



Crawley Borough Council

Report to General Purposes Committee 27 November 2013

Changes to the Constitution – Executive Decision-Making Redesign

Report of the Head of Legal and Democratic Services – LDS/075

1. Purpose

- 1.1 The purpose of this report is to seek approval of changes to the Constitution to take effect from 1 February 2014 to rationalise and help streamline the authority's executive decision making arrangements.

2. Recommendations

- 2.1 **To recommend to Full Council that the amendments to the Constitution proposed in Appendices 1-3 to this report be agreed and come into effect from 1 February 2014.**
- 2.2 **That the Full Council be asked to agree that the Head of Finance, Revenues and Benefits put in place the relevant changes to the Procurement Code as outlined in paragraph 6.3.1 & 6.3.2 to reflect the other recommended changes to the Key Decision Levels and Financial Procedure Rules, and that these be approved for inclusion in the Constitution by the Head of Finance, Revenues and Benefits in consultation with the Chair and Vice-Chair of the General Purposes Committee and the Head of Legal and Democratic Services.**

3. Reasons for the Recommendations

- 3.1 To facilitate the redesign of the Council's executive decision making arrangements which will:
- Ensure that decisions are taken at the most appropriate level;
 - Realign and rationalise decision-making levels;
 - Include the adoption of more consistent principles, provide clearer guidance and introduce simpler, quicker and more streamlined processes – reducing confusion and saving officers' time;
 - Will help to ensure better and more timely decision-making.

4. Background

4.1. The Democratic Services Team has been undertaking a Systems Thinking Review, as part of the Transformation agenda and is currently focusing on executive decision-making. Amendments proposed to the Constitution are brought to the Committee to reflect changes to be made to procedures and practices.

4.2 The redesign of the executive decision-making processes has taken into account of agreed defined purpose of:

“To make the decision making processes simple and efficient so that it is easy for officers to provide information in the right way, at the right time, to the right decision makers so that they can make decisions which are transparent and in the best interests of Crawley.”

4.3 The changes to the Constitution are required as a result of the following aspects of the redesign of executive decision making:

- a) clarification of the definition of a key decision;
- b) rationalisation and realignment of financial decision making levels;
- c) introduction of a cascade approach;
- d) generic delegations to make day to day decision making simpler.

4.4 Other main features of this stage of the redesign (but which do not require changes to the Constitution) include:

- a) an online toolkit to help officers which will make it clearer who has the authority to take a decision and the processes to be followed;
- b) new report format – currently being trialled for Cabinet reports;
- c) revamped, online Forward Plan.

4.5 The outline proposals were presented to the Political Groups at their meetings on 2 October 2013. There was general support, in principle, for the proposed redesign although some concerns were raised by Members that without seeing the system in operation it was quite hard to gauge what the actual impact is likely to be and would play out in practice.

4.6 To ensure the new approach works successfully and following discussion with the Groups, a range of safeguards and controls have been developed within the proposal, that include:

- a) The decision making toolkit has been designed to help officers to understand the clear routes, contain better guidance, follow a more consistent set of principles, naturally built in safeguards through the cascade and improve accountability.
- b) The toolkit will also emphasise the need for officers to think clearly and at an early stage as to how and when Members should be involved (i.e. when they have the chance to influence matters - before it becomes a fait accompli,) and to the clear route that a decision should be taken by.
- c) As with the current arrangements, to facilitate the scrutiny of decisions made under delegated authority, any employee dealing with matter under a

delegated authority shall keep an adequate record (or audit trail) of the exercise of that power.

- d) Currently it is down to service areas to decide what records/audit trails of decisions to produce for non-key executive decisions taken by officers. To ensure consistence, a new set of recording forms have been devised, which will be included within the Toolkit.
 - e) For Key Decisions and other decisions taken by Cabinet Members, the access to Call-In arrangements will remain as they are currently. However the Call-In arrangements will be looked at as part of the next stage of redesign.
- 4.7 Whilst currently focusing on executive decision-making arrangements, if successful it is expected that the new processes will also be introduced, where appropriate, for non-executive decision-making.
- 4.8 Under the Council's Scheme of Delegation and Cabinet Functions (page 262 of the Constitution under the Leader and Cabinet Procedure Rules refers), the Leader may amend the Scheme of Delegation relating to Cabinet functions at any time during the year by giving written notice to the Head of Legal and Democratic Services. An item will then be published in the next Members' Information Bulletin setting out the changes made by the Leader, following which it shall replace any previous version in this Constitution.
- 4.9 However, on this occasion, the Leader has confirmed his support for the proposed changes relating to Cabinet functions and agreed with the Chair of the General Purposes Committee that in view of the significance of the proposals that these be considered in their entirety by the General Purposes Committee for making recommendations to Full Council.

5 Improving Decision Making Arrangements

- 5.1 The key drivers for the redesign were:
- a) to avoid apparent difficulties in finding who had the authority to take executive decisions – the Cabinet collectively, individual Cabinet Members or officers – and the processes to be followed;
 - b) to overcome the need to keep getting approval to change the Constitution and Delegation Scheme;
 - c) the need to develop clearer, more streamlined decision-making processes which facilitate better decision making;
 - d) the Council's Transformation Agenda – to redesign and continually improve our services to meet our customers' demand whilst still reducing costs;

6 Key Proposals and Supporting information

6.1 Main Aspects of Changes to the Constitution

- 6.1.1 The changes being proposed to the Constitution to facilitate the proposals for the redesign of executive decision-making, and the reasons for each of these, are set out in **Appendices 1, 1a, 1b, 2 & 3.**

The main changes are:

- i) Constitutional proposed changes (**Appendix 1a**);
- ii) new clearer, definition for key decisions – :with thresholds (**Appendix 1a**);
- iii) amendments to the Leader and Cabinet Procedure Rules including clarification of Cabinet Members' Portfolio Responsibilities including the addition of some of their specific delegations (**Appendix 1b**);
- iv) to the Financial Procedure Rules (**Appendix 2**) and Procurement Code – to rationalise and realign these with the new key decision levels.
- v) the introduction of a cascade scheme and 10 generic delegations – replacing over 300 specific delegations and local choice functions relating to executive matters (**Appendix 3**)

6.2 Key Decision Levels

6.2.1 The current definition of a key decision is somewhat vague. In principle, the proposed new key decision definition (**Appendix 1a**) will not change much from the current key decision definition. However, with the introduction of some specific financial thresholds it will remove some of the ambiguity:

- £100,000 revenue expenditure (per annum);
- £500,000 capital expenditure;
- £500,000 procurement.

6.2.2 Other key principles of the new executive decision making arrangements are:

- i) That decisions should be taken at the most appropriate level (i.e. at the lowest level competent to take a decision) but it can always be pushed up and the decision taken at a higher level;
- ii) Most key decisions to be taken at Member level – mainly collectively by the Cabinet otherwise separately by Cabinet Members;
- iii) Most non-key decisions to be taken by officers;
- iv) Many non-key decisions previously taken by Members should now be taken at officer level – which involve easier and quicker processes.

6.2.3 Other general principles for determining who is likely to have the authority to make a key decision include:

- a) It will be a Cabinet key decision, if it involves any of the following:
Most key decisions (*i.e. default position*), in particular where:
 - Significant expenditure/savings (revenue = £100,000pa; capital = £500,000/ contract above £500k)
 - Significant impact on users/customers
 - Where significant implications for service delivery or service direction
 - Strategic/corporate policies
 - Matters of public importance
- b) For Portfolio Holder key decisions the following principles apply:
 - Minor changes to existing policy (i.e. corporate/strategic rather than operational policies) e.g. limited impact or area of coverage;
 - Minor changes to service delivery i.e. if some limited impact on customers (e.g. some limited closures);
 - Of minimal politically sensitivity – more politically sensitive matters are likely to go to Cabinet for decision

- c) Officers will take non-key decisions
e.g.
- An operational, management or administrative decision (i.e. day to day service delivery);
 - Implementing previously approved policies, decisions, expenditure and delegations;
- 6.2.4 Most officer non-key decisions to be taken under the new more streamlined approach are already officer non-key decisions.
- 6.3 Rationalisation of Financial Procedure Rules and Procurement Code with the new Key Decision Levels
- 6.3.1 There had been inconsistencies and confusion in the use of the current different levels of decision-making – under key decisions, Financial Procedure Rules and Procurement Code. On a number of occasions because some officers had powers under one of these three procedures, these officers had incorrectly thought they had the authority to take decisions under the others. Consequently, to align with the new financial thresholds for key decisions, the Financial Decision-Making Levels set out in the Financial Procedure Rules (**Appendix 2**) and Procurement Code are to be rationalised and changed.
- 6.3.2 The main changes to the Procurement Code will be to reduce the Procurement signing off/approval Levels from 13 under the current arrangements to 2. Under the new proposals, officers will be responsible for approving and awarding all contracts under £500,000 and the Cabinet will be responsible for those contracts of £500,000 and above. Currently different officer or Member levels are responsible for approving and awarding contracts of different values and whether they are contracts for works or goods and services.
- 6.3.3 However, it has not been possible to get the revisions to the Code completed in time for this report. Therefore, it is recommended that the Head of Finance, Revenues and Benefits put in place the relevant changes to the Procurement Code as outlined in paragraph 6.3.1 & 6.3.2 to reflect the other recommended changes to the Key Decision Levels and Financial Procedure Rules, and that these be approved for inclusion in the Constitution by the Head of Finance, Revenues and Benefits in consultation with the Chair and Vice-Chair of the General Purposes Committee and the Head of Legal and Democratic Services.
- 6.3.4. Members should also be aware that there will be a need to fully revise the whole of the Procurement Code over the next year following expected forthcoming changes to procurement rules both from the EU and the Government.
- 6.4 Cascade and Generic delegations
- 6.4.1 The current scheme of delegation includes delegated decisions under Council and Regulatory Functions as well as executive decisions. The changes being proposed to the delegation scheme only relate to executive decisions at this stage. However, it is expected that the new cascade and generic delegation approach will be proposed to be rolled in for Council and Regulatory Functions after a future redesign of these non-executive functions including the rationalisation of committees etc.

6.4.2 Under the new arrangements, executive decision-making powers will be cascaded from the Leader to the most appropriate level – whether to:

- i) the Chief Executive then through officer levels so that the decisions are taken at the lowest level competent to take it.
- ii) from the Leader to Cabinet Members; or
- iii) from the Leader to the Cabinet.

6.4.2 Under the cascade approach (**Appendix 3**):

- Director or Head of Service to retain ultimate responsibility
- Officers to liaise closely with those above them in the chain of cascade and relevant Members where appropriate (e.g. if politically sensitive).
- Officers may decline to exercise powers and ask for the decision to be taken at a higher level.
- Various control principles will be applied e.g. Officers not empowered to take decisions on matters specifically reserved to Members or approve significant new policies.

6.4.3 Reducing the number of delegations from 250 specific executive delegations and 50 local choice functions to 10 generic delegations will make it easier to find the authority to take non-key (i.e. mainly at officer level) executive decisions and there will be less need to keep changing the Constitution and Delegation Scheme. For example, there are currently over 50 different delegations to appoint designated officers which will now be covered under a single generic delegation.

6.4.4 The online toolkit will provide guidance, based on the principles outlined in this report, to help make it clearer to officers and Members who has the authority to take a decision and the processes to be followed.

7. Implications

7.1 The provision of clearer, more consistent guidance and simpler, more streamlined processes will help to reduce the time officers (both within Democratic Services and throughout the Council) spend on executive decision-making. The processes will also be more transparent to Members and help to ensure better and more timely decision-making which are in the best interests of Crawley.

8. Background Papers

- The Council's Constitution.
- The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended.

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CHANGES TO THE CONSTITUTION

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> Deleted wording shown as crossed through. Additional wording shown in bold 	<u>Reason for amendment</u>
Part 1 – Summary and Explanation – Page 4	Amend the final sentence of the 5 th paragraph (How Decisions Are Made) to read as follows: “To speed up decision-making and to allow the Cabinet to concentrate on major matters, Cabinet Members have the delegated power to make day-to-day some decisions in relation to the areas within their portfolio and other decisions that have been delegated to them under the Scheme of Delegation as set out in Part 3 of this Constitution.”	For reasons given in paragraph 6.2 of report LDS/075, officers rather than Members will usually take day to day decisions. Day to day operational decisions should usually be non-key decisions and left to officers.
Article 7: The Leader and Cabinet – Page 27	Amend the final part of Article 7.8 (Role of Cabinet Members) to read as follows: “The role of Cabinet Members shall be as follows:- (9) To make decisions as delegated under the Council’s Constitution and to take day-to-day some decisions relating to a matter within the remit of his or her portfolio responsibilities including executive decisions that have been delegated to him/her subject to the following: (a) The Cabinet Member shall comply with the requirements of Article 12 of this Constitution	For reasons given in paragraph 6.2 of report LDS/075, officers rather than Members will usually take day to day decisions. Day to day decisions should usually be non-key decisions and left to officers.

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	<u>Reason for amendment</u>
Article 7: The Leader and Cabinet – Page 27 (continued...)	<p>relating to Decision-Making and Rule 20 of the Access to Information Rules and any other relevant Procedural Rules contained in the Constitution.</p> <p>(b) A Cabinet Member may refer any matter within their portfolio to the Cabinet for a decision.</p>	
Article 12: Decision Making - Page 38	Amend Article 12.3 on the definition of key decisions to read as detailed In Appendix 1a to this report.	For the reasons given in paragraph 6.2.1 of report LDS/075, to introduce some specific financial thresholds to key decisions to reduce some of the ambiguity.
Responsibility for Local Choice Functions – Pages 55 – 70	<p>Delete the following Local Choice Functions delegated to the Head of Planning and Environmental Services (plus some delegated (e.g. on prosecutions or proceedings) to the Head of Legal and Democratic Services and appropriate Head of Service)):</p> <ol style="list-style-type: none"> 3. Any function relating to contaminated land (p55-57) 4. The discharge of any function relating to the control of pollution or the management of air quality (p57-63) 5. The service of an abatement notice in respect of a statutory nuisance (p63-67) 7. The inspection of the authority's area to detect any statutory nuisance (p67) 8. The investigation of any complaint as to the existence of a statutory nuisance (p68). 	<ol style="list-style-type: none"> 1) These Local Choice Functions relate to executive functions and will be covered by the proposed generic delegations set out in Appendix 2. 2) It will make it easier to find the authority to take non-key (i.e. mainly at officer level) decisions and there will be less need to keep changing the Constitution and Delegation Scheme.

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	<u>Reason for amendment</u>
Responsibility for Local Choice Functions – Pages 55 – 70 (continued...)	<p>Local Choice Function 9 to be retained but with deletions as identified below:</p> <p>9. The obtaining of information under section 330 of the Town and Country Planning Act 1990 as to interest in land or premises (Development Control Committee), except to the extent that it is necessary for the Cabinet to exercise these powers in respect of actions which are preliminary to the exercise of powers to make compulsory purchase orders (delegated to the Head of Planning and Environmental Services)</p> <p>10. The obtaining of particulars of persons interested in land or premises under section 16 of the Local Government (Miscellaneous Provisions) Act 1976 (Development Control Committee), except to the extent that it is necessary for the Cabinet to exercise these powers in respect of actions which are preliminary to the exercise of powers to make compulsory purchase orders (delegated to the appropriate Head of Service)</p>	
Responsibility for Cabinet Functions – pages 148-188	Delete all delegations on pages 148-188 (A1-A43; B1-B85; C1-C11; D1-D3; E1-E19; F1-F19; G1-G68) and replace with new generic delegations and cascade scheme set out in Appendix 3 to report LDS/075.	For the reasons given in paragraph 6.4 of report LDS/075, it will make it easier to find the authority to take non-key (i.e. mainly at officer level) decisions and there will be less need to keep changing the Constitution and Delegation Scheme.

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	<u>Reason for amendment</u>
Access to Information Procedure Rules – page 243	Amend Rule 22.2 (Rights of access to documents for Members of the OSC – Limit on Rights) to read as follows: No Member of the Overview and Scrutiny Commission will be entitled to: (a) any report that is in draft form other than those provisionally referred from the Forward Plan by the Overview and Scrutiny Commission.	To formalise current practices
Leader and Cabinet Procedure Rules - Page 261	Amend the final section of paragraph 1.2 (Delegation by the Leader) to read as follows: (v) the nature and extent of any delegation to employees with any limits on that delegation, and the title of the employee to whom the delegation is made.	The generic delegations will not be quite so specific although the detailed controls will be set out in the cascade scheme (Appendix 2) and guidance will also be included in the decision-making toolkit.
Leader and Cabinet Procedure Rules - Page 268	Include the following new paragraphs 3.2 - 3.4 under Section 3 (Cabinet Members' Portfolios) 3.2 Some general principles have been established for determining whether the Cabinet collectively or individual Cabinet Members are likely to have the authority to make a key decision. The Cabinet will usually take most key decisions. However, Cabinet Members may also take key decisions where the following key principles apply within their portfolio	For reasons given in paragraph 6.2.3 of report LDS/075, to clarify some of the principles for determining who is likely to have the authority to make a key decision.

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	<u>Reason for amendment</u>
Leader and Cabinet Procedure Rules - Page 268 (continued...)	<p>responsibilities:</p> <ul style="list-style-type: none"> • Minor changes to existing policy (i.e. corporate/strategic rather than operational policies) e.g. limited impact or area of coverage; • Minor changes to service delivery i.e. if some limited impact on customers (e.g. some limited closures); • Of minimal politically sensitivity – more politically sensitive matters are likely to go to Cabinet for decision <p>3.3 The delegations to Cabinet Members will include but not be limited to those listed in Appendix 1 to the Leader and Cabinet Procedure Rules.</p> <p>3.4 Cabinet Members taking the delegated decisions will be required to follow the relevant processes including appropriate consultation (e.g. as identified in the decision-making toolkit and are also strongly advised to undertake any consultations previously set out under these specific Cabinet Member delegations) and the Access to Information Rules including 13 (Procedure before taking Key Decisions) and 21 (Executive Decisions by Individual Members of the Cabinet and Officers).</p>	

Function	Proposed amendment Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	Reason for amendment
Leader and Cabinet Procedure Rules - Page 269	<ol style="list-style-type: none"> 1) Appendix 1 (Cabinet Portfolios) to be renamed Cabinet Member Portfolio Responsibilities. 2) Amend Appendix 1 to the Leader and Cabinet Procedure Rules to include specific delegations to Cabinet Members as set out in Appendix 1b to this report. 	<ol style="list-style-type: none"> 1) For clarity and providing in a more obvious part of the Constitution any specific delegations to Cabinet Members; 2) For reasons including: <ol style="list-style-type: none"> a) Political sensitivity – where political steers required/requested. b) For consistency: <ul style="list-style-type: none"> e.g. <ul style="list-style-type: none"> • With new proposed arrangements • with other financial decision-making levels • where appropriate policy approval required.
Financial Procedure Rules: Pages 287-327	To delete the existing version of the Financial Procedure Rules and replace the new version set out in Appendix 2 to this report.	<p>For reasons given in paragraphs 6.1.1-6.1.3 of report LDS/075, to rationalise and align key, financial and procurement decision-making levels.</p> <p>The opportunity has also been taken to update the Financial Procedure Rules to reflect:</p> <ul style="list-style-type: none"> • Changes in legislation (e.g. it is now the Accounts & Audit Regulations 2011) or internal documents (e.g. we now have a Procurement Code) • Changes in policies or procedures (e.g. reflecting the current Risk Management Strategy, or the fact that service plans are no longer obligatory) • Deleting references to unnecessary requirements (e.g. to have a divisional register of interests when

<u>Function</u>	<u>Proposed amendment</u> Where appropriate: <ul style="list-style-type: none"> • Deleted wording shown as crossed through. • Additional wording shown in bold 	<u>Reason for amendment</u>
Financial Procedure Rules: Pages 287-327 (continued...)		<p>we have a corporate one)</p> <ul style="list-style-type: none"> • The payments systems thinking redesign <p>In addition there have been a number of minor wording changes to improve the document and the old section on inventories has been combined with the section on assets.</p>
Procurement Code – pages 329-357	<p>The main changes to the Procurement Code will be to reduce the Procurement signing off/approval Levels from 13 under the current arrangements to 2. Under the new proposals, officers will be responsible for approving and awarding all contracts under £500,000 and the Cabinet will be responsible for those contracts of £500,000 and above.</p> <p>However, as it hasn't been possible to get the revisions to the Code completed in time for this report, it is recommended that the relevant changes to the Procurement Code to reflect the other recommended changes to the Key Decision Levels and Financial Procedure Rules be put in place and either be submitted directly to Full Council or delegated to the Head of Finance, Revenues & Benefits for approval.</p>	<p>For the reasons given in paragraphs 6.1.1-6.3.3 of report LDS/075, to rationalise and align key, financial and procurement decision-making levels.</p>

EXCERPT FROM ARTICLE 12 – DECISION MAKING

12.3 Types of Decisions

(a) Key decisions

- (1) A **key** decision ~~which is one which~~ is likely
- (i) To result in the Council incurring expenditure which is, or in the making of savings which are, **deemed significant in financial terms** ~~having regard to the Council's budget for the service function to which the decision relates;~~
 - a) **by not being in the Annual Budget and Capital Programme approved by the Full Council** (*i.e. Full Council decision; virements*);
 - b) **in the case of revenue projects and new commitments, by being likely to exceed £100,000 per annum;**
 - c) **in the case of capital projects, or anything that has to go through the procurement process, if they involve entering into new commitments and/or making savings in excess of £500,000;**
 - d) **expenditure in excess of the above levels will not constitute a key decision if such expenditure is made as part of the implementation of a decision which itself was a key decision**

or
 - (ii) To be significant in terms of its ~~effects~~ **effects (impact)** on communities (**e.g. a significant number of people**) living or working in an area comprising two or more wards or electoral divisions in the area of the Council.

~~(2) For the purposes of determining what is to be regarded as significant expenditure or savings reference will be made to the financial and risk thresholds set out in the relevant parts of this Constitution which clearly set out what must be determined by the Cabinet or Full Council. These include the Scheme of Delegation, the section on financial limits and the Financial Procedure Rules.~~

A decision taker may only make a key decision in accordance with the requirements of the Leader and Cabinet Procedure Rules set out in Part 4 of this Constitution.

Generally, a key decision will only be made by the Leader/Cabinet/Cabinet Members, a Committee of the Cabinet, a Joint Committee (or Sub Committee thereof) or an area Committee (if any).

Cabinet Member Portfolio Responsibilities**Proposed Changes to Appendix 1 to Leader and Cabinet Member Procedure Rules**

- 1) Appendix 1 (Cabinet Portfolios) to be renamed Cabinet Member Portfolio Responsibilities.
- 2) The delegations listed below be added under the appropriate Cabinet Portfolios.

Leader of the Council

- 1) Approval of the Council's Risk Management Strategy (*was delegation G6*).
- 2) Approval of the Council's Debt Management Strategy (*was delegation G7*).
- 3) Approval of the Council Tax base (*was delegation G24*).
- 4) Approval of the NNDR1 (National Non-Domestic Rates Return) (*was delegation G25*).
- 5) Authority to vary to the appointments to Outside Bodies relating to Cabinet functions (*was delegation G53*).
- 6) Approval of the utilisation of the planning delivery grant and the housing and planning delivery grant (*was delegation E7*).
- 7) Authority to approve the transfer of residual land on terms proposed by the Head of Property (*was delegation F4*).
- 8) Authority to approve the use of any underspend on a capital scheme, up to a total value of £500,000 (*check financial procedure rules*), on further work associated with the scheme during the same financial year, subject to the Council not being committed to expenditure in future years above the existing budgetary provision (*was delegation G18*).

Community Engagement

- 1) To determine applications for main grants (i.e. currently above £5,000) by voluntary organisations in accordance with criteria previously agreed by the Cabinet (*was delegation G47*).

Customer and Corporate Services

- 1) To approve the Corporate Equality Statement (*was delegation G67*).

Environmental Services

- 1) The approval of criteria for the prioritisation of community safety improvement schemes (*was delegation A27*).

- 2) The approval of an annual programme of community safety schemes subject to the proposals being achievable within the limits of the approved financial budget (*was delegation A27*).
- 3) The approval of feasibility schemes and final implementation proposals for residential environmental improvements which are in accordance with the Capital Programme (*was delegation A31*).
- 4) Naming and numbering of streets (*was delegation A36*).
- 5) The approval of the criteria for the prioritisation of flood alleviation schemes including project allocation, programme and final implementation proposals for flood alleviation schemes subject to the projects being achievable within the limits of the approved financial budget or Capital Programme (*was delegation G13*).

Housing (and Deputy Leader)

- 1) Power to vary the rent of dwellings and garages held in the Housing Revenue Account (*was delegation B47*).
- 2) The approval of variations to the affordable housing requirements specified in Core Strategy Policy H5 for any housing scheme where it has been evidenced that scheme viability cannot support meeting these requirements in full, or where changes in housing needs or housing policy may justify any variation to the percentage and/or tenure mix being sought (*was delegation B70*).
- 3) To discharge the functions of the Council in relation to the appropriation of surplus land (excluding residential dwellings) from the Housing Revenue Account for a different use/purpose (*was delegation B82*).

Planning & Economic Development

The following functions are delegated to the Cabinet Member for Planning and Economic Development:

- 1) The adoption of new Conservation Area Statements and amendments to existing Conservation Area Statements (*was delegation E14*).
- 2) Approval of the annual programme of building maintenance works for operational properties (excluding housing assets) including variations during the year to meet changing needs. Delegation to cover all types of maintenance work and small-scale improvements above £100,000 per job (*was delegation F3*).

FINANCIAL PROCEDURE RULES

FINANCIAL PROCEDURE RULES - INTRODUCTION

- (a) Financial procedure rules provide the framework for managing the Authority's financial affairs. They apply to every member and employee of the Council and anyone acting on behalf of the Council. The regulations identify the financial responsibilities of employees and members and where these responsibilities are delegated, a written record should be maintained of the delegation to whom and any limits that apply.
- (b) All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- (c) The Head of Finance, Revenues and Benefits is responsible for:-
- maintaining a continuous review of the financial procedure rules and submitting any additions or changes necessary to the Council for approval
 - for reporting, where appropriate, breaches of the financial procedure rules to the Council and/or to the Cabinet Members
 - issuing advice and guidance to underpin the financial procedure rules which members, employees and others acting on behalf of the Council are required to follow.
- (d) Heads of Service are responsible for ensuring that all staff in their divisions are aware of the existence and content of the authority's financial procedure rules and other internal regulatory documents and that they comply with them.
- (e) Service managers and other staff designated as having responsibility for a budget are referred to as a Budget Manager in this document. Heads of Service have a responsibility to allocate a Budget Manager for all expenditure and income within their service area. Budget Managers are responsible for monitoring and managing expenditure and income within their budgets to ensure that they achieve the best use of resources (both financial and non financial) in order to demonstrate value for money services whilst complying with the authority's financial procedure rules and other internal regulatory documents
- (f) Each section of the attached regulations contain a paragraph to explain why that part of the regulations is important and describes the key controls

C O N T E N T S

1. FINANCIAL MANAGEMENT
2. MANAGING EXPENDITURE AND INCOME
3. SCHEME OF VIREMENT AND IN YEAR CHANGES TO SPENDING PLANS
4. ACCOUNTING POLICIES, RECORDS AND RETURNS
5. BUDGETING
6. RISK MANAGEMENT
7. AUDIT REQUIREMENTS - Internal Audit
8. AUDIT REQUIREMENTS - External Audit
9. PREVENTING FRAUD AND CORRUPTION
10. ASSETS
11. STOCKS AND STORES
12. TREASURY MANAGEMENT
FINANCIAL SYSTEMS AND PROCEDURES
13. - GENERAL
14. - INCOME AND EXPENDITURE
15. - ORDERING AND PAYING FOR WORK, GOODS AND SERVICES
16. PARTNERSHIPS
17. EXTERNAL FUNDING
18. WORK FOR THIRD PARTIES

1.0 FINANCIAL MANAGEMENT

Overview of financial accountabilities in relation to the financial management of the authority including the policy framework and budget

The Council

- 1.1 The Council is responsible for adopting the Authority's constitution and code of conduct and for determining the policy framework and budget within which the Cabinet operates. It is also responsible for setting and monitoring compliance with the Authority's overall framework of accountability and control. The framework is set out in its written Constitution. The Council is responsible for monitoring compliance with policies and Cabinet decisions.
- 1.2 The Council is responsible for approving procedures for recording and reporting 'key decisions' and non-key decisions by the Cabinet, including those 'key decisions' delegated by it, and decisions by the Council and its Committees. It is also responsible for recording and reporting the financial information associated with them.

The Cabinet

- 1.3 The Cabinet is responsible for proposing the policy framework and the budget to the Council. The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or policy framework is in place, it will be the responsibility of the Cabinet to implement it.
- 1.4 Cabinet decisions can be delegated to a Committee of the Cabinet, an individual Cabinet Member, employee, or a joint Committee.
- 1.5 The Cabinet is responsible for establishing protocols to ensure that individual Cabinet Members consult with a relevant employee before taking a decision within his/her delegated authority. In doing so the individual member must take account of legal and financial liabilities and risk management issues which may arise from the decision.

The Statutory Officers

Head of Paid Service

- 1.6 The Head of Paid Service is responsible for the strategic management of the authority as a whole. He or she must report to and provide information for the Cabinet, the Council, the Overview and Scrutiny Commission and other Committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

Monitoring Officer

- 1.7 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Audit and Governance Committee. The Monitoring Officer is also responsible for reporting any breaches of the law to the Council and the Cabinet.

- 1.8 The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that Council members are aware of decisions made by the Cabinet and of those key decisions made by employees who have delegated Cabinet responsibility.
- 1.9 The Monitoring Officer is responsible for advising the Council, Cabinet and officers about who has authority within the Council to take a particular decision.
- 1.10 The Monitoring Officer and Head of Finance, Revenues and Benefits are responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework or budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
 - committing expenditure in future years to above the budget level
 - incurring transfers between services (above virement limits)
 - causing the total expenditure financed from Council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount

Head of Finance, Revenues and Benefits

- 1.11 The Head of Finance, Revenues and Benefits has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972
 - Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2011.
 - The Local Government Act 2003
- 1.12 The Head of Finance, Revenues and Benefits is responsible for:
- the proper administration of the Councils financial affairs including the internal audit function
 - setting financial management standards and monitoring their compliance
 - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - preparing financial projects, annual revenue budget, capital programme and treasury management
- 1.13 Section 114 of the Local Government Finance Act 1988 requires the Head of Finance, Revenues and Benefits to report to the Council if the authority or one of its employees:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the authority
- is about to make an unlawful entry in the Council's accounts

Section 114 of the 1988 Act also:

- requires the Head of Finance, Revenues and Benefits to nominate a properly qualified member of staff to deputise should the Head of Finance, Revenues and Benefits be unable to perform the duties under Section 114 personally
- make it clear that the authority must provide the Head of Finance, Revenues and Benefits with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

Heads of Service

1.14 Heads of Service are responsible for:

- ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Head of Finance, Revenues and Benefits
- consulting with the Head of Finance, Revenues and Benefits regarding any matter which is liable to affect the Council's finances materially, before any commitments are incurred.

FINANCIAL MANAGEMENT STANDARDS

Why is this Important?

1.15 The public expect and demand all staff and members abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working, and the controls which are in place to ensure that these standards are met.

Key Controls

1.16 The key controls for financial management standards are:

- (a) their promotion throughout the Council
- (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards are reported to the Council.

Responsibilities of Head of Finance, Revenues and Benefits

1.17 To ensure the proper administration of the financial affairs of the Council and provision of an adequate internal audit function.

1.18 To set the financial management standards, and to monitor their compliance.

1.19 To ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.

1.20 To advise on the key strategic controls necessary to secure sound financial management.

Responsibilities of Heads of Service

1.21 To promote the financial management standards set by the Head of Finance, Revenues and Benefits in their divisions and to monitor adherence to the standards and practices within their own areas liaising as necessary with the Head of Finance, Revenues and Benefits.

1.22 To promote proper financial practices in relation to the standards, performance and development of staff in their divisions.

1.23 To ensure that all staff in their divisions are aware of the existence and content of the authority's financial procedure rules and other internal regulatory documents and that they comply with them.

2.0 MANAGING EXPENDITURE AND INCOME

Why is this Important?

2.1 Effective budget management ensures that resources allocated by members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the authority to review and adjust its budget targets during the financial year and identify issues and opportunities for future years. It also provides a mechanism to apply accountability to those managers responsible for defined elements of the budget.

2.2 By regularly identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity and take action where needed. The Council operates within an annual cash limit, approved in setting the overall budget.

2.3 For the purposes of budgetary control by managers, a budget will normally comprise the planned income and expenditure for an identified service area or cost centre.

Key Controls

- 2.4 The key controls for managing and controlling the revenue budget are:
- a) there is a nominated budget manager for each expenditure heading
 - b) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities and the need to achieve value for money in the use of both financial and non financial resources in delivering their services
 - c) budget managers follow an approved process for all expenditure
 - d) income and expenditure is properly recorded and accounted for

- e) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget

Responsibilities of Head of Finance, Revenues and Benefits

- 2.5 To establish an appropriate framework of budgetary management and control which ensures that:
 - a) services are provided within the approved budget unless the Council agrees otherwise
 - b) each Head of Service has available timely information on receipts and payments on each budget, that is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
 - c) expenditure is committed only against an approved budget
 - d) significant variances from approved budgets are investigated and reported by managers regularly
- 2.6 To prepare and submit reports on the Council's projected expenditure compared with the budget on a regular basis.

Responsibilities of Heads of Service

- 2.7 To maintain budgetary control within the department, in adherence to the principles in 2.5 and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.8 To ensure that a single named manager is identified for each item of income and expenditure under the control of the Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision making which commits expenditure.
- 2.9 To ensure that spending remains within the service overall cash limit, and that individual budgets are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.10 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and to achieve efficient use of resources (both financial and non-financial) in order to deliver value for money services.
- 2.11 To seek formal guidance from accountancy staff when considering new proposals which lead to an increase in service expenditure and/or create financial commitments in future years.
- 2.12 To ensure compliance with the Council's scheme of virement.
- 2.13 To agree with the relevant Head of Service where it appears that a budget proposal, including a virement proposal, may impact materially on another service or Head of Service's level of service activity.

- 2.14 To advise the Head of Finance, Revenues and Benefits of circumstances that may result in an overall budget overspend immediately they identify the potential overspend.

Responsibilities of Budget Managers

- 2.15 To use resources (both financial and non-financial) efficiently in order to deliver value for money services whilst complying with the authority's financial procedure rules and other internal regulatory requirements.
- 2.16 To monitor and manage expenditure and income relating to their service within the overall approved budget to prevent an overspend.
- 2.17 Advise their Head of Service and service accountant of circumstances that may result in an overall budget overspend immediately they identify the potential overspend.

3.0 SCHEME OF VIREMENT AND IN YEAR CHANGES TO SPENDING PLANS

Why is this Important?

- 3.1 The Council's scheme of virement and other changes in spending is administered by the Head of Finance, Revenues and Benefits within guidelines set by Council. The rules are designed to give flexibility for heads of services to switch resources between services to maintain the approved level of service. Commitments using these rules should not create additional liabilities for future years as that it is a decision for the Council when setting the budget.

Virement and Other Spending Limits

- 3.2 The authorisation levels for variations to budgets are set out below:

Heads of Service -

Virements up to £50,000 in the current financial year between the individual service areas under their control except items specifically identified for the Cabinet, or which would commit the Council to expenditure in future years above the existing budgetary provision.

Authority to approve the use of any underspend on a capital scheme, up to a total value of £500,000, on further work associated with the scheme during the same financial year, subject to the Council not being committed to expenditure in future years above the existing budgetary provision.

Head of Finance, Revenues and Benefits -

- a) Approval of one-off redundancy and early retirement costs arising from a staffing restructure or other circumstances up to a limit of £500,000 in any one case subject to the restructure delivering values for money. This will normally be interpreted as providing a payback within three years. In the case of restructures these costs will be met by a transfer from the Restructuring Impact Reserve.
- b) Changes to the cost and phasing of individual schemes within the overall capital programme budget are delegated to the Head of Finance, Revenues

and Benefits in consultation with the Leader. However, these changes will be reported to the Cabinet in quarterly budget monitoring reports.

Cabinet

- a) Virements over £50,000, or any that would commit the Council to future years expenditure. Virements which would commit the Council in future years to expenditure in excess of £100,000 per annum over the existing budgetary provisions shall be referred to the Council for approval.
- b) Use of fortuitous, exceptional or unplanned income up to £50,000.
- c) Use of estimated increased income prior to receipt.
- d) Supplementary estimates for revenue spend up to £100,000 per individual request subject to a maximum of £500,000 in any one financial year.
- e) Supplementary estimates for capital schemes up to £100,000 subject to a maximum of £500,000 in any one financial year.

4.0 ACCOUNTING POLICIES, RECORDS AND RETURNS

Why is this Important?

- 4.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. It also helps provide evidence that expenditure has been properly incurred and income due has been collected.
- 4.2 The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year, and depends on adequate record keeping to fulfil this duty. The accounts and associated statements are subject to external audit which provides assurance that the accounts are properly prepared and proper accounting practices have been followed.

Key Controls

- 4.3 The key controls for accounting policies records and returns are:
 - a) Completion of annual accounts in accordance with proper practice as set out in CIPFA / LASAAC Code of Practice on Local Authority accounts.
 - b) All Cabinet Members, finance staff and budget managers operate within the required accounting standards and timetables of the Council.
 - c) All the authority's transactions, material commitments and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis.
 - d) Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
 - e) Reconciliation procedures are carried out to ensure transactions are correctly recorded.
 - f) The authority is required by law to retain prime documents. These include:
 - accounts raised (6 years)
 - copies of receipts (6 years)
 - payroll records (6 years)
 - VAT records (6 years).

For auditing and other purposes, the authority should retain other financial documents for the current plus the last complete financial year.

Responsibilities of Head of Finance, Revenues and Benefits

- 4.3 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts which is prepared at 31 March each year.
- 4.4 To determine the accounting procedures and records for the Council. Where these are maintained outside the Finance Division, the Head of Finance, Revenues and Benefits should consult the Head of Service concerned.
- 4.5 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2011.
- 4.6 To ensure that all claims for funds including grants are made by the due date.
- 4.7 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable, and with the requirement for the Council or designated Committee to approve the Statement of Accounts before 30 September.
- 4.8 To ensure the proper retention of financial documents.

Responsibilities of Heads of Service

- 4.9 To consult and obtain the approval of the Head of Finance, Revenues and Benefits before making any changes to accounting records and procedures.
- 4.10 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 4.11 To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines and timescales issued by the Head of Finance, Revenues and Benefits.

Responsibility of All Staff

- 4.12 All staff to provide explanations and documents when requested for audit purposes.

5.0 BUDGETING

Why is this Important?

- 5.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- 5.2 The budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans), are needed so that the Council can plan, authorise, monitor

and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit. It must also be sustainable.

Key Controls

- 5.3 The key controls for budget preparation are:
- a) specific approval for all budgets and associated levels of service.
 - b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered.
 - c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of Head of Finance, Revenues and Benefits

- 5.4 To prepare and submit reports on the Council's financial outlook including resource constraints set by the Government in accordance with the process set out in the Council's constitution. To advise on the medium term implications of spending decisions.
- 5.5 To determine the detailed format of the budget and the methods for their preparation, consistent with the general directions of the Council, and after consultation with the Cabinet and Heads of Service.
- 5.6 To prepare and submit reports to the Cabinet on the aggregate annual spending plans of services and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied.

Responsibilities of Heads of Service

- 5.7 To prepare budgets which are consistent with any relevant cash limits, within the Council's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the Head of Finance, Revenues and Benefits in accordance with the Council's general directions.
- 5.8 To consult with Cabinet Members and relevant Heads of Service, where it appears that a budget proposal is likely to impact on another service or level of service activity.
- 5.9 In compiling the budget to have regard to:
- spending patterns and pressures revealed through the budget monitoring process.
 - legal requirements
 - policy requirements as defined by the Council.
 - initiatives already underway

Responsibilities of Budget Managers

- 5.10 To assist in the preparation of the budget for their area of responsibility and ensure that the budget reflects the Council's priorities in respect of service development.
- 5.11 To review the alternative service delivery options as part of the budgeting process to ensure that the service achieves the most effective use of both financial and non-financial resources.
- 5.12 To identify potential savings for their budget areas.
- 5.13 To prepare a business case to support bids for increased levels of spending within their budget areas.

6.0 RISK MANAGEMENT

Why is this Important?

- 6.1 All organisations, whether they are in the private or public sectors, face risks to people, property and continued operations. Risk is the chance of this going wrong. It is the chance or possibility of loss, damage or injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.
- 6.2 The purpose of risk management is not to avoid all risks. It is take consider the likelihood of risks taking place, the impact if they do, the options for reducing that risk and the costs of doing so, and then making measured decisions as to what action, if any to take.
- 6.3 Insurance has been a traditional means of protecting against loss but this cannot be seen as the complete answer. By reducing, or even preventing, the incidence of losses (whether they result from crime or accident) the Council will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.

Key Controls

- 6.3 The key controls for risk management are:
 - a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation
 - b) acceptable levels of risk are determined and insured against where appropriate
 - c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
 - d) managers are able to articulate the decisions they have made regarding risk management and the basis for those decisions
 - e) provision is made for losses that might result from the risks that remain
 - f) procedures are in place to investigate claims within required timescales
 - g) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis

- h) the Council has identified business continuity plans for implementation in the event of disaster which result in significant loss or damage to its resources

Responsibilities of Head of Finance, Revenues and Benefits

- 6.4 To prepare and promote the Council's risk management policy statement.
- 6.5 To effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other employees where necessary.
- 6.6 To develop risk management controls in conjunction with other Heads of Service.

Responsibilities of Heads of Service

- 6.7 To notify the Head of Finance, Revenues and Benefits immediately of any loss, liability or damage which may lead to a claim against the Council, together with any information or explanation required by the Head of Finance, Revenues and Benefits or the Council's insurers.
- 6.8 To notify the Head of Finance, Revenues and Benefits promptly of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurances.
- 6.9 To consult the Head of Finance, Revenues and Benefits and the Head of Legal and Democratic Services on the terms of any indemnity which the Council is requested to give.
- 6.10 To ensure that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim.
- 6.11 To take responsibility for risk management having regard to advice from the Head of Finance, Revenues and Benefits and other specialist officers (e.g. Crime Prevention, Fire Prevention, Health and Safety).
- 6.12 To ensure that there are regular reviews of risk within their departments.

7.0 AUDIT REQUIREMENTS - Internal Audit

Why is this Important?

- 7.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2011 regulation 6, more specifically requires that a "relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control".
- 7.2 Accordingly internal audit is an independent and objective appraisal function established by the Council for reviewing the authority's system of internal control. It examines, evaluates and reports on the adequacy of internal control

as a contribution to the proper, economic, efficient and effective use of resources. Thereby it provides assurance to members, senior management and the Head of Finance, Revenues and Benefits that the controls in place are proportionate to the risks in the Council's activities.

Key Controls

- 7.3 The key controls for internal audit are:
- a) that it remains independent in its planning and operation
 - b) the Head of Finance, Revenues and Benefits and the Audit Manager have direct access to the Head of Paid Service, all levels of management and directly to elected members
 - c) the internal auditors comply with the Public Sector Internal Audit Standards

Responsibilities of Head of Finance, Revenues and Benefits

- 7.4 To ensure that internal auditors have the authority to:
- access Council premises at reasonable times
 - access all assets, records, documents, correspondence and control systems relevant to the audit
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any employee of the Council to account for cash, stores or any other Council asset under his/her control
 - access records belonging to third parties, such as contractors when required
 - directly access the Head of Paid Service, the Cabinet and the appropriate Committee
- 7.5 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of Audit & Risk Manager

- 7.6 To prepare Audit Plans which take account of the characteristics and relative risks of the activities involved. To liaise with Heads of Service on the audit strategy and coverage required. In addition to the statutory requirement this takes account of the need to seek added value, effective use of resources, improved performance and cost-effective controls.

Responsibilities of Heads of Service

- 7.7 To ensure that internal auditors are given access at all reasonable times to premises, staff, documents and assets which the auditors consider necessary for the purposes of their work.
- 7.8 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- 7.9 To consider and respond promptly to recommendations in audit reports.

- 7.10 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 7.11 To notify the Head of Finance, Revenues and Benefits immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 7.12 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Council's Audit & Risk Manager, prior to implementation.

8.0 AUDIT REQUIREMENTS - External audit

Why is this Important?

- 8.1 The Council's current external auditors are Ernst & Young. They were appointed by the Audit Commission for a five year period. Subject to draft legislation being approved, the Council will appoint its external auditors in the future.
- 8.2 The Head of Finance, Revenues and Benefits is responsible for working with the external auditor and for advising the Council, Cabinet and Heads of Service on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents and information which are necessary for audit purposes.
- 8.3 The basic duties of the external auditor are governed by section 15 of the 1982 Act as amended by section 5 of the 1998 Act, under which auditors need to satisfy themselves that:
- the accounts are prepared in accordance with regulation, comply with the requirements of all statutory provisions applicable to the accounts and that proper practice has been observed in the compilation of accounts
 - the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Key Controls

- 8.3 External auditors are appointed on a contract that requires them to follow a Code of Practice.

Responsibilities of Head of Finance, Revenues and Benefits

- 8.4 To ensure that external auditors are given access at all reasonable times to premises, staff, documents and assets, which the external auditors consider necessary for the purposes of their work.
- 8.5 To ensure there is effective liaison between external and internal audit and accountancy staff.

Responsibilities of Heads of Service

- 8.6 To ensure that external auditors are given access at all reasonable times to premises, staff, documents and assets which the external auditors consider necessary for the purposes of their work.
- 8.7 To ensure that all records and systems are up to date and available for inspection.

9.0 PREVENTING FRAUD, CORRUPTION AND BRIBERY

Why is this Important?

- 9.1 The Council will not tolerate fraud, corruption and bribery in the administration of its responsibilities whether from inside or outside the authority.
- 9.2 The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 9.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud, corruption or bribery.

Key Controls

- 9.4 The key controls regarding the prevention of financial irregularities are that:
- a. the Council has an effective anti-fraud and anti-corruption policy (including reference to bribery)
 - b. all members and staff act with integrity, and lead by example
 - c. senior managers and members are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt or who may have bribed or been bribed within the meaning of The Bribery Act 2010
 - d. high standards of conduct are promoted amongst members by the Audit and Governance Committee
 - e. a register of interests is maintained in which any hospitality or gifts accepted must be recorded
 - f. whistle blowing procedures are in place and operate effectively
 - g. legislation including the Public Interest Disclosure Act 1998 is adhered to
 - h. The Council has the capacity to investigate instances of fraud and attempted fraud. These resources currently reside in the Fraud & Inspections Team

Responsibilities of Head of Finance, Revenues and Benefits

- 9.5 To maintain an anti-fraud, corruption and bribery policy.
- 9.6 To maintain adequate and effective internal control arrangements for the Council.

- 9.7 To investigate all reported suspected/and on confirmed cases, prepare reports for the Head of Paid Service and the relevant member Committee and Cabinet member.

Responsibilities of Heads of Service

- 9.8 To ensure that all suspected irregularities are reported to the Fraud & Inspections Manager
- 9.9 To instigate the Council's disciplinary procedures where the outcome of an investigation indicates improper behaviour.
- 9.10 To ensure that where financial impropriety is discovered the Head of Finance, Revenues and Benefits is informed. The Head of Finance, Revenues and benefits in consultation with the Head of Legal & Democratic Services will consider involving the police to determine with the Crown Prosecution Service whether any prosecution will take place.

10.0 **ASSETS**

Security

Why is this Important?

- 10.1 The Council holds assets in the form of property, vehicles, equipment and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both physical assets and information required for service operations.

Key Controls

- 10.2 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- a) resources are used only for the purposes of the Council and properly accounted for
 - b) resources are secured to be available for use when required
 - c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits
 - d) an asset register is maintained for the authority and assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
 - e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and Software copyright legislation
 - f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies

Responsibilities of Head of Property

10.3 To ensure that a property/land asset register is maintained in accordance with good practice.

10.4 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement has been confirmed

Responsibility of Head of Amenity Services

10.5 To maintain a corporate register of vehicles and mobile plant.

Responsibilities of Head of People and Technology

10.6 To maintain an inventory of IT equipment and software

Responsibilities of Head of Services

10.7 To maintain a register of assets other than property, land, vehicles and IT equipment and software with a value in excess of £1,000.

10.8 To carry out an annual check of all items on the inventory in order to verify location, review, condition and take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should prudently be identified with security markings as belonging to the Council.

10.9 To make sure that Council owned property is only used in the course of the Council's business unless the Head of Service concerned has given written permission otherwise.

10.10 To ensure the proper security of all buildings and other assets under their control.

10.11 Where land or buildings are surplus to the requirements, to inform Head of Property.

10.12 To ensure that no Council asset or facility is subject to personal use by an employee without proper authority

10.13 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.

10.14 To ensure assets are identified, their location recorded and that they are appropriately marked and notified to Head of Finance, Revenues and Benefits for insurance purposes.

10.15 To ensure cash holdings on premises are kept to a minimum and within insurance limits.

10.16 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times and to take appropriate action if such keys are lost.

10.17 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information,

whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the Council in some way.

11.0 STOCKS AND STORES

Responsibilities of Heads of Service

- 11.1 To make arrangements for the care and custody of stocks and stores in their Division.
- 11.2 To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated, pursued to a satisfactory conclusion and adjustments made as required to the stock value.
- 11.3 To obtain approval from the Head of Finance, Revenues and Benefits to write-off redundant stocks and equipment. Where equipment/stocks are to be disposed of, procedures should be by competitive quotations or auction unless, agreed otherwise by the Head of Finance, Revenues and Benefits.

12.0 TREASURY MANAGEMENT

This Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement (TMP), stating the policies, objectives and approach to risk management of its treasury management activities;
- Suitable 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.

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, a mid year review and an annual report after its close, in the form prescribed in its TMPs.

Why is this Important?

- 12.1 A Code of Practice has been established by the Chartered Institute of Public Finance and Accountancy which aims to provide assurances that the Council's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum. This Council has adopted the key recommendations within the code.

Treasury Management and Banking

Responsibilities of Head of Finance, Revenues and Benefits

- 12.2 To compile and maintain a Treasury Management Policy Statement and suitable treasury management practices within these documents to state the

policies and objectives of the Council's treasury management activities, the manner in which these will be achieved and prescribe how the function will be managed and controlled.

- 12.3 To arrange borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Authority's own Treasury Policy Statement.
- 12.4 To operate bank accounts as are considered necessary within the terms of the banking arrangement.

Responsibilities of Heads of Service

- 12.5 To follow the instructions on banking issued by the Head of Finance, Revenues and Benefits and not to open any bank accounts in relation to Council activities.

Investments and Borrowing

Responsibilities of Head of Finance, Revenues and Benefits

- 12.6 To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by Council.
- 12.7 To ensure that all securities which are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate Head of Service.
- 12.8 To effect all borrowings in the name of the Council and to act as the Council's registrar of stocks, bonds, mortgages and other relevant documents and to maintain records of all borrowing of money by the Council.

Responsibilities of Heads of Service

- 12.9 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of the Cabinet, following consultation with the Head of Finance, Revenues and Benefits.

Trust funds and Funds Held for Third Parties

Responsibilities of Heads of Service

- 12.10 To arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities etc. relating to the trust with the Head of Finance, Revenues and Benefits unless the deed otherwise provides.
- 12.11 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Head of Finance, Revenues and Benefits, and maintain written records of all transactions.
- 12.12 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Imprest Accounts

Responsibilities of Head of Finance, Revenues and Benefits

- 12.13 To make arrangements for cash floats, petty cash and bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 12.14 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

Responsibilities of Heads of Service

- 12.15 To ensure that employees operating an imprest account:
- a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained
 - b) make adequate arrangements in their office for the safe custody of the account
 - c) produce upon demand by the Head of Finance, Revenues and Benefits, cash and all vouchers to the total value of the imprest amount
 - d) record transactions promptly
 - e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
 - f) provide the Head of Finance, Revenues and Benefits with a certificate of the value of the account held at 31 March each year
 - g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
 - h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Head of Finance, Revenues and Benefits for the amount advanced to him/her.

13.0 FINANCIAL SYSTEMS AND PROCEDURES - GENERAL

Why is this Important?

- 13.1 Directorates have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 13.2 The Head of Finance, Revenues and Benefits has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes which affect the financial content of systems.

Key Controls

- 13.3 The key controls are:
- basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated
 - performance is communicated to the appropriate managers on an accurate, complete and timely basis
 - early warning is provided of deviations from target, plans and budgets that require management attention
 - operating systems and procedures are secure.

Responsibilities of Head of Finance, Revenues and Benefits

- 13.4 To make arrangements for the proper administration of the Council's financial affairs, including to:
- a) issue advice, guidance and procedures for the Council's employees and others acting on its behalf
 - b) determine the accounting systems, form of accounts and supporting financial records
 - c) establish arrangements for audit of the Council's financial affairs
 - d) approve any changes to be made to existing financial systems or new systems introduced.

Responsibilities of Heads of Service

- 13.5 To ensure that accounting records are properly maintained and held securely.
- 13.6 To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Head of Finance, Revenues and Benefits.
- 13.7 To ensure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records, and vice versa, is maintained.
- 13.8 To incorporate appropriate controls to ensure that, where relevant:
- a) all input is genuine, complete, accurate, timely and not previously processed
 - b) all processing is carried out in an accurate, complete and timely manner
 - c) output from the system is complete, accurate and timely
- 13.9 To ensure that the organisational structure and arrangements provide an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 13.10 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption and that the documentation is accessible in the case of a disaster.
- 13.11 To ensure that systems are documented and staff trained in operations.
- 13.12 To consult with the Head of Finance, Revenues and Benefits before changing the financial content of any existing system or introducing new systems.

- 13.13 To consult with the Head of Finance, Revenues and Benefits in situations where it is considered that the rigid application of financial regulations will be likely to work against the best interests of the Council.
- 13.14 To establish a scheme of delegation identifying employees authorised to act upon the Head of Service or Director's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 13.15 To supply lists of authorised employees, with specimen signatures and delegated limits, to the Head of Finance, Revenues and Benefits, together with any subsequent variations.
- 13.16 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably offsite, or in an alternative location within the building.
- 13.17 To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under the legislation.
- 13.18 To ensure that relevant standards and guidelines for computer systems issued by the Head of Service are observed.
- 13.19 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.
- 13.20 To comply with the copyright, designs and patents legislation and, in particular, ensure that:
- a) only software legally acquired and installed by the Council is used on its computers
 - b) staff are aware of legislative provisions
 - c) in developing systems, due regard is given to the issue of intellectual property rights.

14.0 FINANCIAL SYSTEMS AND PROCEDURES - INCOME AND EXPENDITURE

Income

Why is this Important?

- 14.1 The Council's activities depend on collecting sufficient income. Effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.

Key Controls

- 14.2 The key controls for income are:

- a) all income due to the Council is identified and charged correctly in accordance with an approved charging policy which is regularly reviewed
- b) all income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery
- c) all money received by an employee on behalf of the Council is paid without delay to the Head of Finance, Revenues and Benefits or as he/she directs, to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that for identifying the amount due for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales
- e) formal approval for debt write-off is obtained and action taken within defined timescales
- f) appropriate accounting adjustments are made following write-off action
- g) all appropriate income documents are retained and stored for the defined period
- h) money collected and deposited is reconciled to the bank account by a person who is not involved in the banking process

Responsibilities of Head of Finance, Revenues and Benefits

- 14.3 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.
- 14.4 To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums to the Leader or Cabinet depending on the amount.

Responsibilities of Heads of Service

- 14.5 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, within corporate policies.
- 14.6 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 14.7 To determine in conjunction with the Head of Finance, Revenues and Benefits appropriate recovery procedures, including legal action where necessary, for debts which are not paid promptly.
- 14.8 To issue official receipts or maintain other documentation for income collection.
- 14.9 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded. Likewise to ensure two people are present when cash collected is counted and prepared for banking.
- 14.10 To hold securely receipts, tickets and other records of income, for the appropriate period.
- 14.11 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

- 14.12 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail.
- 14.13 To ensure income is not used to cash personal cheques or other payments, including sums due from the Council.
- 14.14 To supply the Head of Finance, Revenues and Benefits with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Head of Finance, Revenues and Benefits to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Heads of Service have a responsibility to assist the Head of Finance, Revenues and Benefits in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf
- 14.15 To advise the Head of Finance, Revenues and Benefits of potential debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no valid debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 14.16 To notify the Head of Finance, Revenues and Benefits of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Head of Finance, Revenues and Benefits and not later than 30 April.
- 14.17 To actively promote the collection of income in advance of the delivery of the goods or services.

15.0 FINANCIAL SYSTEMS AND PROCEDURES - Ordering and Paying for Work, Goods and Services

Why is this Important?

- 15.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. Councils have a statutory duty to achieve *best value* in part through economy and efficiency. The Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's code of practice on tenders and contracts.

General

- 15.2 Every employee and member of the authority has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council in accordance with appropriate codes of conduct. This should be done in the relevant registers of interest maintained by the Head of Legal & Democratic Services.
- 15.3 Official orders must be in a form approved by the Head of Finance, Revenues and Benefits. Official orders must be issued for all work, goods or services to

be supplied to the Council except as specified by the Head of Finance, Revenues and Benefits.

- 15.4 Each order must conform to the directions of the Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Head of Finance, Revenues and Benefits.
- 15.5 The normal method of payment from the Council shall be by BACS. Other methods require the prior approval of the Head of Finance, Revenues and Benefits.
- 15.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

Key Controls

- 15.7 The key controls for ordering and paying for work, goods and services are:
- a) all goods and services are ordered only by authorised employees and recorded
 - b) all goods and services shall be ordered in accordance with the Council's Procurement Code unless they are purchased from internal sources within the Council
 - c) goods and services received are checked to ensure they are in accordance with the order
 - d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards
 - e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
 - f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period
 - g) all expenditure including VAT, is accurately recorded against the right budget and any exceptions corrected
 - h) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of Head of Finance, Revenues and Benefits

- 15.8 To approve changes involving financial data to existing financial systems and to approve any new systems before they are introduced.
- 15.9 To approve the form of official orders, and associated terms and conditions. Terms and conditions will be available on the Council's web site.
- 15.10 To make payments from the Council's funds on the Head of Service's authorisation that the expenditure has been duly incurred in accordance with these financial procedure rules.
- 15.11 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

15.12 To make payments to contractors on the certificate of the appropriate Head of Service, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

15.13 To provide advice and encouragement on making payments by the most economical means.

Responsibilities of Heads of Service

15.14 To ensure that, where appropriate and in accordance with advice issued by the Head of Finance, Revenues & Benefits, orders are created through the purchase ordering module of the Council's financial management system for all goods and services other than for the exceptions specified in 15.3.

15.15 To ensure that orders are only used for goods and services provided to the directorate. Individuals must not use official orders to obtain goods or services for their private use.

15.16 To ensure that only those staff authorised by him/her sign orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. *Best value* principles should underpin the authority's approach to procurement. Value for money should always be achieved.

15.17 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. Appropriate entries should then be made in inventories or stores records where applicable.

15.18 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:

- receipt of goods or services
- that the invoice has not previously been paid
- that expenditure has been properly incurred and is within budget provision
- that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- the invoice is correctly coded
- discounts have been taken where available

15.19 To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. Where one employee has both ordered the goods and checked the invoice, a more senior manager must put in place a system of cost effective checks on the payments concerned.

15.20 To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising employees together with specimen signatures and details of the limits of their authority shall be forwarded to the Head of Finance, Revenues and Benefits.

- 15.21 Payment should not be made on a photocopied or faxed invoice, statement or other document other than the formal invoice, other than agreed by the Head of Finance, Revenues & Benefits. Electronic payment methods will be used where it is cost effective and provides adequate controls.
- 15.22 To process invoices for payment within sufficient time to enable payment to be made within 30 days of receipt of invoice and within 10 days for invoices from small and medium sized enterprises (SMEs).
- 15.23 To ensure that the division obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices issued by the Head of Finance, Revenues & Benefits which are in line with best value principles and contained in the Council's Procurement Code and Procurement Toolkit.
- 15.24 To notify the Head of Finance, Revenues and Benefits of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Head of Finance, Revenues and Benefits and, in any case, not later than 30 April. Notifications are to be in accordance with guidance issued by the Head of Finance, Revenues & Benefits.
- 15.25 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Head of Finance, Revenues and Benefits and Head of Service, the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.
- 15.26 To notify the Head of Finance, Revenues and Benefits immediately of any expenditure to be incurred as a result of statute/court order or a legal obligation to pay where there is no budgetary provision.
- 15.27 To ensure that all appropriate payment records are retained and stored for the defined period.

16.0 PARTNERSHIPS

Why is this Important?

- 16.1 Local authorities are working in partnership with others - public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- 16.2 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what, in partnership with others, they achieve.

General

- 16.3 The main reasons for entering into a partnership are:
- a) the desire to find new ways to share risk
 - b) the ability to access new resources
 - c) to forge new relationships
 - d) to have a positive impact on residents that the organisations cannot have working in isolation
- 16.4 A partner is defined as either:
- a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
- OR*
- b) a body whose nature or status give it a right or obligation to support the project.
- 16.5 Partners participate in projects by:
- a) acting as a project deliverer or sponsor, solely or in concert with others
 - b) acting as a project funder or part funder
 - c) being the beneficiary group of the activity undertaken in a project.
- 16.6 Partners have common responsibilities:
- a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - c) be open about any conflict of interests which might arise
 - d) to encourage joint working between themselves, promote the sharing of information, resources and skills between public, private and community sectors
 - e) to hold confidentially any information received, as a result of partnership activities or duties, that is of a confidential or commercially sensitive nature
 - f) to act wherever possible as ambassadors for the project.

Key Controls

- 16.7 The key controls are for Council partners:
- a) to be aware of their responsibilities under the Council's financial procedure rules and the Procurement Code
 - b) to ensure risk management processes are in place to identify and assess all known risks
 - c) to ensure project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
 - d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
 - e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of Head of Finance, Revenues and Benefits

- 16.8 To advise on the key elements of funding a project:
- a) scheme appraisal for financial viability both in the current and future years
 - b) risk appraisal and management
 - c) resourcing, including taxation issues
 - d) audit, security and control requirements

Responsibilities of Heads of Service

- 16.9 To ensure that the necessary approvals are obtained before any negotiations are concluded on partnership arrangements.
- 16.10 To maintain a register of all partnership arrangements entered into in accordance with procedures specified by the Head of Finance, Revenues and Benefits.
- 16.11 To provide appropriate information to the Head of Finance, Revenues and Benefits to enable a note to be entered into the statement of accounts.

17.0 EXTERNAL FUNDING

Why is this Important?

- 17.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide 'seamless' service delivery through working closely with other agencies and private service providers. Funds from external agencies provide additional resources to enable the Council to deliver services to the local community. However, in some instances although the scope for external funding has increased such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

Key Controls

- 17.2 To ensure that key conditions of funding, and that any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- 17.3 To ensure that funds are acquired only to meet the priorities approved by the Council.
- 17.4 To ensure that any match funding requirements are given due consideration prior to entering into long term agreements and future revenue budgets reflect these requirements.

Responsibilities of Head of Finance, Revenues and Benefits

- 17.5 To ensure that audit requirements are met.
- 17.6 To assist Head of Services to identify availability of external funding.

Responsibilities of Heads of Service

- 17.7 To ensure that all funding notified by external bodies is received.
- 17.8 To ensure that all claims for funds are made by the due date.
- 17.9 To ensure that the project progresses in accordance with the agreed project and all expenditure is properly incurred and recorded.
- 17.10 To ensure that the match funding requirements are considered prior to entering into the agreements and future revenue budgets reflect these requirements.

18.0 WORK FOR THIRD PARTIES

Why is this Important?

- 18.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable the unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is proportionate to the benefits and that such work is intra vires.

Key Controls

- 18.2 To ensure that proposals are properly costed in accordance with guidance provided by the Head of Finance, Revenues and Benefits.
- 18.3 To ensure that contracts are drawn up using guidance provided by the Head of Finance, Revenues and Benefits and the Head of Legal & Democratic Services and that the formal approvals process is adhered to.

Responsibilities of the Head of Finance, Revenues & Benefits

- 18.4 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Heads of Service

- 18.5 To ensure that the relevant approvals are obtained before any negotiations are concluded to work for third parties where this requires an increase in spending.
- 18.6 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Head of Finance, Revenues and Benefits.
- 18.7 To ensure that the Head of Finance, Revenues and Benefits is notified of any changes affecting insurance arrangements.
- 18.8 To ensure that the Council is not put at risk from any significant bad debts.
- 18.9 To ensure that no contract is subsidised by the Council.

- 18.10 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 18.11 To ensure that the department has the appropriate expertise to undertake the contract.
- 18.12 To ensure that such contracts do not impact adversely upon the services provided for the Council.
- 18.13 To ensure that all contracts are properly documented.
- 18.14 To provide appropriate information to the Head of Finance, Revenues and Benefits to enable a note to be entered into the statement of accounts.

Cascade and Generic Delegation Scheme**OFFICERS****PRINCIPLES OF THE SCHEME OF DELEGATION FOR OFFICERS**

1. The exercise of any powers or duties in pursuance of this Scheme shall be in accordance with:
 - (a) any policy or direction approved by the Full Council; or
 - (b) any policies approved by the Cabinet acting under delegated powers; and
 - (c) due observance of issues of propriety at all times.
2. All functions reserved to the Full Council by Statute, Standing Orders or Financial Regulations are excluded from the Scheme.
3. The exercise of functions (delegated powers) in respect of any matter involving the expenditure of money shall only take place provided financial provision has been identified in the Budget approved by the Full Council or financial approval has been obtained from the Cabinet or Cabinet Member.
4. Any powers or duties delegated to a Chief Officer may be exercised by any other person duly authorised by him/her in writing from time to time.
5. References to the term Chief Officer shall include the Chief Executive, Directors, Monitoring Officer, Chief Financial Officer and Heads of Service.
6. Officers are appointed to undertake particular roles. Those roles may be established by the terms of their appointment, job or role description, their position in the organisation, or from a specific instruction or the allocation of specific responsibilities by their manager. Officers' roles may vary from time to time to reflect changes in service delivery, staffing levels and to protect the Council's interests.
7. In order to ensure the smooth functioning of the authority and the efficient delivery of all of the services that it is responsible for, the Full Council and the Leader delegate to officers all of the powers that they need to do whatever their role requires of them from time to time.

CASCADE OF POWERS

8. Officers' powers have been delegated by means of a standing cascade. That means that there are no long lists in this constitution of specific powers and who those powers have been delegated and sub-delegated to.
9. Instead, there is a standing delegation of all necessary powers from the Full Council and the Leader (and their committees) to the Chief Executive. From the Chief Executive there is a standing delegation to each Director and then on to the Heads of Service. The cascade continues down through the Heads of Service to section heads or team managers and relevant officers in each Service.

10. In each case the powers delegated are the full range and extent of powers vested in the authority from time to time as necessary in order to discharge functions, implement decisions, and undertake the efficient operational management of the Services that the Directors and Heads of Service are responsible for from time to time.
11. This includes the power to do anything ancillary or incidental to, arising from, or necessary to give effect to or facilitate the exercise of powers and the discharge of functions delegated to officers.
12. Officers should be aware that the Head of Finance, Revenues and Benefits has statutory duties in relation to the financial administration and stewardship of the authority. Similarly the Head of Legal and Democratic Services shall act as Solicitor to the Council and he/she is authorised to institute, defend or participate in any legal proceedings to protect the interests of the Authority. These statutory responsibilities cannot be overridden.

USE OF POWERS

13. When officers act under delegated powers, they do so in the name of their Head of Service or Director who will retain ultimate responsibility for ensuring that powers are exercised at the appropriate level by suitably competent and qualified officers.
14. It is for Managers, in conjunction with their Director and/or Head of Service, to determine, record and keep under review the extent to which officers in their service are authorised to exercise delegated powers in their name. They shall do this by ensuring that there is clarity in setting out their Service and team structures and defining the respective roles of their officers.
15. It is the responsibility of each officer in the chain of cascade to ensure that powers are being exercised at the most appropriate level by suitably competent and qualified officers. They shall at all times have due regard for the nature, subject matter, and likely impact of any decision and liaise closely with those above them in the chain of cascade, including relevant Cabinet Members and Ward Members where deemed appropriate, especially where a matter has potentially significant strategic, policy or operational implications or is deemed to be politically sensitive.
16. Any ambiguity that may arise as to whether or not a particular officer is, by reference to the terms of their appointment, job or role description, or their position in the organisation, authorised in respect of any particular function is to be resolved by reference back up through the chain of cascade to Managers, Heads of Service, Directors or ultimately to the Chief Executive as appropriate who shall, where necessary, give written confirmation of the allocation of any given responsibility.
17. In exceptional circumstances, and with the agreement of those above them in the chain of cascade, Officers may decline to exercise powers which rest with them where it is considered, in all the circumstances, that it would be more appropriate for another officer (whether or not further up the chain of cascade) or for a Cabinet Member or the Leader to exercise the power instead.

18. Unless specifically prohibited by the terms of any authorisation, officers may arrange for any power which rests with them to be discharged by another suitably competent and qualified officer but they shall remain responsible for any powers so exercised.
19. Officers may direct that certain types of decisions or decisions on particular matters be reserved to them (or to another officer) notwithstanding that they would ordinarily be taken at a point further along the chain of cascade.
20. Where the duly empowered officer closest to the point of service delivery is unavailable or unable to act then, subject to any specific arrangements that may have been put in place, a suitably qualified and competent officer who is most proximate to the absent officer in the chain of cascade is empowered to act in place of that officer. This will usually follow the chain of cascade or line of management back up through Managers, Heads of Service and Directors to the Chief Executive.

CONTROLS ON THE USE OF POWERS

21. Officers are not empowered in respect of matters that are specifically reserved to Members or which amount to the adoption or implementation of new policy.
22. Officers are only empowered to act in respect of matters which fall wholly within their Service area responsibilities and levels of competence.
23. Officers who propose to exercise powers in respect of any matter that is not wholly within their Service area responsibilities or levels of competence shall be obliged to act in consultation with and take appropriate advice from those officers with the relevant responsibilities and expertise and particularly from the Head of Finance, Revenues and Benefits and the Head of Legal and Democratic Services in respect of financial and legal considerations.
24. Before taking decisions officers shall be satisfied that they can demonstrate, by keeping appropriate records, that they are duly authorised to act and that they have undertaken all appropriate consultation.
25. Officers must at all times observe and abide by the principles and controls governing officer decision making contained in Article 12 of the Constitution (Decision Making) ([insert link](#)).

OFFICER DELEGATION SCHEME

26. For the avoidance of doubt the cascade of power through the officer structure includes the power to take all action necessary in connection with or ancillary to:

PLEASE NOTE: The following delegations are based on “non-key (operational) decisions”. However, please be mindful that in some circumstances a decision may become “key” in which case the relevant process should be followed. In situations of doubt please contact the Democratic Services Team for advice.

	Delegations
1.	The authorisation of officers as may be required by statute (whether inter alia as “Proper Officers”, “Appointed Officer”, “Qualified Officer”, “Designated Officer”, “Specific Point of Contact” or otherwise) to undertake certain roles, or to exercise or discharge any powers, duties or functions including investigatory or regulatory functions and affecting entry to land or premises
2.	All matters in respect of the instruction of or the conduct of legal (or quasi legal) proceedings (including the authentication or execution of documents) are reserved to the Head of Legal and Democratic Services (and his/her duly authorised officers) who shall be authorised to institute, defend, settle, discontinue or otherwise participate in any such proceedings or take any other action considered necessary to give effect to decisions of or protect the interests of the Authority.
3.	In exercising their delegated powers Chief Officers may serve, receive and act upon: <ul style="list-style-type: none"> • the issuing, service, variation, or withdrawal of any notice, direction, determination, requisition, ultimatum or demand; • the making, confirmation, variation or withdrawal of any order or regulation • the formation, variation or termination of any contract or agreement • the granting, variation, withdrawal or termination of any permission, notice, authorisation, licence or consent in the exercise of any discretionary power or in complying with any duty of the Council.
4.	The introduction, setting, reviewing and variation of fees and charges for the delivery of services and for the issue of any licence, registration, permit, consent or approval (<i>Excluding the review of fees and charges in respect of the functions of the Licensing Committee</i>)
5.	The approval of documents for public/stakeholder consultation, the carrying out of consultation, responding to consultation in line with this Council’s Protocol, adoption of documents following consultation and the submission of documents to the appropriate authority.
6.	The acceptance and determination of applications (including grants) made in accordance with Council policy/procedure and other legislation.
7.	The day-to-day management of services, including (but not limited to) the implementation, and monitoring (as well as necessary minor amendments) of approved Council’s policies, practices, strategies and schemes.
8.	The Head of Finance, Revenues and Benefits has statutory duties in relation to the financial administration and stewardship of the authority and his statutory responsibility cannot be overridden. The Financial Procedure Rules, Procurement Code and approved Council Budget set out the financial limits that officers must work within and the procedures they must follow. This also includes the financial limits in respect of the purchase and disposal of land.
9.	The management and maintenance of residential Council owned properties (including garages) and tenancies (including but not limited to the renewal of leases, rent reviews, rent guarantees, service charges, sale, purchase and re-purchase of properties).
10.	The management and maintenance of operational Council properties and land including but not limited to the renewal of leases, rent reviews, service charges, the approval of the annual programme of building maintenance works where the cost does not exceed £100,000 and excluding the purchase and disposal of land.