

## Part 4.6 Financial Procedure Rules

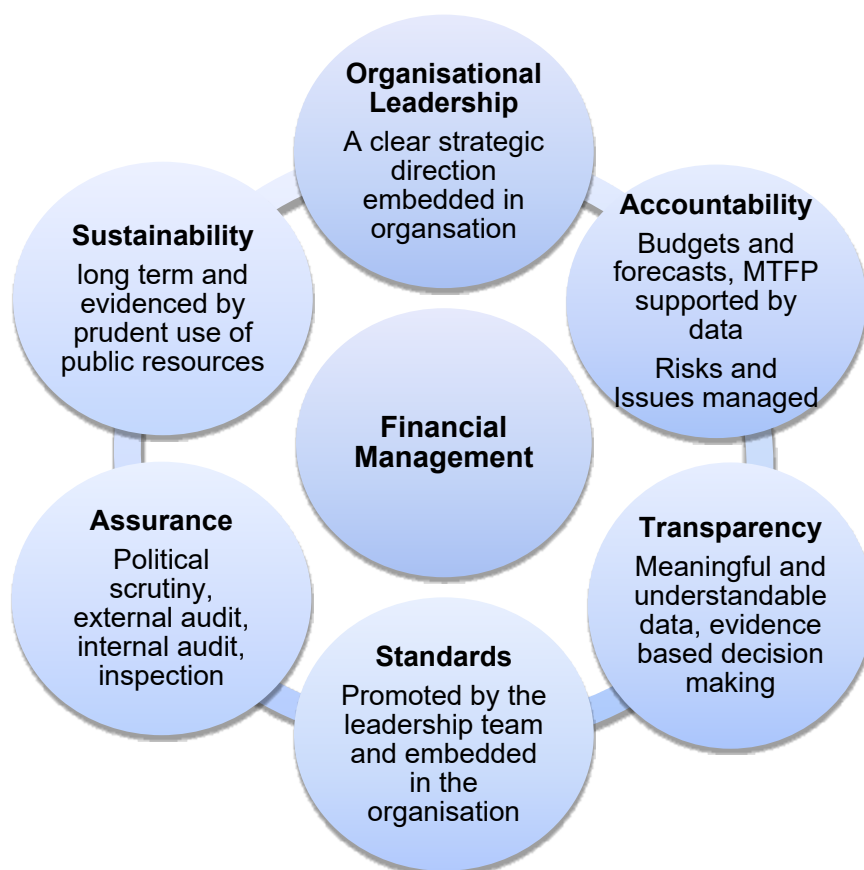
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## **1 INTRODUCTION**

### **1.1 PURPOSE OF THE FINANCIAL PROCEDURE RULES**

- 1.1.1 The Financial Procedure Rules (FPRs) provide the framework for managing the financial affairs of the Council to ensure the proper use and management of public money including incurring expenditure that is covered by statutory or discretionary laws. These rules apply to all Members, officers, contractors and partners in the work they do for the Council. The FPRs will be supplemented by detailed financial procedures and will be updated where appropriate annually, and subject to a full review at least every three years. Any changes to the FPRs must be approved by Full Council.
- 1.1.2 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (“CFO”) responsible for the proper administration of the Council’s financial affairs. These FPRs are issued in accordance with these responsibilities. Breach of these FPRs may constitute a disciplinary offence.
- 1.1.3 The Chief Operating Officer, is the Chief Finance Officer, also known as the s151 Officer, and has statutory duties in relation to the financial administration and stewardship of the Council.
- 1.1.4 The FPRs in this document form part of the Council’s Constitution. The Constitution prescribes a framework to ensure:
- the effective management of the Council’s activities
  - that high standards of integrity are exercised in the use of public funds.
- 1.1.5 The FPRs govern the way the Council undertakes financial forward planning, annual budget setting, budget monitoring and closing of the accounts. The FPRs also govern the way day to day financial administration is conducted and financial controls are exercised. In the event that circumstances are not covered in the FPRs, the Chief Finance Officer and Monitoring Officer must be consulted.
- 1.1.6 The Scheme for Financing Schools, which follows the requirements of the School Standards and Framework Act 1998, governs School Governors, Headteachers and school staff of Maintained schools with delegated budgets. A local financial guide for schools supplements the Scheme for Financing Schools. In these cases, the FPRs do not apply. Each school is required to have a financial management policy and procedures document, which should ensure compliance with relevant legislation and standards, and should not be contrary to these FPRs. Any contraventions should be reported to the Chief Finance Officer.
- 1.1.7 The Chief Finance Officer is required to control and be responsible for the accounts and finances of the Council in every respect and ensure, as far as possible, that consistent financial systems operate throughout the entire operation of the Council.
- 1.1.8 The FPRs also have regard for the local authority accounting body, Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code

which sets out six underlying principles to support good financial management as follows:



- 1.1.9 These FPRs must be adhered to and it is the responsibility of Members and Officers to be familiar with these FPRs seeking advice as necessary. The Chief Finance Officer and Directors may delegate responsibilities assigned to them under these Rules. Within each Directorate the Scheme of Financial Delegation must be agreed by the Chief Finance Officer and held in a central register. Should a breach of these FPRs be identified, the Chief Finance Officer must be notified immediately.

## 1.2 ROLES AND RESPONSIBILITIES

- 1.1.1 Part 3 of the Constitution set out roles and financial responsibilities of Full Council, Cabinet, Audit and Corporate Governance Committee and other Committees of the Council. In summary Members' responsibilities for the overall management of the Council's financial affairs are exercised through:

- a) Full Council, which is responsible for approving the Council's overall budget and policy framework within which the executive operates, setting budget to include Prudential Indicators for capital finance and treasury management, setting limits for budget virements, and approving the Council's treasury management and investment strategies.
- b) The Cabinet, which is responsible for proposing the policy framework and budget to the Council and for discharging executive functions in accordance with it.

- c) Audit and Corporate Governance Committee, which is responsible for maintaining a continuous review of the Council's assurance framework, review of the Treasury Management Strategy, approving the Annual Statement of Accounts for publication, and oversight of audit and anti-fraud activity.
- d) Corporate Improvement Scrutiny Committee, which has a wide-ranging remit but in relation to the council's finances principally engages with the annual budget process and makes budget-related recommendations to Cabinet.

1.1.2 Part 3.6 of the Constitution also sets out chief and statutory officer roles and responsibilities including responsibilities for decision making and what constitutes a key decision.

1.1.3 All Directors (including the Chief Executive and Executive Directors), hereafter, referred to as Directors of the Council are required to promote and comply with the following within their Directorates:

- to formulate, allocate and manage capital and revenue budgets approved by Full Council.
- to be accountable for the behaviour, performance and compliance of the Directorate's officers in relation to financial matters
- to ensure security, custody and control of all assets under their control including but not limited to:
  - Property, Plant and Equipment
  - Vehicles
  - Cash, stock and materials
  - Debtors and other receivables

Directors are responsible for maintaining the Council's system of controls, financial and otherwise. They are required to ensure the accuracy and integrity of financial information and other systems operating with their Directorates. This is to enable reasonable assurance to be provided to the Chief Finance Officer that the Council's financial regulations are being complied with.

1.1.4 Directors are responsible for ensuring that Members are advised of the financial implications of all proposals. The financial implications of any Council, Cabinet or Committee report must be approved by the Chief Finance Officer or their nominated delegate.

1.1.5 Directors are responsible for keeping up to date any local and central finance systems and must provide the finance team with full access to any locally held financial records and systems, whilst ensuring compliance with the UK General Data Protection Regulation and Data Protection Act 2018.

1.1.6 Executive Directors (to include the Chief Executive) are responsible for maintaining an internal scheme of delegation, setting out delegation for financial decision-making.

1.1.7 Each Directorate will have a Strategic Finance Manager nominated by the Chief Finance Officer to act as the Finance representative for the respective Directorate. They are responsible for providing advice on financial matters to officers in each Directorate, ensuring a common understanding of requirements.

1.1.8 Directors will nominate Officers within their Directorates to act as budget holders. The primary responsibility of a budget holder is to administer the financial affairs of their allocated service area(s). The roles of Budget Holders are defined in the Scheme of Financial Delegation.

1.1.9 In summary, the responsibility of the role is:

<b>Role</b>	<b>Responsibility</b>
Budget Holder (Budget Manager)	The primary responsibility of a budget holder is to administer the financial affairs of their allocated service area(s) which is managed through budget codes
Heads of Service	Heads of Services may also be a budget holder and have responsibility for their allocated service area. In accordance with the Financial Procedure Rules this role also retains accountability to assign budget holders
Directors	Directors may also be a budget holder and are responsible for their division within a Directorate. In accordance with the Financial Procedure Rules this role also retains accountability to assign budget holders
Executive Directors (including the Chief Executive)	Executive Directors may also be a budget holder and are responsible for their Directorate. In accordance with the Financial Procedure Rules this role also retains accountability to assign budget holders and for authorising and maintaining an internal scheme of delegation.

<b>Role</b>	<b>Responsibility</b>
Finance Team (Finance Business Partners and Strategic Finance Business Partners)	To provide support and advice to budget holders, act on instruction from the Chief Finance Officer. Co-ordinate the budget setting, monitoring and closedown timetable including ensuring that forecasts have been provided for entry onto the finance system as provided by the budget holders.

1.1.10 With regards to budgetary controls, budget holders will work with Strategic Finance Managers to:

- a. monitor transactions incurred or received against their budgets, forecast a full year position (monthly) and provide explanations for changes and variances against budget.
- b. ensure that contracts are managed and Purchase Orders are raised before works, goods and services are undertaken.
- c. ensure all accounts payable are settled within 30 days (unless separately agreed with the Chief Finance Officer and other appropriate stakeholders).
- d. ensure all monies due to the Council are recorded accurately and promptly recovered.
- e. identify commitments against their budgets for year-end accounting to recognise accruals and prepayments as required.
- f. reconcile their own records to the Council's financial information system on a regular basis and take corrective action promptly to deal with any problems that may arise.
- g. maintain and provide as requested robust, clear working papers and evidence for all transactions recognised against their budgets.
- h. comply with the guidance set out in these Regulations and any additional guidance issued by the Chief Finance Officer.
- i. Reconcile all income received by their service on a monthly basis against bank accounts(s) and the relevant feeder system(s)
- j. manage any balance sheet items for which they are responsible, (e.g. assets, grants, stock) to ensure that they are safeguarded, properly accounted for and properly used.

1.1.11 Whilst budget holders will be responsible for much of the day-to-day operational responsibility, the Executive Directors bear the ultimate responsibility for ensuring the proper management of the Council's resources within their Directorate including delivering the service within the agreed budget envelope; by taking appropriate action where an overspend seems likely; planning actions to ensure the budget is not exceeded and informing and agreeing remedial action with the Chief Finance Officer where exceeding the approved budget is looking likely.

1.1.12 All officers should be aware of these FPRs and relevant procedures for their directorate and team. If an officer is unclear about their authorisation or role, they should seek advice from their line manager or the Strategic Finance Manager for their area of responsibility.

1.1.13 All officers (including temporary and agency staff and consultants) have a responsibility for use of the Council's assets and resources. These responsibilities are set out in the Local Code of Conduct for Employees. This includes a responsibility to report any concerns about financial irregularity, corruption or fraud to a line manager, finance lead, statutory officer or if needed, via the Council's whistleblowing procedure.

## **2 FINANCIAL PLANNING AND FINANCIAL MANAGEMENT**

### **2.1 BUDGET STRATEGY**

- 2.1.1 The Budget Strategy sets out the Council's proposed income and expenditure, both revenue and capital, the level of savings and the level of council tax, for the following financial year, including the way in which corporate service priorities are considered, the level of balances and reserves, and the management of financial risks.
- 2.1.2 The Council's policies for the recovery of debt are separately approved by the Cabinet.
- 2.1.3 The Budget Strategy and Medium-Term Financial Strategy will normally be recommended by the Cabinet to Full Council for approval in the February preceding the start of each financial year.
- 2.1.4 In approving the budget, the Council will specify the extent of controls in addition to those in the Financial Procedure Rules (if any) on the use of contingencies and reserves which may be undertaken by Cabinet. Any changes to the budget outside of those rules are reserved to the Council.

## **2.2 MEDIUM TERM FINANCIAL STRATEGY**

- 2.2.1 The Chief Finance Officer, in consultation with the Cabinet Member Finance, will maintain a Medium-Term Financial Strategy that covers a period of at least three financial years, including the current financial year.
- 2.2.2 The Medium-Term Financial Strategy will be produced and reported in conjunction with the annual budget, council tax and rent proposals to the Cabinet and Full Council before 11 March of the preceding financial year. Further updates on the Medium-Term Financial Strategy may be reported during the year.
- 2.2.3 In that the Medium-Term Financial Strategy spans a number of years; it is to be expected that figures in later years will often be preliminary estimates and/or aspirations of future decisions and changes in council policy.

## **2.3 ANNUAL BUDGET SETTING**

- 2.3.1 The process for annual budget setting is set out in the Budget and Policy Framework Procedure Rules at Part 4.3 of the Constitution.

### Fees and Charges

- 2.3.2 The budget recommended by Cabinet to Full Council will incorporate the latest projection of income from fees and charges. Cabinet will review and approve changes to executive function fees and charges on an annual basis and Licensing Committee will approve changes to non-executive function fees and charges on an annual basis. In-year changes can be made by officers in accordance with the Officer Scheme of Delegation and by Cabinet / Licensing Committee. The budget recommended by Cabinet to Full Council will incorporate the latest projection of income from fees and charges.

### Capital Programme and Budget

- 2.3.3 The Capital Programme has been developed following these principles:

- To maintain an affordable five-year rolling capital programme.
- To ensure capital resources are aligned with the Council's strategic vision and corporate priorities, as set out in the Capital Strategy approved by Full Council.
- To undertake prudential borrowing only where there are sufficient monies to meet, in full, the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking appropriate external funding and disposal of surplus assets.
- No capital scheme can be approved that is either outside the scope of the approved Capital Strategy or outside the borrowing parameters set out in the Treasury Management Strategy without the approval of Full Council to amendments to those respective strategies.

#### Alternative Budget Motions

- 2.3.4 The rules on alternative budget motions and amendments to the budget are contained in the Budget and Policy Framework Procedure Rules at Part 4.3 of the Constitution.

## **2.4 BUDGET MANAGEMENT & MONITORING**

#### Making changes to the budget

- 2.4.1 A change required to the budget following the approved budget is known as a virement, transferring budget from a specific area to another. This can either be a transfer within revenue budgets or capital budgets but not between revenue and capital. A virement can be an in year virement only or if the virement is permanent and covers future years, the future year amendments will require to be recognised in the budget setting process for the following year.
- 2.4.2 The virement scheme is intended to enable the Directors and their officers to manage budgets with a degree of flexibility within the overall framework determined by the Council, and therefore optimise the use of resources. Virements cannot be used to transfer budgets to any purpose which sits outside the Council's agreed budget and policy framework.
- 2.4.3 If a grant is awarded after the approval of the budget or not set up prior to approval, it is a requirement for the Director to set up a budget following the virement process.
- 2.4.4 Virements requests must follow the current virement process as approved by the CFO within the Scheme of Financial Delegation. All revenue virements over £500,000 must be approved by Cabinet.
- 2.4.5 Amendments to the capital budget can only be made with approval as per the table below:

<b>Capital Virements</b>
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<p>Cabinet approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e., as per the budget book. The report must show the proposed:</p> <ul style="list-style-type: none"> <li>(i) Budget transfers between projects and by year.</li> <li>(ii) Funding transfers between projects and by year; and</li> <li>(iii) A summary based on a template approved by the Chief Finance Officer</li> </ul>
<p>The Chief Finance Officer can approve virements of capital monies up to £1m under delegated responsibilities but these must be reported to Cabinet on a quarterly basis.</p>
<p>Cabinet approval is required for all additions to the capital programme. All Capital additions are reviewed by the Capital board prior to being recommended for approval to Cabinet.</p>
<p>Funding substitutions in order to maximise funding are the responsibility of the Chief Finance Officer.</p>
<p>Cabinet can approve spend on new capital projects up to £10m where expenditure is covered by external grant or is in accordance with the Council's treasury management strategy and capital strategy, and has no unfunded full year revenue implications. This includes projects that can be brought forward from future years within the approved capital programme.</p>
<p>The Chief Finance Officer can approve virements between projects of up to £1m following consultation with the Lead member</p>

### Budget Monitoring

- 2.4.6 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The CFO is responsible for monitoring and controlling overall expenditure and income against budget allocations and must report to Cabinet on the overall position on at least a quarterly basis. Once the budget is approved by Full Council, Executive Directors will be required to sign off their annual budgets and are authorised to incur expenditure in accordance with the approved budget, subject to the limits set out in these Finance Procedure Rules.
- 2.4.7 It is the responsibility of Executive Directors to control income and expenditure within their Directorate and they should consider their budget allocations to be cash limited. Directorates are required to comply with the budget monitoring timetable.
- 2.4.8 Executive Directors are responsible for the monitoring and reporting of variances and taking action to avoid exceeding their cash limited budget allocation. Executive Directors are required to notify the Chief Finance Officer of all overspends and to identify mitigations.
- 2.4.9 Directors are required to notify the Chief Finance Officer of all underspends, over-recovery of income or windfall benefits arising within their revenue and capital budgets. Where these occur, they should in the first instance be transferred to the corporate contingency budget unless regulations specify restrictions on their use or the under spend, additional income or other financial benefits are to be used to offset uncontrollable overspends elsewhere within the service.

- 2.4.10 Directors must ensure that no commitments are made that would result in an approved budget being exceeded. Prior approval must be obtained to increase the budget either by virement or by a supplementary estimate.

Budget Monitoring – Revenue

- 2.4.11 It is the responsibility of Directors to notify the Chief Finance Officer of forecast revenue budget or capital project overspends regardless of whether offsetting savings or additional income have been identified.
- 2.4.12 It is the responsibility of Directors to report financial risks (i.e. risks that are not included in the forecasts) and ensure that these are escalated to the Directorate and Corporate Risk Registers where necessary.

Budget Monitoring – Capital

- 2.4.13 Forecast overspends on approved capital projects must be communicated through the Chief Finance Officer to the Cabinet as soon as possible with options for offsetting the forecast overspend.
- 2.4.14 It is the responsibility of Directors to report financial risks (i.e. risks that are not included in the forecasts) and ensure that these are escalated to the Directorate and Corporate Risk Registers where necessary.

Central Contingency

- 2.4.15 The Chief Finance Officer will determine which budget risks and uncertainties are to be held within the central contingency.
- 2.4.16 Allocations from the central contingency relating to planned developments will be approved by the Chief Finance Officer, following the receipt from an Executive Director (to include the Chief Executive) of a fully costed proposal to incur expenditure that is in line with planned development (including full year effect). Where there is a significant increase in the full year effect (so that the total allocation is over £500,000), the contingency allocation must be approved by the Cabinet.
- 2.4.17 Allocations from the central contingency for unplanned expenditure, including proposals to utilise underspends previously generated within the service and returned to central contingency, will be approved by the Chief Finance Officer. Where there are competing bids for use of under spends, additional income or windfalls previously returned to central contingency, an assessment of priority will be undertaken by the Chief Finance Officer to determine allocation of the funds. Allocations for unplanned expenditure over £500,000 must be approved by Cabinet.

Supplementary Estimates

- 2.4.18 In the event it is not possible to transfer resources between budgets or from contingencies to meet a liability, or no other mitigating actions can be taken, a request may be made for additional funding from earmarked reserves of the general reserve. These are referred to as Supplementary Estimates.
- 2.4.19 Supplementary Estimates can only be requested for one-off purposes. Where additional funding is required on an ongoing basis, the full year effect must be addressed through the revenue budget setting process. All supplementary estimates must be reported to Cabinet, and those in excess of £500,000 must be approved by Cabinet. In the event that the supplementary funding will require amendment to the approved Reserves Strategy, then it must be reported to Full Council.
- 2.4.20 The Chief Finance Officer will withdraw supplementary funding if it becomes apparent that the funding is not being used for the agreed purpose or is no longer required and can be returned to the reserve from which it was allocated.

#### Balances and Reserves

- 2.4.21 Allocation to and from the balances and reserves will be the responsibility of the Chief Finance Officer in line with the principles that Full Council have agreed.
- 2.4.22 Any significant change in the planned use of a reserve greater than £500,000 must be approved by the Cabinet.

#### Budget Monitoring – reporting

- 2.4.23 The Chief Finance Officer will report in detail to Cabinet at the end of each quarter as a minimum, on the revenue and capital budgets and wider financial standing and will make recommendations for varying the approved budget (revenue and capital) where necessary.

#### Full Year Effects

- 2.4.24 In preparing any estimates of expenditure and income, Executive Directors (to include the Chief Executive) and Directors must give proper consideration to full year effects.

#### Annual Governance Statement

- 2.4.25 Executive Directors (to include the Chief Executive) must support the work on corporate risk management contributing to the production of the Annual Governance Statement that has to be published alongside the Statement of Accounts.

#### Partnership Working

- 2.4.26 Before entering into a partnership with another organisation that involves pooling some of the Council's revenue and/or capital budgets, the Executive Directors (to include the Chief Executive) in consultation with the Chief Finance Officer and after approval by Lead Member(s) must ensure that adequate financial controls

are in place. A financial risk assessment must also be prepared and monitored over time.

- 2.4.27 The Chief Finance Officer should maintain a register of all such partnership arrangements and the authorised signatories for approving expenditure.

#### Authorisation of Non-Budgeted Expenditure (Emergency Payments)

- 2.4.28 Emergency payments may arise as a consequence of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.
- 2.4.29 Emergency payments greater than £50k can only be made by decision of the Executive Directors (to include the Chief Executive) in line with guidance issued by the Chief Finance Officer. All such emergency payments should be reported to the next meeting of the Cabinet.

## **2.5 CLOSING OF ACCOUNTS & STATEMENT OF ACCOUNTS**

- 2.5.1 The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year and is responsible for approval and publishing of those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations.
- 2.5.2 The Chief Finance Officer is responsible for making arrangements for closing the Council's accounts and producing the annual Statement of Accounts, as well as all matters relating to their audit and public inspection. The Chief Finance Officer is also responsible for determination of accounting policies, and for applying those policies consistently, to ensure that the Council's annual Statement of Accounts are prepared in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and other relevant accounting standards and practices.
- 2.5.3 The Chief Finance Officer will issue accounting instructions on the closure of accounts, including a timetable annually. Executive Directors (to include the Chief Executive) are responsible for ensuring that staff adhere to the timetable and requirements set out by the Chief Finance Officer for the closing of accounts, and provide any information and evidence required in relation to this.
- 2.5.4 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports to those charged with governance on matters arising from the audit of the Council's accounts. There is also an Annual Audit Letter which includes the external auditor's report and opinion on the audit of the accounts, as well as a conclusion on the Council's arrangements for providing Value for Money. These reports will be considered by the Audit and Corporate Governance Committee as part of the completion of the annual audit of the financial statements.

## **2.6 TREASURY MANAGEMENT FRAMEWORK**

- 2.6.1 Treasury management activities are those associated with the management of the Council's cash flows borrowings and treasury investments, and the effective control of the risks associated with these activities. The Council should comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.
- 2.6.2 The Council will create and maintain, as the cornerstones for effective treasury and investment management:
- a treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
  - investment management practices (IMPs) for investments that are not for treasury management purposes.
- 2.6.3 The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the Treasury Management Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Treasury Management Code's key principles.
- 2.6.4 Full Council will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, approving an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs and IMPs.
- 2.6.5 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management. This officer has the delegated authority to undertake all borrowing on behalf of the Council in line with the approved annual strategy and plan. Any decision not in accordance with the approved annual strategy and plan must be taken to Full Council for approval.
- 2.6.6 The Council nominates the Audit and Corporate Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. This committee will receive the draft annual strategy and plan in advance of approval by Full Council and receive the mid-year review and outturn report for review before submission to Full Council.
- 2.6.7 The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for accountability. Further detail on record keeping is contained in the agreed strategy and plan.
- 2.6.8 The Chief Finance Officer will ensure there is a clear separation of functions between those charged with setting treasury management policies and those individuals responsible for implementing and controlling the policies, particularly with regard to execution and transmission of funds, recording and administering of treasury management decisions and the audit and review of the treasury

management function. The Chief Finance Officer will ensure that those officers tasked with treasury management functions are professionally competent and that there is effective deputising arrangements in place. The Responsible Officer will ensure that those tasked with approving, reviewing or scrutinising policies, strategies and plans have access to training to support with this role. Those individuals with a responsibility for treasury management have a personal responsibility to highlight any training needs and to participate in learning and development activities.

- 2.6.9 The Council will not borrow to invest for the primary purpose of financial return. Where the Council makes investments for service or commercial purposes including property or other financial assets primarily for financial return, the Council will apply an appropriate investment risk management approach and follow its investment management practices.

### **3 FINANCIAL ADMINISTRATION, SYSTEMS AND PROCEDURES**

#### **3.1 ACCOUNTING**

- 3.1.1 All accounting arrangements across the Council shall be in a manner approved by the Chief Finance Officer, taking into account best practice guidance issued by relevant external bodies, such as CIPFA and national guidance.
- 3.1.2 There must be adequate separation of duties to ensure that no one officer is able to handle any financial transaction from start to finish without there being some mechanism for independent checking. By finish is meant the completion of the accounting for the transaction.

##### Authorised Officers

- 3.1.3 Directors shall authorise appropriate officers to undertake the following duties:
- a) Raise purchase requisitions, on Unit 4 unless approved otherwise by the Chief Finance Officer, for works, supplies or services to the extent that contractual arrangements already exist;
  - b) Certify, on Unit 4 unless approved otherwise by the Chief Finance Officer, the receipt of works, supplies or services;
  - c) Approve purchase requisitions, on Unit 4 unless approved otherwise by the Chief Finance Officer, or other orders, both those for work procured by approved procuring officers, where the person authorising will need to ensure that the order complies with Contract Procedure Rules, and those that relate to existing contractual arrangements;
  - d) Approve personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates; and
  - e) Certification for cheques, BACs authorisation, CHAPs authorisation and grant claims.
- 3.1.4 Only officers authorised to procure under arrangements contained within Contract Procedure Rules and internal schemes of delegation are entitled to test the market or purchase from select lists. No other officer is entitled to obtain quotations or run a tendering exercise.

3.1.5 Directors shall ensure that approved officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Authorised officers are accountable to their Directors for the exercise of these functions. The authorisation levels apply only to cost centres for which Authorised Officers have been given access as outlined in the Scheme of Financial Delegation.

3.1.6 All Council entity accounting should occur on the Council's Accounting System and any exceptions must be specifically authorised by the Chief Finance Officer.

## **3.2 BANKING ARRANGEMENTS**

3.2.1 The Chief Finance Officer is responsible for:

- a) Procurement of the Council's banking arrangements
- b) Opening and closing any bank accounts
- c) Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council
- d) Approval of and issuing procurement cards

3.2.2 The Chief Finance Officer must approve all banking and card acquiring arrangements across the Council and must be satisfied with the safe keeping of all controlled banking stationery.

3.2.3 The Chief Finance Officer will maintain a register of all bank and card acquiring contracts.

3.2.4 The Chief Finance Officer will be responsible for ensuring that the Council's banking arrangements are reviewed on a regular basis and that the banking contract is reviewed every three years.

3.2.5 Executive Directors are responsible for ensuring that any staff in their areas that use the Procurement Cards adhere to the requirements of the SBC Purchasing Card Policies and Procedures and Terms and Conditions.

## **3.3 ASSETS**

3.3.1 Executive Directors (to include the Chief Executive) are responsible for the proper security of all buildings, stocks, furniture, equipment and cash etc. within their service. The Chief Executive shall exercise a co-ordinating role on security issues and shall be consulted where it is felt that security is inadequate or in special circumstances.

3.3.2 Maximum limits for cash holdings (imprest accounts) shall be set by the Chief Finance Officer, which may not be exceeded without prior authority. Areas where cash is counted and held must be secure and with access restricted only to authorised staff.

- 3.3.3 Executive Directors (to include the Chief Executive) are responsible for the sale or disposal of non-property/land assets employed in their service, and for accounting for these transactions. All disposals are to be reported to the Chief Finance Officer on a quarterly basis. All property or land sales and purchases are to be managed in accordance with disposal and acquisition strategies. Certain land transactions are reserved to Cabinet as set out in the Part 3.5 of the Constitution – Responsibility for Executive Functions.
- 3.3.4 Executive Directors (to include the Chief Executive) are responsible for implementing a system for the maintenance of stocks and stores including regular stock checks and write offs when required.

### **3.4 IMPREST ACCOUNTS**

- 3.4.1 Imprest (petty cash) accounts can only be established in exceptional circumstances, where there is no other practicable means of meeting minor expenditure on behalf of the Council. The Chief Finance Officer must authorise all imprest accounts and the imprest account holder must comply with any rules set by the Chief Finance Officer. Executive Directors and Directors are responsible for ensuring any imprest account within their service is regularly reviewed and reconciled and must provide the Chief Financial Officer with a certificate of the value of the account held at 31st March each year.

### **3.5 INCOME**

- 3.5.1 The Council will usually charge for all services, where allowable, and have charging policies in place.
- 3.5.2 Officers should encourage payment in advance or at point of service delivery wherever possible as per the Council's Debt Management Policies and minimise the amount of credit given to customers.
- 3.5.3 All records relating to income due to the Council, accounts raised, and receipts issued shall be in a format agreed by the Chief Finance Officer.
- 3.5.4 Officers responsible for controlled stationery must keep it secure. Methods of payment must be agreed by the Chief Finance Officer.
- 3.5.5 The Chief Finance Officer, or officer nominated by the Chief Finance Officer, may authorise payment by instalments if full payment cannot be obtained immediately, in accordance with the Debt Management Policy.
- 3.5.6 Officers receiving monies shall keep an accurate and chronological account of all receipts and banking.
- 3.5.7 Monies received must be banked on the day of receipt wherever possible, and not later than the next working day. All amounts paid in must be referenced to enable subsequent identification of the accounts to which they relate. All cheques, postal orders etc. shall be crossed with the crossing stamp provided.
- 3.5.8 No deductions may be made from monies received.

3.5.9 Executive Directors (to include the Chief Executive) must notify the Chief Finance Officer of all monies due to the Council under contracts, leases or other agreements and the cessation of use or change of user affecting this income.

3.5.10 Officers responsible for raising invoices must ensure that VAT has been properly accounted for.

#### Invoicing & Debt Recovery

3.5.11 The Council's Debt Management Policies, should be subject to regular review and approved by Cabinet every three years, and set out the Council's policy and procedures in relation to the billing, collection and recovery of monies owed to the Council and is to be adopted across all services within Slough Borough Council.

### **3.6 INSURANCE**

3.6.1 The Chief Finance Officer is responsible for maintaining the Insurance Strategy arranging adequate insurance cover for the Council and ensuring that comprehensive records of all insurable risks are maintained covered and will report any material changes to Cabinet.

3.6.2 The Chief Finance Officer will hold in safe custody all insurance policies of the Council, arrange for payment of premiums by the due date, and manage the Council's own Insurance Fund.

3.6.3 Executive Directors (to include the Chief Executive) must notify the Chief Finance Officer immediately of all new areas of risk and of any change of circumstances likely to affect existing insurance risks.

3.6.4 Any incident which could give rise to an insurance claim must be promptly notified to the Chief Finance Officer by the relevant officer, who shall also inform the Police if appropriate.

3.6.5 All insurance claims must be administered in accordance with the on-line (or alternative) process as determined by the Chief Finance Officer.

3.6.6 No indemnity can be provided without express approval by the appropriate insurer. Officers must obtain advice from the Chief Finance Officer, Monitoring Officer and Insurance officer as appropriate in relation to any proposal to provide an indemnity.

3.6.7 Officers in receipt of a motor vehicle allowance must produce registration documents, insurance policy, certificate of insurance and test certificate if required by the Chief Finance Officer. Insurance policies must be comprehensive and cover use on official business.

3.6.8 The Executive Director will periodically undertake a general revaluation of Council buildings so that appropriate amendments to insurance cover can be arranged.

3.6.9 Executive Directors are responsible for ensuring appropriate data is maintained for determination of insurance policies and their procurement. The insurance officer will provide an up-to-date schedule of insurance related data required to be held.

- 3.6.10 Insurance records relating to liability policies and related correspondence must be retained indefinitely. Documents relating to other policies and internal funding arrangements must be retained in accordance with the Council's Document Retention Schedule.

### **3.7 INVESTMENTS, BORROWING, CAPITAL FINANCING & TRUST ACCOUNTS**

- 3.7.1 The Chief Finance Officer shall ensure that the Council's money is properly managed and controlled in a way which balances risk with return but with the overriding consideration being given to the security and liquidity of the Council's investment.
- 3.7.2 All investments, except bearer securities, controlled by the Council shall be registered in the Council's name or in the name of nominees approved at a Cabinet.
- 3.7.3 All securities shall be held securely by the Council's bankers, or custodians approved by the Cabinet.
- 3.7.4 The Chief Finance Officer shall ensure that all borrowing is registered in the name of the Council.
- 3.7.5 The Council's nominated Director is responsible for trust funds and ensuring that funds are only drawn down for the purposes intended as set out in the Trust deed and that accounts are prepared and audited each year. Any trust funds must be separately identified and accounted for, but otherwise should be managed in accordance with these procedural rules. The nomination will be set out in the Scheme of Financial Delegation.

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- 3.7.6 The Chief Finance Officer will also provide regular monitoring reports to Cabinet and report any breaches or amendments of the Prudential Code to Council.

### **3.8 ORDERING OF SUPPLIES, WORKS AND SERVICES**

- 3.8.1 All contracts are subject to the Contract Procedure Rules and Executive Directors (to include the Chief Executive) must have systems in place to ensure that only authorised officers are allowed to place purchase orders, and that purchase orders are only raised when there is sufficient budget available. The Chief Finance Officer may implement additional spending controls, which will be administered through the Expenditure Control Panel. Executive Directors must ensure compliance any such spending controls issued.
- 3.8.2 The Council's policy is that without a valid purchase order (PO), a payment cannot be made. **Creation of a purchase Order (PO):** Once the purchase has been agreed, a purchase order must be raised on the council's accounting system.
- 3.8.3 **Payment of an invoice:** Authorised officers must ensure that a purchase order has been raised on the accounting system and successfully communicated to the supplier. Invoices in respect to works, supplies and services will be paid by the Central Accounts Payable Team, but only after the authorising officer has, where necessary, first receipted the supply on the accounting system.

- 3.8.4 All invoices must reference a valid purchase order number, otherwise the Central Accounts Payable Team reserves the right to refuse payment of an invoice.
- 3.8.5 To enable the Council to comply with the Late Payment of Commercial Debts Regulations, no amended invoices will be accepted and a new invoice with a revised date will be required.
- 3.8.6 The Central Accounts Payable Team will perform a three-way match against the purchase order, goods receipt and invoice, prior to making a payment. Invoices from trusted suppliers, (as advised by the Corporate Commercial Team) will only require a two-way match. Invoices that do not pass these criteria will be returned to the service for amendment.
- 3.8.7 In certain circumstances and as approved by the Chief Finance Officer, a purchase order may not be an appropriate method, for example, but not limited to:
- a) Reimbursement of claims by parents
  - b) Utility costs such as gas, water, electricity including on void properties or where national network services are required to undertake emergency works
  - c) Refunds
  - d) Payments made under support funds
  - e) Payment of legal claims, including settlement of such claims.
- 3.8.8 These payments must still be made via Unit 4 using the non PO route which retains authorised officer approval limits.
- 3.8.9 **Payments in advance:** Payments in advance should be the exception rather than the norm. Executive Directors (to include the Chief Executive) prior to authorising payments in advance, must undertake a risk assessment of the supplier or service provider defaulting. All payments in advance must be notified to the Chief Finance Officer for approval before payment.

### **3.9 SALARIES AND OTHER PAYMENTS TO EMPLOYEES**

- 3.9.1 The Chief Finance Officer is responsible for approving a corporate payroll system for recording payroll data and for generating payments to employees. The Chief Finance Officer is also responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and that deductions due are made and properly accounted for.
- 3.9.2 Directors shall use the corporate payroll system for all payments to employees.
- 3.9.3 Where payments are made for services in which the relevant taxation authorities deem that a contractor is “employed” by the Council, Directors are responsible for ensuring that IR35 legislation is applied compliantly.
- 3.9.4 Directors are responsible for complying with all Council HR policies and procedures.

- 3.9.5 Whilst it is the Council's responsibility to ensure that salaries are correctly paid and that any deductions are appropriate, staff members have a responsibility to check that the salary they receive is correct and to report back any errors or queries. If it is identified that any under or over payments have been made, the Council will seek to make good any under payments or recover overpayments irrespective of whether these have been authorised. In the event that overpayments have been made, staff members may be subject to disciplinary action if it is identified that overpayments should have been identified and reported.

### **3.10 TAXATION**

- 3.9.1 The Chief Finance Officer is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence its own activities, or indirectly, as a consequence of service delivery through external partners.

### **3.11 AMENITY & UNOFFICIAL FUNDS**

- 3.11.1 Amenity or Unofficial Fund relates to all sums of money other than those which are required to be paid into the Council's General Bank Account (or such other account so authorised by the Chief Finance Officer) or Trust Fund monies outside the authority of the Council.
- 3.11.2 All accounts can only be opened by the Chief Finance Officer and their names shall include the name of Slough Borough Council and the establishment concerned. There is no exception to this rule.
- 3.11.3 Provided the Chief Finance Officer approves and is satisfied with accounting and security arrangements, separate accounts need not be opened for funds of small amounts.

## **4 RISK MANAGEMENT AND CONTROL OF RESOURCES**

### **4.1 RISK MANAGEMENT**

- 4.1.1 The Cabinet and Audit and Corporate Governance Committee are responsible for approving the Council's risk management strategy and for reviewing the effectiveness of risk management. Individual services are responsible for ensuring the proper management of risk.
- 4.1.2 The Chief Finance Officer is responsible for
- a. Preparing and promoting the Council's Risk Management Strategy
  - b. Developing risk management controls in conjunction with other Executive Directors
  - c. Reporting to Members of the Audit and Corporate Governance Committee on the effectiveness of the risk management process and any changes to it in the Annual Governance Statement.

- 4.1.3 Executive Directors and their officers are responsible for the identification of risks and the associated mitigating actions to manage the identified risks in their service areas, and the implementation of the mitigating actions.

## **4.2 INTERNAL CONTROL**

- 4.2.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.2.2 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 4.2.3 It is the responsibility of Executive Directors (to include the Chief Executive) to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. The Executive Directors are responsible for the implementation and maintenance of sound systems of internal control in their service areas.
- 4.2.4 Slough Borough Council operates a 'zero tolerance' approach towards fraud and corruption and we will use the full range of sanctions available against any individual or organisation found to be committing fraud. It is incumbent on all Councillors, employees, consultants, contractors, partner organisations and service users, to comply with the Constitution and approved strategies to prevent and respond to fraud and corruption risks, act with integrity and without intent to commit fraud or corruption and to comply with the legal requirements and policies of the Council including the obligation to report all reasonable suspicions of fraud.
- 4.2.5 Executive Directors must ensure Directors and Head of Service undertake regular fraud risk assessments for their service areas and put in place adequate systems and controls to prevent fraud.
- 4.2.6 The Council requires members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.2.7 The Council also requires that individuals and organisations (e.g., suppliers, contractors and service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 4.2.8 The Chief Finance Officer is responsible for developing and maintaining the Council's Anti-Fraud and Corruption Policy which is available at Part 5 of the Constitution.

- 4.2.9 The Monitoring Officer has responsibility for the overall whistleblowing process and policy, ensuring that reporting channels are clearly communicated and that any investigations are timely and proportionate.
- 4.2.10 All officers are responsible for ensuring that all suspected irregularities are reported in accordance with the Council's Anti-Fraud and Corruption Policy and its Confidential Whistleblowing Code. Executive Directors (including the Chief Executive) are responsible for ensuring that there is an appropriate investigation and disciplinary action in the event of evidence of improper behaviour.
- 4.2.11 Executive Directors (to include the Chief Executive) are responsible for maintaining a register of interests.

### **4.3 INTERNAL AUDIT**

- 4.3.1 Section 151 of the Local Government Act 1972, which requires authorities to “make arrangements for the proper administration of their financial affairs”. Regulation 5 of the Accounts and Audit (England) Regulations 2015, requires that the Council undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 4.3.2 Internal Audit is an assurance function that provides ‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control processes.
- 4.3.3 Internal Audit has unrestricted access to all information (including records, computer files, databases, systems, property and personnel) across any service and/or activities undertaken by the Council, or partners on the behalf of the Council where council information is held in order to review, appraise and report as may be necessary as set out in the Council’s approved Internal Audit Charter.
- 4.3.4 The Chief Finance Officer shall:
- a. Ensure that an Internal Audit function is maintained by the Council and that they comply with the Global Internal Audit Standards (GIAS) and CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.
  - b. Approve the strategic and annual audit plans prepared by internal audit, which take into account the characteristics and relevant risks of the activities involved.
  - c. Ensure that internal auditors have direct access to all assets, records, documents, correspondence and control systems.
- 4.3.5 The Head of Internal Audit has direct access to all Managers and other Officers and to elected members. They will report on internal control no less frequently than annually in line with the Accounts and Audit Regulations (2015).

- 4.3.6 Executive Directors (to include the Chief Executive) and all other Officers are responsible for:
- a. Ensuring that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for the purpose of their work.
  - b. Ensuring that auditors are provided with any information and explanations that they seek in the course of their work.
  - c. Considering and responding promptly to recommendations in audit reports and ensuring that any agreed actions arising from those recommendations are carried out in a timely and efficient manner.
  - d. Notifying the Head of Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources; and taking all necessary steps to prevent further loss pending investigation and reporting.

#### **4.4 EXTERNAL AUDIT**

- 4.4.1 Public Sector Audit Appointments Limited is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by Local Audit and Accountability Act 2014. Their work will assess the Council's:
- a. Financial arrangements in respect of corporate governance
  - b. Statement of Accounts and Whole of Government Account return
  - c. Arrangements for the use of resources in terms of ensuring economy, efficiency and effectiveness

In addition, the Council is required to make arrangements for the

- d. Certification of various grant claims as specified by Government Departments e.g., Housing Benefit Subsidy.
- 4.4.2 The Chief Finance Officer will be responsible for preparing and publishing the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council, or its delegated committee, to approve the statement of accounts within a timescale determined by legislation.
- 4.4.3 The Chief Finance Officer shall be responsible for the submission of the Council's accounts to the external auditor in accordance with the requirements of the Local Audit and Accountability Act (2014) and the Accounts and Audit (Amendment) Regulations 2021.
- 4.4.4 The Chief Finance Officer shall work with the external auditor and advise Council, Audit and Corporate Governance Committee and Executive Directors (to include the Chief Executive) on their responsibilities in relation to external audit. Similarly, the Council may be subject to audit, inspection or investigation by other external

bodies such as the Department for Levelling Up, Communities and Housing (DLUCH) and HM Revenue and Customs, who have statutory rights of access.

4.4.5 All Council officers have a collective responsibility to:

- a. Ensure that the appointed auditors and other external bodies with statutory rights of access are provided with all documents and records for the purposes of their work and are afforded all facilities, co-operation and explanation as necessary.
- b. Cooperate in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
- c. Implement audit recommendations within agreed timescales.

## **5 TRADING ACCOUNTS**

### **5.1 TRADING ACCOUNTS**

5.1.1 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts and business units, where appropriate.

5.1.2 The Executive Directors (to include the Chief Executive) must observe all statutory requirements in relation to trading accounts, including the maintenance of a separate revenue account to include all relevant income and expenditure, including overhead charged and an annual report in support of the final accounts.

5.1.3 The Executive Directors (to include the Chief Executive) must ensure that the same accounting principles are applied in relation to trading accounts as for other service units.

## **6 EXTERNAL ARRANGEMENTS**

### **6.1 PARTNERSHIPS**

6.1.1 Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. Where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project, this is not a partnership.

6.1.2 It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Council's Procurement Policy and Contract Procedure Procedures.

6.1.3 Executive Directors (to include the Chief Executive) are responsible for ensuring that appropriate work is undertaken, and approvals are obtained in line with

Contract Procedure Rules before any negotiations are concluded in relation to work with external bodies.

- 6.1.4 The approval of both the Chief Finance Officer and the Monitoring Officer must be obtained prior to the Council entering into any formal partnership agreement. The approval of the Chief Finance Officer must also be obtained where it is proposed that the Council adopts the role of ‘Accountable Body’ for a partnership.
- 6.1.5 A written partnership agreement must be produced that clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership. The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money, and for addressing any overspend.

Delegation of budget to a partnership

- 6.1.6 The delegation of budget to a partnership (whether or not the arrangement is binding on the parties), where the Council’s share of the money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as follows:

<b>Limit</b>	<b>Responsibility</b>
Up to £500,000	Executive Directors (or named equivalent) following consultation with the Chief Finance Officer.
More than £500,000	Cabinet

- 6.1.7 Where the Council is the ‘accountable body’ for a partnership, these Financial Procedure Rules apply to decisions relating to the expending of that money. All expenditure must be authorised by an appropriate Slough Borough Council officer, or by someone else who has a statutory power to authorise expenditure.

**6.2 EXTERNAL FUNDING**

- 6.2.1 External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria. It also covers contributions being sought from participating organisations and individuals, from either public or private sources.
- 6.2.2 The Chief Finance Officer and Executive Directors (to include the Chief Executive) are responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council’s accounts.
- 6.2.3 Executive Directors (to include the Chief Executive) must provide the Chief Finance Officer with details of all bids for external funding, prior to their submission. Bids will follow the requirements of the Council’s investment appraisal process.
- 6.2.4 Executive Directors (to include the Chief Executive) must not commit expenditure on projects requiring matched funding contributions until the external funding has

been confirmed and approved by Cabinet and a budget established through the budget setting virement process.

- 6.2.5 Executive Directors (to include the Chief Executive) must advise the Chief Finance Officer of all grant and subsidy notifications as soon as they are received. Where the amount notified is greater than the budget, the excess will be deemed a windfall and should in the first instance be returned to the central contingency unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the service. Where the amount notified is less than the budget, the Executive Directors (to include the Chief Executive) or Head of Service must notify the Chief Finance Officer of options for containing any potential overspend.

### **6.3 WORK FOR THIRD PARTIES**

- 6.3.1 Work can only be undertaken for third parties where the Council has the legal powers to undertake the work.
- 6.3.2 With regard to the financial aspects of third-party contracts, Executive Directors (to include the Chief Executive) will:
- (i) Comply with any guidance issued by the Chief Finance Officer and will ensure that the appropriate insurance arrangements are made.
  - (ii) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.
  - (iii) Ensure that the Council is not unnecessarily exposed to the risk of bad debts or other associated liabilities.
- 6.3.3 A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement. Executive Directors (to include the Chief Executive) will provide information on the contractual arrangements to the Chief Finance Officer in order that the appropriate disclosures can be made within the Council's annual statement of accounts.
- 6.3.4 Cabinet are responsible for monitoring the contractual arrangements for any significant work for third parties or external bodies in line with the Contract Procedure Rules. For this purpose, significant is deemed to be contracted annual income from a body that is greater than £180,000.

### **6.4 ALTERNATIVE DELIVERY MODELS**

- 6.4.1 Services may be commissioned from retained services within the Council or via alternative delivery models. There are various types of alternative delivery model, including, but not limited to:
- (i) Local Authority Controlled Companies

- (ii) Joint Ventures - set up as separate corporate entities joining two or more parties for the purpose of executing a business undertaking.
- (iii) Charitable incorporated organisation - a corporate entity which is regulated by the Charities Commission
- (iv) Social Enterprises - businesses trading for social and environmental purposes.
- (v) Outsourcing – a contractual arrangement between the Council and a private provider for the delivery of an agreed service.
- (vi) Social Impact Bonds – contract to achieve agreed social outcomes through a programme of interventions delivered by a number of service providers.
- (vii) Joint Committee – joint bodies set up, by agreement, to discharge or carry out activities in conjunction with others.
- (viii) Unincorporated association
- (ix) Inter authority arrangements

6.4.2 Any proposal to commission services via an alternative delivery vehicle must be developed through the Council's business case governance framework and using the business case template, to ensure that there is a robust planning and decision-making process in place.

6.4.3 Executive Directors (to include the Chief Executive) are responsible for ensuring that Cabinet approval is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented.

6.4.4 Executive Directors (to include the Chief Executive) are responsible for ensuring that Cabinet approval is obtained before the closure or termination of any alternative delivery model agreements and arrangements and that these are properly documented.

## **7 TRANSPARENCY**

### **7.1 TRANSPARENCY**

7.1.1 The Local Transparency Act 2015 requires that the Council must publish on its website details of all expenditure on goods and services over £500. Similarly, it must also publish on its website details of contracts awarded over a value of £5,000. The Chief Financial Officer is responsible for ensuring these arrangements are met.