actions of the hirer.
- 22.10 All employees concerned with the receipt, custody and/or disbursement of the monies and property of the Council shall be included in a suitable Fidelity Guarantee insurance policy. Directors must ensure that the Risk Management and Insurance Section is notified of all employees who have a limit of authority in excess of £5,000,000.

CONTACT: Risk and Insurance Manager

23 Stocks and Stores

- 23.1 Directors are responsible for
- a) determining an efficient stock holding policy to ensure stock levels are not in excess of normal operating requirements. As a guide stock held with an aggregate value exceeding £2,000 should be recorded on a manual or computerised stock system
 - b) determining minimum stock holding levels and efficient order quantities where a stock control system is operated
 - c) supplying the Director of Finance with such information relating to stores as may be required for the accounting, costing and financial records of the Council
 - d) ensuring all stocks are held in a secure location with limited access and appropriately segregated into marked areas
 - e) ensuring stock checks are undertaken at least once a year either in full or as part of a rolling programme of checks
 - f) supplying the Director of Finance with the value of stock in hand as at 31st March certified by the appropriate Director

- g) ensuring that after each stock check a return is completed indicating any differences between actual and recorded stock
- h) ensuring stock check variances are thoroughly investigated and the appropriate adjustments are authorised and made to the stores records, whether manual or electronic, on a timely basis. If the adjustments exceed £10,000 then this should be reported to the appropriate Director and the Director of Finance
- i) approving the disposal of surplus material or obsolete stock. All disposals should be recorded and the disposal must be in accordance with Standing Orders relating to Contracts
- j) ensuring that there is an appropriate separation of duty within the stores processes.

23.2 The Director of Finance is responsible for:

- a) providing the basis for the valuation of stock
- b) approving stock adjustments greater than £10,000 and notifying the Cabinet Member for Finance of the adjustment
- c) ensuring stock values are appropriately recorded in the Authority's accounts.

CONTACT: Head of Financial Services

24 Inventories

Furniture, Equipment, Plant, Vehicles

24.1 Items of furniture, equipment, plant and vehicles costing over £100 [or are of a highly attractive and portable nature or electrical] should be included on the inventory record.

24.2 A corporate inventory for all significant ICT assets shall be maintained by the Assistant Director (ICT & Business Transformation). Directorates should not arrange relocation or disposal without appropriate notification to the Assistant Director (ICT & Business Transformation). This does not absolve the responsibility of Directors from carrying out annual checks on their ICT equipment or recording ICT equipment on their inventory if it is not recorded on the inventory maintained by the Assistant Director (ICT & Business Transformation).

24.3 Directors are responsible for the following:

- a) maintaining inventories of equipment that record the following
 - full description of the item and including the make, model and serial number, where appropriate
 - the location of the item
 - the cost
 - order number, where appropriate
- b) ensuring the inventory is updated as soon as the item is received
- c) ensuring inventory items are marked "Dudley MBC", where appropriate
- d) ensuring that inventory items are held securely at all times, particularly expensive, moveable items.

- e) organising an annual check of their inventory and getting it approved by a senior officer
- f) ensuring disposal of obsolete items is appropriately authorised and documented and undertaken in accordance with Standing Orders relating to Contracts
- g) ensuring all leased or third party inventory items are clearly identified and labelled. The labelling should indicate that the item should not be sold or disposed of
- h) ensuring all discrepancies are reported to the Budget Holder, their line manager and any significant discrepancies (over the value of £1,000) to the Director of Finance and appropriate Director.

CONTACT: Head of Financial Services

Land and Buildings

24.4 The Director of Law & Property is responsible for the following:

- a) ensuring the Asset Management Plan is up to date
- b) maintaining a database of all properties owned or rented by the Council
- c) for the acquisition and disposal of all land and property owned / to be owned by the Council, letting, sublettings, rent reviews, renewal of leases and tenancy agreements and the appointment of any outside valuers
- d) for maintaining an up to date asset register and for ensuring that valuations are reviewed on a regular basis.

24.5 Directors are responsible for ensuring the security of buildings.

CONTACT: Assistant Director Law and Property

25 Management of Information

25.1 Directors are responsible for the security and good records and information management of all information within their Directorate. Information exists in many forms. It can be printed or written on paper, stored electronically, transmitted by post or using electronic means, shown on films, or spoken in conversation. Whatever form the information takes, or means by which it is shared or stored, it must be appropriately protected.

25.2 Directors must ensure compliance with the Council's Information Security Policy and Information Management Standards so that the requirements of the Data Protection Act, Computer Misuse Act, Copyright and Patents Acts, Human Rights Legislation and the Freedom of Information Act are being met.

25.3 Directors must ensure that data quality is maintained within their Directorates.

- 25.4 Directors are responsible for evaluating the adequacy of third parties' security arrangements and where appropriate ensure that contracts include clauses relating to the processing of personal data in accordance with the requirements of the Data Protection Act 1998 (Data Processor Agreements).

CONTACTS: Assistant Director of Finance (ICT & Business Transformation)

26 Treasury Management

- 26.1 The Director of Finance shall arrange all borrowing of monies, and make all arrangements concerning the investment or utilisation of capital monies or other funds.
- 26.2 In exercising the function, the Director of Finance should comply with the key recommendations of CIPFA's 'Code for Treasury Management in Local Authorities'.
- 26.3 The Council shall adopt a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities and suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives.
- 26.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Audit Committee.
- 26.5 The Director of Finance shall report (at least half yearly) to the Audit Committee who will in turn submit a summary of the activities of the Treasury Management function and on the use of delegated Treasury Management powers to Council.
- 26.6 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year and an annual report after its close, in the form prescribed in its TMPs.

CONTACT: Senior Assistant Director of Finance

27 Unofficial and Voluntary Funds

- 27.1 An unofficial or voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council.
- 27.2 Officers should seek approval from their Director before establishing an unofficial fund.
- 27.3 Directors must ensure that the fund money is held securely.
- 27.4 Each Director shall maintain a register of all such funds. The register will include the following details for each fund:
- a) the name of the 'Responsible Officer'
 - b) the accounting period (which should generally be 1st April to 31st March)
 - c) bank account details; and
 - d) cheque signatories.

- 27.5 Directors shall ensure that for all such funds, accounts are prepared on an annual basis and audited by suitably qualified auditors and are submitted within 12 months of the end of the accounting period to the Council and any other parties (i.e. clients, sponsors, charitable bodies) with an interest in the fund.
- 27.6 The Director of Finance reserves the right to inspect all documentation relating to unofficial funds and to seek such explanations that are necessary to ensure they are being appropriately managed. The Director of Finance should be notified of any funds which do not comply with all of these requirements.

CONTACT: Head of Financial Services

28 Controlled Stationery and Retention of Documents

- 28.1 Controlled stationery means serially numbered stationery where it is necessary to account for the use of the items.
- 28.2 The Director of Finance will determine whether or not any particular item is to be included as part of his overall responsibility for the financial system.
- 28.3 Directors will be responsible for ensuring:
- a) controlled stationery is securely held and appropriately recorded/accounted for
 - b) stock is issued in a controlled manner
 - c) periodic stock checks are undertaken by someone independent of the ordering, issuing and recording
- 28.4 Directors should ensure that the Council's document retention policy is complied with.

CONTACT: Head of Financial Services