

## Part 3 – procedure rules

### h. financial procedure rules

#### CONTENTS

##### Paragraph

- 1 Introduction
- 2 Summary of main limits in the procedure rules
- 3 Statutory officers
- 4 Budgets and medium-term planning
- 5 Maintenance of reserves
- 6 Income
- 7 Capital programme (creation)
- 8 Capital programme (control)
- 9 Accounting procedures
- 10 Asset register
- 11 Property
- 12 Contracts
- 13 External and internal audit
- 14 Inventories, equipment and stock of office supplies
- 15 Treasury management, banking arrangements and petty cash
- 16 Orders for work, goods and services
- 17 Partnerships
- 18 Payment of accounts
- 19 Risk and insurances
- 20 Salaries, wages and pensions
- 21 Staffing changes
- 22 Travelling, subsistence and financial loss allowances
- 23 Engagement of agency staff or consultants
- 24 Security

#### 1. Introduction

- 1.1 Financial regulations provide the framework for managing the financial affairs of the council. They apply to every councillor and officer of the council and anyone acting on its behalf.
- 1.2 The regulations identify the financial responsibilities of Council, the Executive, Overview and Scrutiny members, the Chief Executive (Head of Paid Service), the Monitoring Officer, the Section 151 Officer (S151 Officer) and other senior officers. Executive members and senior

officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the senior officer in the regulations should be read as referring to them.

- 1.3 All councillors and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- 1.4 The S151 Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to Council for approval. The S151 Officer is also responsible for reporting, where appropriate, breaches of financial regulations to the council and/or to the Executive members.
- 1.5 Senior officers are responsible for ensuring that all staff in their departments are aware of the existence and content of the council's financial regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments.
- 1.6 The S151 Officer is responsible for issuing advice and guidance to underpin the financial regulations that councillors, officers and others acting on behalf of the council are required to follow.
- 1.7 Key decisions

A key decision is a decision taken by the Executive or Council and includes:

- A decision made in connection with setting the council tax
- Involves expenditure (or a reduction in income) over £50,000 on any particular scheme/project (totalled across financial years)
- Involves the adoption of a policy or strategy which the Executive has power to adopt
- Involves the adoption or amendment of the scale of fees and charges
- Is one which affects the whole of the Borough and is one which the residents of Hinckley and Bosworth would normally expect to be notified or consulted
- Officers are required to immediately inform the Monitoring Officer of any key decision to be taken for publication on the council's website.

- 1.8 This must be based on a report from the appropriate director or S151 Officer, or their authorised representative. The financial implications section of the Executive/Council report will need to be agreed with the S151 Officer or their authorised representative.
- 1.9 Key controls - The key controls and control objectives for financial management standards are:
  - Their promotion through the authority
  - A monitoring system to review compliance with financial standards and regular comparisons of performance indicators and benchmark standards that are reported to member committees, the Executive and Council as appropriate.
- 1.10 The control and coordination of the finances of the borough council is the responsibility of Council. Financial procedure rules provide the framework within which the council's financial affairs are to be managed. Changes to these rules will require a resolution to Council. Council may waive compliance with any of these rules in a particular case, or any particular

class of case. These rules form part of the council's constitution. Definitions within the constitution apply to these rules.

- 1.11 The S151 Officer is the designated officer responsible, under the terms of S151 of the Local Government Act 1972, for the proper administration of the financial affairs of Hinckley and Bosworth Borough Council. The S151 Officer will nominate who will deputise as S151 Officer in their absence.
- 1.12 Any reference to the S151 Officer will include those officers in that service area undertaking delegated duties.
- 1.13 Within financial procedures, the term "directors" shall be deemed to include the Chief Executive and the Strategic Leadership Team (SLT), along with the S151 Officer in relation to the role of S151 Officer.
- 1.14 Any references made to "finance officers" include the Head of Finance, Accountancy Manager, senior accountants and accountants.
- 1.15 The Corporate Property Officer is the Estates and Assets Manager.
- 1.16 The Procurement Officer is the Director (Corporate Services).
- 1.17 The Chief Executive, Director (Community Services), Director (Environmental and Planning) and Director (Corporate Services) are members of SLT.
- 1.18 The Chief Executive and directors are responsible for ensuring that all financial rules, financial procedures and any other financial instructions which the S151 Officer may issue from time to time are complied with by all their staff in order to ensure that the council obtains value for money and that the goods, materials, work and services required are necessary and appropriate.
- 1.19 Where a member of SLT discovers that there has been a breach of rules in his/her service area, then he/she will consult the S151 Officer and instigate appropriate action. This may include, following consultation with the Monitoring Officer, consideration of invoking the council's disciplinary procedure.
- 1.20 The financial procedure rules are rules that members and officers must apply to ensure good financial management. They give the detail to the general strategy contained in the constitution. They must be used in the context set out in rules of procedure and codes and protocols, both of which are contained in the constitution, and must be adhered to at all times.
- 1.21 Financial procedure rules must be reviewed annually and Council must approve any amendments.
- 1.22 Any questions about the use or scope of the financial procedure rules should be addressed to the S151 Officer or to finance officers.
- 1.23 Sanctions and remedies for non-compliance

These financial procedure rules have been drafted with a view to avoiding any uncertainty or ambiguity as to the principles, standards and procedures to be observed. If any uncertainty or dispute arises pursuant to these financial procedure rules, or instructions issues under them, the matter must be referred to the S151 Officer for interpretation and/or arbitration.

Failure to comply with the financial procedure rules or instructions issues under them may constitute gross misconduct. Breaches of financial procedure rules may lead to an investigation and the recommendation of further action(s) to be taken.

## 1.24 Emergencies

Nothing in the financial procedure rules shall prevent the Chief Executive or directors, in consultation with the S151 Officer and the Leader of the council (or their deputy if unavailable), from incurring expenditure essential to meet any immediate needs created by an emergency, or which falls within S138 of the Local Government Act 1972. Such action and their justification shall be reported as soon as possible to the Executive and Council.

## 2. Summary of main limits in the procedure rules

### 2.1 Capital programme

Acceptance of tenders - where tenders and quotations cause the scheme budget to be exceeded by:

- Up to 5%: the director may approve such variation
- Between 5% and 20%: the director must report to SLT (subject to a minimum reporting level of £10,000), who may approve such variations
- Over 20%: the director must report to the Executive, who may approve such variations
- Subject to any variations, only being approved in consultation with the Procurement Officer and the Legal Services Manager
- Amendments can be made to the project specification to ensure that the budget is not exceeded
- Executive can be requested to approve a supplementary budget up to a maximum of £500,000 per year in aggregate, with a limit per individual supplementary of £50,000, where no savings are possible
- Council can be requested to approve a supplementary budget beyond £50,000.

### 2.2 Tenders and quotes

- Variations causing the scheme budget to increase by at least 5% (min £15,000) must be reported to Executive immediately; and
- Show possible compensating savings in the project; or
- Compensating adjustments in other projects; or
- Ask Council for supplementary budget.

### 2.3 Capital overspends

Overspends up to £25,000 (aggregate £250,000 per annum): Chief Executive or S151 Officer can approve virement and the Chief Executive, in consultation with the S151 Officer, may approve a supplementary budget.

Overspends £25,000 to £50,000 (aggregate £500,000 per annum): Request to Executive for virement or supplementary budget.

Overspends above £50,000: Request to Council for virement or supplementary budget.

## 2.4 Income

Write off sundry debts up to £5,000: Directors may give approval to write off general debts that are proven to be unrecoverable (including where the debtor is bankrupt or being wound up) or raised in error.

Write of sundry debts up to £10,000: SLT may give approval to write off general debts that are proven unrecoverable (including where the debtor is bankrupt or being wound up) or raised in error.

Write off sundry debts up to £25,000: The Chief Executive and S151 Officer have delegated authority to write off such debts. They must submit reports to Executive at six monthly intervals, summarising those debts written off.

Write off sundry debts up to £50,000: Executive must approve the write off.

Write off sundry debts over £50,000: Council must approve the write off.

## 2.5 Council tax, NNDR and housing benefits overpayment debts:

Write-off limits for council tax, NNDR and housing benefits overpayment debts are contained within the debt recovery policy for Leicestershire Revenue and Benefits Partnership as follows:

- For debts up to but not exceeding £100 (including aggregated debts for one debtor), the delegated authority rests with the Business Rates or Council Tax Team Leader
- For debts up to but not exceeding £100 (including aggregated debts for one debtor), the delegated authority rests with the authority's Partnership Manager
- For debts greater than £1,000 but not exceeding £10,000 (including aggregated debts for one debtor) (and for all credit balances), the delegated authority rests with the Revenues Operational Manager
- For debts greater than £10,000, write-off procedures are as stated for sundry debts.

## 2.6 Miscellaneous sales

- Directors can authorise, if the estimated income is up to £10,000
- SLT must authorise if the estimated income is £10,000 to £25,000 and above and a minimum of three offers sought
- SLT can give approval if the income is between £25,000 to £50,000, with a report issued to the Executive
- SLT can give approval if the income over £50,000, with a report issued to Council.

## 2.7 Payments

Payments up to £10,000:

- Directors may delegate authority for the approval of payments up to £10,000 for officers
- SLT must compile a schedule of authorised approvers and their approval limits
- The schedules must be submitted to the S151 Officer
- The S151 Officer must be notified immediately of any changes
- The schedules must be reviewed annually and submitted to the S151 Officer.

Payment up to £25,000:

- Must be approved by a service manager reporting to a Director.

The S151 Officer or the Chief Executive can authorise any payment having been provided with supporting evidence.

Petty cash: limit is £250.

All payments are subject to correct ordering procedures being followed.

## 2.8 Revenue budgets – variations

Variations up to £1,000:

- Directors can approve virements and supplementary budgets on codes relating to their own directorate to a maximum annual aggregate of £20,000 (virements between the general fund and the HRA are not allowed).

Variations up to £10,000:

- S151 Officer can approve virements to a maximum of £200,000 per year in aggregate
- Directors, in consultation with the S151 Officer, can approve virements across their individual directorate budget heads within the same fund to a maximum of £100,000 per year in aggregate
- S151 Officer can approve supplementary budget requests to a maximum of £200,000 per year in aggregate.

Variations up to £25,000:

- Chief Executive, in consultation with S151 Officer, can approve virements to a maximum of £500,000 per year in aggregate
- Chief Executive, in consultation with S151 Officer, can approve supplementary budgets to a maximum of £500,000 per year in aggregate.

Variations up to £50,000:

- Executive can approve virements or supplementary budgets to a maximum of £500,000 per year in aggregate.

Variations over £50,000:

- Request to Council for virement or supplementary budget.

## 2.9 Orders for works, goods and services - authorisation

Orders up to £10,000:

- Directors may delegate authority for the approval of orders up to £10,000
- SLT must compile a schedule of authorised approvers and their approval limits
- The schedules must be submitted to the S151 Officer
- The S151 Officer must be notified immediately of any changes
- The schedules must be reviewed annually and submitted the S151 Officer.

Orders up to £25,000:

- Must be approved by a service manager reporting to a Director.

Orders up to £250,000:

- For orders up to £250,000, a Director must authorise the order having been provided with evidence that the rules stipulated under the council's contract procedures have been applied.

The S151 Officer or the Chief Executive can authorise any orders having been provided with evidence that the rules stipulated under the council's contract procedures have been applied.

## 2.10 Orders for works, goods and services - ordering procedure:

- The current contract procedure rules and financial procedure rules regarding revenue and capital budgets must be strictly observed
- No splitting or orders to avoid the relevant procedure
- Orders of more than one year and/or more than one service must be for the total value over the full period.

Before proceeding to raise an order/enter into a new contract for the supply of goods, works or services, the procuring officer should first ensure that there are:

- No current in-house arrangements in existence
- No current corporate contracts in place.

The following limits apply:

- Orders up to £5,000: informal prices
- £5,001 to £20,000: two written quotations
- £20,001 to £50,000: three written quotations on the basis of a detailed specification and the Councils' procurement officer must be consulted
- £50,001+: the formal tendering procedure, set out in contract procedure rules must be used and the councils' procurement officer must be consulted. Where the council is a lead authority in procuring goods or services for a number of authorities, it is the gross value of the order that will determine the level of authorisation.

## 3. Statutory officers

3.1 The responsibilities of statutory officers are set out below.

3.2 Head of Paid Services (Chief Executive) is responsible for:

- The corporate and overall strategic management of the council
- Reporting to and providing information to the Executive, Council, Overview and Scrutiny and other council bodies
- Establishing a framework for management direction, style and standards and monitoring Organisational performance
- (Together with the Monitoring Officer) for the system of record keeping in relation to all Council decisions (see below).

3.3 The Monitoring Officer:

- Is responsible for promoting and maintaining high standards of financial and ethical conduct and therefore provides support to the Ethical Governance and Personnel Committee
- Is responsible for reporting any actual or potential breaches of law or maladministration to Council and/or to member committees for ensuring procedures for recording and reporting key decisions are operating effectively
- Must ensure that Executive decisions and the reasons for them are made public. They must also ensure that council members are aware of decisions made by the Executive and officers who have delegated executive responsibility
- Is responsible for advising all councillors and officers about who has authority to take a particular decision
- Is responsible for advising Executive or Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework

- (Together with the S151 Officer) is responsible for advising the Executive or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget
- Is responsible for maintaining an up-to-date constitution.

#### 3.4 S151 Officer:

The S151 Officer, as Head of Finance, has statutory duties in relation to the financial administration and stewardship of the council. Statutory responsibility cannot be overridden and duties arise from:

- S151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 1996.

#### 3.5 The S151 Officer is responsible for:

- Proper administration of the councils' financial affairs
- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary
- Securing sound financial management
- Providing financial information
- Preparing the revenue budget and capital programme
- Treasury management.

#### 3.6 Deputy S151 Officer:

The 1988 Local Government Act makes a requirement to have a designated qualified deputy S151 Officer to act on their behalf in his/her absence, or if requested by the Chief Finance Officer to do so. The nomination of the designated S151 Officer will be the responsibility of the S151 Officer.

### 4. Budgets and medium-term planning

- 4.1 The Medium Term Financial Strategy (MTFS) includes the allocation of financial resources to different services and projects, proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the council's borrowing requirement, the control of its capital expenditure and the setting of virement limits.
- 4.2 Budget management ensures that once the budget has been approved by Council, allocated resources are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 4.3 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of 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 a council to budget for a deficit.
- 4.4 Medium-term planning (or a three year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added

to the medium-term plan. This ensures that the council is always preparing for events in advance.

4.5 The S151 Officers will:

- Prepare and submit reports on budget prospectus to the Executive, including resource constraints set by Government. Reports should take account of medium-term prospects, where appropriate
- Determine the detailed form of revenue budget and the methods for their preparation consistent with the budget approved by the council, and after consultation with the Executive, directors and service managers
- Prepare and submit reports to the Executive on the aggregate 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
- To advise on the medium-term implications of spending decisions
- To promote the best use of resources and value for money by working with directors and services managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development of savings options, and in developing financial aspects of service planning.

4.6 Directors and service managers have a responsibility to:

- Prepare income and expenditure estimates, in consultation with the S151 Officer, to support the annual budget preparation and preparation for the MTFS for final submission to council
- Prepare estimates for budget purposes which are consistent with any relevant cash limits and constraints within the budgets strategy approved as part of the council's annual budget cycle and guidelines issued by the Executive
- Integrate financial and budget plans into service planning so budget plans can be supported by financial and non-financial performance measures.

4.7 Revenue budget - creation

At the start of each year's budget process, the S151 Officer will prepare a budget strategy. The budget strategy will be consistent with the MTFS and will provide the framework for next year's budget.

Executive will approve the budget strategy prior to the preparation of detailed budgets.

The S151 Officer will decide the form of the detailed revenue budget in line with the policies approved by Executive.

The S151 officer will liaise with SLT and all budget holders in order to compile a proposed budget for the next financial year.

Any increases to base budgets (growth items) must be submitted by budget holders and approved by the responsible SLT member and S151 Officer.

Service managers will rigorously review the fees and charges for their services, in accordance with guidelines approved by Executive. They will then submit proposed revised charges to SLT and Council.

The report to Council revising the charges will include both the current charges and the proposed revised charges.

Council will agree the scale of fees and charges and any amendments.

The S151 Officer (in consultation with SLT) will compile the budgets after taking account of:

- staffing and other resources requirements;
- approved service plans;
- the capital programme;
- any central government limitations; and
- the revision of rents, fees and charges.

Proposed budgets must be reported to Council (with Executive recommendations) during the February/March period.

Council must have decided on an approved budget before 11 March each year, in order to set the council tax.

#### 4.8 Revenue budget – control

##### Virements

Virements must not create additional overall budget liability. Directors and service managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including the full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors and service managers must plan to fund such commitments from within their own budgets.

For control purposes, an income or expenditure budget represents a budget line (known as the budget head) in the capital and revenue estimates book.

##### Variations

Variations up to £10,000:

- S151 Officer can approve virements to a maximum of £200,000 per year in aggregate
- Directors, in consultation with the S151 Officer can approve virements across their individual directorate budget heads to a maximum of £100,000 per year in aggregate
- S151 Officer can approve supplementary budget requests to a maximum of £200,000 per year in aggregate.

Variations up to £25,000:

- Chief Executive, in consultation with the S151 Officer, can approve virements to a maximum of £500,000 per year in aggregate
- Chief Executive, in consultation with the S151 Officer, can approve supplementary budgets to a maximum of £500,000 per year in aggregate.

Variations up to £50,000:

- Executive can approve virement or supplementary budget to a maximum of £500,000 per year in aggregate.

Variations over £50,000:

- Request to Council for virement or supplementary budget.

Before approval, the Chief Executive will require assurance from the relevant SLT member that all necessary steps to achieve compensating or additional income savings have been taken.

If the annual limit in each of the above cases is reached, then the variation for which approval is sought will be accelerated to the next level.

#### 4.9 Revenue budget - budget monitoring

The S151 Officer and appropriate officers will supply the directors with monthly comparative statements of income and expenditure to budget. Service managers and delegated officers are responsible for ensuring that controllable budget links for which they are responsible are not overspent.

The S151 Officer will ensure that each service manager and appropriate officer will receive adequate training to enable them to control those parts of the budget for which they are responsible.

#### 4.10 Revenue budget - budget reporting

Operationally, responsibility for budgets and adherence to financial procedures rests with the directors and the service managers and not the S151 Officer.

The S151 Officer will submit at least quarterly summaries to SLT and Executive, comparing actual expenditure and income to budget and providing a forecast position to the year end.

### 5. Maintenance of reserves

5.1 The Council must decide the level of general reserves that it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the council to provide unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

5.2 The key controls for the maintenance of reserves are:

- To maintain reserves in accordance with the code of practice on local authority accounting in the UK (CIPFA/LASAAC) and agreed accounting policies
- For each reserve established, the purpose, usage and basis of transactions should be clearly identified
- Authorisation and expenditure from reserves in consultation with the chief finance officer and as agreed in the budget approved by Council.

5.3 The role of the S151 Officer is to:

- Advise Executive and Council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter where appropriate
- Report to Executive and Council on an annual basis with an assessment as to the adequacy of the financial reserves and balances.

5.4 The role of the directors and service managers is to ensure that reserves are used only for the purposes for which they were intended.

## 6. Income

The S151 Officer is responsible for the collection and safe custody of all money due to Hinckley and Bosworth Borough Council.

Service managers are responsible for raising debtor invoices in their own service areas and report on collection rates to the respective director at least quarterly.

### 6.1 Identification of sources of income

Service managers must raise debtors' invoices promptly and within one calendar month of the service provision. Service managers must notify the relevant director and S151 Officer when any contract, lease or arrangement is made, whose terms provide that the council receives money.

The S151 Officer has the right to inspect any documents relating to such matters.

The S151 Officer must maintain a periodical income record identifying regular receipts.

### 6.2 Grants

Service managers should ensure that all grants and external funding income is promptly claimed and proper records and working papers are retained to justify claims.

Service managers should ensure that all claims are validated by a finance officer before submission to the accountable body/funding agency.

Service managers must inform the director and S151 Officer of any new bids for grant applications, providing copies of grant applications and letters of acceptance to the S151 Officer.

The S151 Officer will retain a central grants register which will be monitored and updated.

### 6.3 Fees and charges

Service managers, in consultation with the relevant director, will ensure that all rents, fees and charges are reviewed at least annually at the time of the preparation of the budget. Rents should be reviewed in accordance with the terms of the agreement.

Where it is proposed to introduce, revise or discontinue a scale of fees and charges, the S151 Officer should be consulted before the proposal is progressed.

The S151 Officer will provide an annual report and fees and charges book to Council for approval.

### 6.4 Procedures for receipts

Any money received by an officer must immediately:

- Be sent to the S151 Officer or
- Be paid into the council's bank account or
- Be sent directly to any other body or person entitled to receive it.

No deduction must be made from receipts unless specifically authorised by the S151 Officer.

All officers receiving cash must give an official receipt.

All receipts and deposits must be recorded clearly, accurately and in date order in records acceptable to the S151 Officer.

Each officer receiving money on behalf of the council must record on a paying-in slip, or directly into the computer system:

- A reference such as the debtor's name
- The receipt number, so that the debt of reason for payment can be easily identified.

On the back of each cheque, the following details must be entered:

- Account number
- Cashier's reference
- Date accepted
- Receipt number.

No third party cheques are to be accepted.

Personal cheques must not be cashed out of council money.

The receiving officer must sign transfers of council money from one employee to another.

#### 6.5 Debt recovery

The S151 Officer must ensure that robust debt recovery procedures are in operation and comply with the council's debt management policy.

#### 6.6 Debt write-off - sundry debts

Debt write-off limits below refers to the level of debt being written off in aggregate for service provision in relation to an individual debtor of organisation, not individual invoice value.

Up to £10,000:

- Directors may give approval to write-off general debts that are proven to be unrecoverable (including where the debtor is bankrupt or being wound up) or raised in error.

Up to £15,000:

- SLT may give approval to write-off general debts that are proven unrecoverable (including where the debtor is bankrupt or being wound up) or raised in error.

Up to £25,000:

- The Chief Executive and S151 Officer have delegated authority to write-off such debts
- They must submit reports to Executive, at six monthly intervals, summarising those debts written off.

Up to £50,000:

- Executive must approve the write-off.

Over £50,000:

- Council must approve the write-off.

## 6.7 Debt write-off - debtors invoice cancellations

Any invoices that require cancellation must be authorised by the S151 Officer or the Accountancy Manager before cancellation.

## 6.8 Debt write-off - council tax, NNDR and housing benefits overpayment debts

Write-off limits for council tax, NNDR and housing benefits overpayment debts are contained within the debt recovery policy for Leicestershire Revenue and Benefit Partnership as follows:

- For debts up to but not exceeding £100 (including aggregated debts for one debtor), the delegated authority rests with the enforcement team leader
- For debts greater than £100 but not exceeding £1,000 (including aggregated debts for one debtor), the delegated authority rests with the authority's partnership manager
- For debts greater than £1,000 but not exceeding £10,000 (including aggregated debts for one debtor) (and for all credit balances), the delegated authority rests with the head of partnership
- For debts greater than £10,000, write-off procedures are as stated for sundry debts.

## 7. Capital programme (creation)

### 7.1 They key controls for capital programmes are:

- Specific approval by Council for the programme of capital expenditure
- Expenditure on capital projects is subject to the approval of the S151 Officer
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Executive
- Proposals for improvements and alterations to buildings must be approved by the appropriate member of SLT
- The development and implementation of asset management plans
- Accountability for each proposal is accepted by a named manager
- Monitoring of progress in conjunction with expenditure and comparison with approved budget.

### 7.2 The capital programme is a plan that sets out the resource allocations to be made to capital projects that have the approval of Council. This means that capital expenditure should form part of an investment strategy, to deliver the council's strategic priorities, and maximise the benefit of limited resources. For the purpose of these procedure rules, "capital expenditure" means the acquisition, construction or enhancement of tangible/intangible fixed assets (land, buildings, vehicles, plant, equipment, hardware and software). Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing and revenue running costs.

### 7.3 An enhancement is defined as:

- Works that lengthen substantially the useful market value life of an asset
- Works that increase substantially the market value of an asset
- Works that increase the extent to which the property can be used for purposes of functions of the council.

### 7.4 Items or groups of items under the value of £10,000 would not normally be classified as capital expenditure unless they meet the definition of an enhancement above.

- 7.5 The S151 Officer will implement a suitable mechanism to ensure compliance with CIPFA's prudential code, reviewing proposals and monitoring capital schemes, reporting in such areas as affordability, prudence and sustainability (e.g. implications for external borrowing), value for money, stewardship of assets, service objectives and practicality/achievability.
- 7.6 The S151 Officer has responsibility:
- For preparation of a capital programme in the annual budget cycle, showing the projects for the next four years
  - For issuing guidance on capital projects and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions, ensuring that all projects relying on the use of prudential borrowing for funding purposes are properly appraised using robust business cases
  - To undertake external borrowing in line with the council's approved MTFS, including the type of loan and its repayment method
  - For maintaining a record of the current capital budget and expenditure on the council's financial system.
- 7.7 SLT will monitor progress and review the capital programme with the asset management plan in order to ensure that the council's corporate objectives are being met and that there is consistency between the capital programme and the asset management plan.
- 7.8 Directors have a responsibility for:
- Complying with the guidance issued by the S151 Officer regarding capital projects and controls
  - Ensuring that all capital projects put forward for consideration have been properly appraised and that each project and estimate includes a proper project plan, progress targets and sets out the sources of funding for the project, including all associated revenue expenditure
  - Preparing regular reports reviewing the capital programme provisions for their services
  - Ensuring adequate records and audit trails are maintained in respect of all capital contracts
  - Monitoring capital expenditure and receipts against approved capital budgets on a project by project basis and reporting to the relevant Executive member on a regular basis in accordance with the standard revenue budget monitoring arrangements set out above
  - Reporting to the Executive if proposed sources of funding are not secured
  - If planned funding from linked assets sales or external grants and contributions cannot be realised, corporate funding support must be sought
  - Ensuring that adequate records are maintained for all capital contracts
  - Proceeding with projects only when there is adequate provision in the capital programme and with the agreement of the S151 Officer, where required.
- 7.9 The S151 Officer will prepare capital budgets with directors and service managers and report them to Executive for approval. The Executive will make recommendations on the capital budgets and on any associated financing requirements to Council.
- 7.10 Council will receive the recommendations of the Executive, review the overall expenditure, capital resources and revenue implications and set a capital budget.
- 7.11 The capital programme will include total capital costs and the proposed capital expenditure on each scheme for each year of the programme. In addition, the financing of all capital schemes should be disclosed.

7.12 The procedure for inclusion in the capital programme is as follows:

- A project proposal will be prepared and presented to the S151 Officer and to SLT
- Once approved by SLT, a project officer will be assigned who will be responsible to the lead officer in charge of the project budget
- Council will consider the project and give approval as appropriate.

7.13 It is the project officer's responsibility to ensure a full financial appraisal is prepared by the technical officer in conjunction with the S151 Officer and will include:

- Detailed estimates of the capital costs of the proposed scheme and associated funding
- Detailed estimates of the annual running costs and income
- Estimated annual capital charges resulting from the additional asset
- Any consequences of not proceeding with the project
- Any compensating savings in other services after completion of the project.

7.14 In exceptional circumstances, a project may need to be inserted in the programme when it cannot fulfil the normal programming timetable. The report proposing the project must include:

- A full financial appraisal
- An explanation of how the project can be fitted into the programme
- The explanation will identify the necessary savings or the project(s), which will be deferred to accommodate the new project
- The S151 Officer will advise SLT and the Executive of funding the capital programme. This will include consideration of affordability and sustainability in accordance with the prudential code and disposal of Council assets in accordance with the Council's disposals policy as outlined in section 8.

8. Capital programme (control)

8.1 Budget monitoring

Directors, service managers and delegated officers are responsible for ensuring that capital schemes for which they are responsible are not overspent and are delivered on schedule.

Directors will monitor progress of all capital projects at least quarterly.

8.2 Acceptance of tenders

Where tenders and quotations cause the scheme budget to be exceeded:

- By up to 5%: the director may approve such variation
- By between 5% and 20%: the director must report to SLT (subject to a minimum reporting level of £10,000), who may approve such variations
- By over 20%: the director must report to the Executive, who may approve such variations.

Subject to any variations only being approved in consultation with the procurement officer and the Legal Services Manager:

- Amendments can be made to the project specification to ensure that the budget is not exceeded

- Executive can be requested to approve a supplementary budget up to a maximum of £500,000 per year in aggregate, with a limit per individual supplementary of £50,000, where no savings are possible
- Council can be requested to approve a supplementary budget beyond £50,000.

### 8.3 Tenders and quotes:

- Variations causing the scheme budget to increase by at least 5% (min £15,000) must be reported to Executive immediately
- Show possible compensating savings in the project
- Compensating adjustments in other projects
- Ask Council for supplementary budget.

### 8.4 Budget reporting:

- Finance Officers will report to SLT at least quarterly on progress of the capital programme
- Executive shall hold SLT members to account for their performance on implementing the capital programme and for their use of capital resources
- The S151 Officer will report quarterly to Finance & Performance Scrutiny on the overall financial position in relation to over/under-spends and anticipated slippage
- The S151 Officer shall report outturn expenditure to Executive, Finance & Performance Scrutiny and to Council.

### 8.5 Supplementary and virement approval

Overspend up to £25,000 on a capital project:

- The Chief Executive or S151 Officer will be authorised to vire across budget heads up to a maximum of £250,000 per year in aggregate, with a limit per individual virement of £25,000. All such proposals must be reported to the accountancy section
- The directors, in consultation with the S151 Officer, will be authorised to vire across their individual directorate budget heads, up to a maximum of £100,000 per year in aggregate, with a limit per individual virement of £10,000. All such proposals must be reporting to the accountancy section
- The Chief Executive, in consultation with the S151 Officer, is authorised to approve supplementary estimates up to a maximum of £250,000 per year in aggregate, with a limit per individual supplementary estimate of £25,000.

Overspend between £25,001 and £50,000 on a capital project:

- Executive will be authorised to vire across budget heads up to a maximum of £500,000 per year in aggregate, with a limit per individual virement of £50,000
- Executive will be authorised to approve an individual supplementary estimate of £50,000 up to a maximum of £500,000 per annum in aggregate
- Overspend greater than £50,000 on a capital project
- Council will be authorised to approve a virement across budget heads above £50,000 per individual virement
- Council will be authorised to approve an individual supplementary estimate above £50,000.

### 8.6 Capital programme control

- Directors and service managers must ensure all Borough Council employees and external organisations are aware of and comply with the constitution of the council contract procedure rules and financial procedure rules

- The S151 Officer may carry out an audit of any capital project, either while it is in progress or after completion
- The S151 Officer will make an annual report, to Executive, listing those projects, which became financially complete in the previous financial year and comparing the final cost with the scheme budget.

## 9. Accounting procedures

All accounts and accounting records will be compiled under the direction of the S151 Officer.

### 9.1 The S151 Officer will:

- Maintain satisfactory accounting arrangements for all financial transactions of the Council in consultation where necessary with the Chief Executive, directors and heads of service
- Make proper arrangements for the external audit of the council's accounts in accordance with the Accounts and Audit Regulations 2003
- Ensure that all claims for funds, including grants, are made by the due date
- Ensure the proper retention of financial documents in accordance with the requirements set out in the council's records management policy and records retention policy.

### 9.2 Members of SLT

Whilst the S151 Officer has overall responsibility for the finances of the council, directors are responsible for the day to day management of their directorate's finances.

SLT members' responsibilities in relation to financial management include:

- Maintaining satisfactory financial management standards within their directorates with sufficient resources including legal advice, where necessary, to carry out the duties specified by legislation or otherwise directed by these financial procedure rules
- Promoting and ensuring compliance with the financial procedure rules and practices set by the S151 Officer in their directorates; consulting with the S151 Officer on any matter which is liable to materially affect the resources of the council. This must be done before any commitment is incurred, or a report is made to Executive, Council or to a body for decision
- Ensuring that the Executive members are advised of the financial implications of all proposals and that these have been agreed by the S151 Officer, or their nominated representative
- Signing contracts on behalf of the council in accordance with the contract procedure rules; reporting suspected fraud and irregularities to the internal auditor for investigation and referral to the Police as considered necessary
- Ensuring that the officer delegations relating to financial management and administration as set out in the council's scheme of delegation within their directorates, are exercised with due regard to the detailed requirements of these financial procedure rules
- Implementing the management recommendations of internal audit and external auditors agreed with the director and service managers.

### 9.3 Other responsibilities of the Chief Executive, directors and service managers are:

- To consult and obtain the approval of the S151 Officer before making any changes to accounting records and procedures
- To comply with the principles that apply in allocating accounting duties

- To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements
- To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the S151 Officer
- To consult and obtain the approval of the S151 Officer before making any changes to accounting records and procedures and to comply with the accounting policies when allocating accounting duties
- To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements
- To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the S151 Officer.

#### 9.4 Allocating accounting duties

The following principles will apply in allocating accounting duties:

- The calculation, checking and provision of information on sums due to or from Hinckley and Bosworth Borough Council must be separated from actual collection or payment of those sums
- The staff checking cash transactions must not have been involved in those transactions
- All of the monitoring controls (e.g. reconciliations) must be independently reviewed.

The S151 Officer is responsible for providing all financial management information to Council, Executive, Audit Committee, Overview and Scrutiny bodies, SLT and other bodies as required.

The S151 Officer shall prepare a report to Council, under the requirements of S114 of the Local Government Finance Act 1988, if it appears that the authority or an officer:

- Has made, or is about to make a decision which involves would involve the authority incurring expenditure which is unlawful
- Has taken, or is about to take a course of action which if pursued to its conclusion, would be unlawful and likely to cause a loss of deficiency on the part of the authority
- Is about to enter an item of account, the entry which is unlawful
- Has incurred expenditure, or propose to incur expenditure, in a financial year in excess of the total resources (including sums borrowed) available to it to meet that expenditure.

#### 9.5 Statement of accounts

The council has a statutory responsibility to prepare its own accounts to provide a true and fair view of its operations during the year. The Audit Committee has delegated authority for approval of the annual statement of accounts.

The S151 Officer is responsible for submitting the council's statement of accounts and annual governance statement to the external auditor by the due date under the accounts and audit regulations in force each year. In doing so, the S151 Officer will:

- Select suitable accounting policies and to apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Have regard to the code of practice on local authority accounting in the UK (CIPFA/LASAAC)
- Sign and date the statement of accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for each year ended 31 March

- Draw up the timetable for final accounts preparation, ensuring completion of the annual statement by the statutory date and to advise staff and external auditors accordingly.

9.6 Responsibilities of Chief Executive, directors and heads of service are:

- To comply with accounting guidance provided by the S151 Officer and to supply the Director (corporate services) with information when required
- To adhere to the accounting policies and guidelines approved by the Head of Finance.

10. Asset register

10.1 An up to date asset register is a prerequisite for proper fixed accounting and sound asset management.

10.2 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- Resources are used only for the purposes of the council and are properly accounted for
- Resources are available for use when required
- Resources no longer required are disposed of in accordance with the law and the regulations of the council, so as to maximise benefits
- An asset register is maintained for the council, assets are recorded when they are acquired by the council and this record is updated as changes occur with respect to the locations and condition of the asset
- 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
- 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 authority's computer security and internet policies. The Corporate Property Officer, in consultation with the Corporate Asset Management Group will undertake all required developments in asset management.

10.3 The Corporate Property Officer will be responsible for maintaining an asset register of all significant assets owned by the council.

10.4 The S151 Officer will:

- Ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £10,000 and
- Ensure that assets are valued in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom" (CIPFA/LASAAC).

10.5 The Corporate Property Officer will provide guidance to the S151 Officer and SLT on the requirement to update the asset register.

10.6 Responsibilities of directors and heads of service are 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, in a form approved by the director in consultation with the S151 Officer, has been established as appropriate
- The proper security of all buildings and other assets under their control
- Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the director and S151 Officer

- To pass title deeds to the monitoring officer who is responsible for custody of all title deeds
- That no council asset is subject to personal use by an employee without proper authority
- The safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the council
- That assets are identified, their location recorded and that they are appropriately marked and insured
- That the disposal or part exchange of assets above a set threshold are subject to competitive tender or public auction, unless, following consultation with the S151 Officer, the Executive agrees otherwise
- That property is only used in the course of council business, unless the director concerned has given permission otherwise.

#### 10.7 Intellectual property

Intellectual property is a generic term that includes inventions and writings if these are created by any employee during the course of their employment, as a general rule, they belong to the employer, not the employee.

Certain activities undertaken within the council may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

The S151 Officer will consider and approve proposals for the commercial exploitation of inventions in accordance with intellectual property good practices.

Directors and heads of service will need to ensure:

- That controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's right with regard to intellectual property
- That the advice and approval of the S151 Officer is obtained before commercially exploiting any inventions.

#### 10.8 Land and property acquisition and disposals – acquisitions

Unless there are exceptional circumstances, the council will only acquire land or property for the following reasons:

- To contribute towards the provision of council's services
- To support economic development, regeneration or corporate priority
- Improving service delivery and in turn, providing revenue income generation
- Strategic acquisition for redevelopment purposes.

Such acquisitions will:

- Be appropriate to the nature and scale of the council's assets and operations
- Be compliant with current applicable legislation, regulatory and statutory requirements and other requirements to which the council subscribes
- Demonstrate (or demonstrate its future ability to meet) the council's sustainability criteria and objectives.

A financial appraisal will be carried out to establish the financial/budgetary implications of acquiring the property at the quoted asking price. The advice of the S151 Officer will be sought regarding current rates of interest on capital invested, to enable the opportunity costs

of the acquisition to be fully assessed. The financial appraisal will take into account the following matters:

- The capital cost of acquisition
- The opportunity cost of acquisition
- Any revenue, or potential revenue, generated from the property, both short and long term
- Availability of external funding sources
- Possibility of joint ventures
- The cost, in asset management terms, of owning the property, including:
  - immediate maintenance/refurbishment requirements and demolition costs, if appropriate
  - ongoing maintenance/life cycle costings
  - national non-domestic rates
  - services within the property
  - insurance
  - the overall effect of the expenditure on the council's budgetary position e.g. depreciation and minimum revenue provision.

Where the acquisition is to be by way of a long lease, the S151 Officer will be consulted to assess the implications regarding VAT, capital controls and accounting conventions.

Once the financial appraisal has been undertaken, a report will be prepared, seeking appropriate approval for the proposed course of action.

Detailed guidance on land and property acquisition can be found in the council's adopted acquisition policy.

#### 10.9 Land and property acquisition and disposals – disposals

Section 123 of the Local Government Act 1972 provides guidance on a definition to the effect that disposal of property can be considered to be a disposal if it consists of:

- Freehold transfer
- A grant of a term exceeding seven years
- The assignment of a term which, at the date of the assignment, has more than seven years to run.

#### 10.10 Land and property acquisition and disposals

Land and property acquisition and disposals will be carried out in accordance with approved asset acquisition and disposals strategies.

#### 10.11 Sale or purchase of land or buildings

Sale or purchase of land or buildings is controlled annually via Council's approval of the capital programme. For changes during the financial year to the capital programme the following delegated powers apply:

Disposals:

Delegation of powers for disposals below or equal to £50,000:

- Up to £5,000: Section 151 Officer (annual aggregate limit of £50,000)
- Up to £25,000: Section 151 Officer in conjunction with Chief Executive and Executive member (Annual aggregate limit of £200,000)
- Up to £50,000: The Executive.

All disposals over £50,000 will be subject to approval by Council.

Acquisitions:

Delegation of powers for acquisitions:

- Up to £25,000: Section 151 Officer (annual aggregate limit of £100,000)
- Up to £100,000: Section 151 Officer in conjunction with the Chief Executive (annual aggregate limit of £500,000)
- Up to £250,000: Section 151 Officer in conjunction with the Corporate Property Officer, the relevant Executive member and the Executive member for Finance (annual aggregate limit of £1,000,000)
- Up to £500,000: The Executive (annual aggregate limit of £1,000,000).
- An overall annual aggregate limit of £1,000,000 for acquisitions under delegated powers.

All acquisitions over £500,000 will require approval by Council following agreement of the Asset Strategy & Regeneration Group.

Where projects in the capital programme or variations are made, resources will need to have been identified as available or becoming available. No financial commitments will be entered into on these projects unless resources are confirmed as being available to the satisfaction of the Director (Corporate Services), Section 151 Officer and the Executive member for Finance.

## 11. Property

11.1 The Legal Services Manager and Estates & Assets Manager will maintain a terrier of all land and property owned by Hinckley and Bosworth Borough Council.

11.2 The terrier will show the following:

- The purpose for which land is held
- Its location, extent and plan references;
- The holding service
- The nature of the interest
- Rents payable
- Details of tenancies granted
- Purchase agreement terms.

11.3 The Legal Services manager (as proper officer) will have custody of all title deeds and documents and make proper arrangements for their security.

## 12. Contracts

12.1 All contracts for works, goods and services must comply with the council's contract procedure rules which are contained in the constitution.

12.2 Before any contract is completed with a contractor:

- The S151 Officer may make any enquiries necessary to establish the financial competence of the contractor to carry out the works and
- The S151 Officer may make any enquiries necessary to establish evidence to ensure that appropriate insurances and bonds are in place.

### 12.3 Works contract

For contracts for the supply of works on a retention basis, the directors must ensure service managers keep records showing:

- The state of account of each contract
- The payments to each contractor
- Retentions
- Associated professional fees.

Payments on account to contractors must be made only on a certificate authorised by a director or service manager, or other authorised supervising officer.

The certificate will show:

- The total amount of the contract;
- The value of work carried out to date;
- Authorised variations;
- Retention money;
- The amount paid to date; and
- The amount now due for payment.

### 12.4 Variations

All variations, additions and omissions must be authorised in writing by the supervising officer under the terms of the contract.

### 12.5 The notification must specify:

- The individual rates of charge
- The total cost of measured work
- The estimated cost
- The basis of charge.

12.6 A copy of each notification is to be sent to the S151 Officer and the Director (Corporate Services) for inclusion in the contracts database.

12.7 The director or service manager, on behalf of the supervising officer, must report immediately to Executive any variation or additions which will cause the accepted tender or quote to increase by more than 5% (with a minimum reporting levels of £15,000). All variations must be notified to the S151 Officer at the earliest possible opportunity and be reported in accordance with normal budget monitoring process.

12.8 Directors or service managers have discretion to withhold payments claimed to be due, until the contractor has complied with the terms of the contract.

12.9 Any claim by the contractor on a matter not clearly within the terms of a contract must be referred to the Legal Services Manager and the S151 Officer for assessment of the legal liability and financial implications before any settlement is reached.

12.10 The director, on behalf of contract officer, must report any delay in a contract which will significantly affect the final completion date to Executive. The report must include details of any remedial action.

- 12.11 The service manager, in consultation with the director, is responsible for examining the agreed final account and any supporting documents before the final certificate for payment is issued.
- 12.12 The contract officer must inform the S151 officer when the maintenance period in the contract has been completed satisfactorily, so that retention monies may be released.
- 12.13 Where the council has appointed a consultant to supervise a contract, the terms of appointment must require the consultant to satisfy the same financial procedure rules that apply to an officer of the council.
- 12.14 The terms of appointment must also ensure that the council retains all accounts, vouchers and documents until the external auditor has audited the council's accounts.

### 13. External and internal audit

Internal audit and the external auditors must be allowed to act independently and objectively in their planning and operation without undue influence by either directors or members.

The council may also be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs and various other inspectors of service at any time. The responsibilities noted below will be applicable to other inspection bodies as appropriate within the area of the inspection being completed.

#### 13.1 External audit

The council has agreed to 'opt in' to a sector led body appointed by the Secretary of State under the Local Audit and Accountability Act 2014. Public Sector Audit Appointments Ltd (PSAA) as the sector led body and has the ability to negotiate contracts with the firms nationally. The procurement of external audit for the purpose of auditing the financial statements on behalf of the council has been delegated to PSAA to act as the appointing body. The council will work proactively to ensure this arrangement works successfully.

PSAA acts only for the purpose of appointing auditors, who must be satisfied that the statement of accounts give a 'true and fair view' of the financial position of the council and its income and expenditure for the year in question and complies with the legal requirements.

The S151 Officer will:

- Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work
- Ensure there is effective liaison between external and internal audit
- Work with the external auditor and advise Council, Audit Committee, the Executive and directors on their responsibilities in relation to external audit.

Directors and service managers will:

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

## 13.2 Internal audit

The S151 Officer is authorised, under the terms of relevant section of the current accounts and audit regulations, to arrange the internal audit of the internal control of the council.

Internal audit will:

- Ensure, by continuous review and appraisal, that systems of internal control are sound throughout the organisations
- Ensure compliance with established policies
- Promote the efficient use of resources to improve operations
- Assist in the protection of council assets
- Strive to detect and prevent fraud and error.

The S151 Officer or his/her authorised representative has the authority to:

- Enter, at all reasonable times, any council owned or managed premises and land
- Have access to records, documents and correspondence relating to transactions of and agency operations on behalf of the council
- Require and receive explanations concerning any matter under consideration
- Require any employee to produce any cash, stock or other council property under his control.

Key controls are:

- Directors and service managers must notify the S151 Officer immediately of any possible financial irregularity
- The S151 Officer will decide what report or action is required
- The S151 Officer will advise the Executive where there are staffing implications. Any matter revealed during a routine audit must be reported to and considered by the service manager for a management response
- Audit recommendations will be reported to the Audit Committee. This committee will approve an annual audit report
- Directors and service managers will be responsible for considering and taking appropriate action on matters drawn to their attention by audit reports
- Directors and service managers are responsible for reflecting upon internal audit reports at the end of each year in completion of an "assurance statement" to inform the annual governance statement
- The Chief Internal Auditor has rights of access to information and data held by officer or members of the council at all reasonable times and is responsible for the overall management and deployment of internal audit resources at the council. The Chief Internal Auditor also has the right to report on any relevant matter of concern to senior management and members of the council outside normal line management arrangements should the Chief Internal Auditor deem this necessary in protecting the interests of the council and/or local tax payers.

## 14. Inventories, equipment and stocks of office supplies

- 14.1 All service managers must prepare an inventory, in a form agreed with the S151 Officer, keep it up to day by annual review at 31 March each year and send a certified copy (certified by the director and service manager) to the S151 Officer. All council property must be clearly marked as belonging to the council.

- 14.2 Each service manager shall be responsible for carrying out an annual check of all items on the inventory.
- 14.3 The inventory will record a proper description of:
- All moveable furniture
  - Office machinery
  - Any similar property belonging to the council.
- 14.4 The Head of ICT will prepare an inventory of ICT equipment and software, keep it up to date and carry out a formal review at 31 March each year.
- 14.5 The Corporate Property Officer will prepare an inventory of works of art, civic regalia and other civic valuables keep it up to date and carry out a formal review at 31 March each year.
- 14.6 Service managers are responsible for the physical control of office supplies:
- Stock levels must be reasonable
  - Levels must be reviewed annually.
- 14.7 Council property can only be used on council business, unless the relevant director has given specific approval to the contrary.
- 14.8 Miscellaneous sales

Miscellaneous sales are sales of items that do not meet the definition of land and property in section 8.

Disposal of all ICT equipment must be in accordance with the ICT equipment disposal policy.

Directors have authority to arrange the sale of non-ICT surplus materials (to external customers), without offers, when expected income is not greater than £5,000.

Directors have authority to arrange the sale of non-ICT surplus materials (to external customers), when expected income is not greater than £10,000 provided they have first sought informal evidence of the appropriate value of the item to be sold.

When expected income is between £10,000 and £25,000, an SLT member must approve the sale and offers for the items must be invited.

When expected income is between £25,001 and £50,000, approval can be given by SLT, with a report being provided to the Executive.

When the expected income is greater than £50,001, approval can be given by SLT, with a report being provided to Council.

Payment is to be made in cash, or to have cleared into the council bank account, before the goods are released, unless the S151 Officer has agreed otherwise.

15. Treasury management, banking arrangements and petty cash

- 15.1 The council has adopted the 2011 CIPFA's Treasury Management in Public Services Code of Practice (the Code) as described in section 4 of that code.

15.2 The council will create and maintain:

- A treasury management policy statement, stating the policies and objectives of its treasury management activities
- Suitable treasury management practices setting out the manner in which the council will seek to achieve those policies and objectives, prescribing how it will manage and control those activities.

15.3 Council will approve the treasury management policy on an annual basis.

15.4 Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Executive and for the execution and administration of treasury management decisions to the S151 Officer, who will act in accordance with the council's policy statement and treasury management policies and CIPFA's standard of professional practice on treasury management.

15.5 Executive will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year and an annual report after its close in the form prescribed in the treasury management practices.

15.6 Finance & Performance Scrutiny will receive reports on treasury management activities on a quarterly basis.

15.7 All money in the hands of the council will be under the control of the S151 Officer.

15.8 All funds are to be aggregated for the purposes of treasury management.

15.9 All investments must be in the name of the council, or in the names of nominees approved by the council.

15.10 The S151 Officer must keep all securities for property in the council or approved nominees safe.

15.11 The S151 Officer is the council's registrar for all stocks, bonds and mortgages.

15.12 The S151 Officer keeps the record of all council borrowing.

15.13 All trust funds must be in the name of the council, wherever possible.

15.14 Officers, acting as trustees because of the official position, must deposit all securities relating to the trust with the S151 Officer, unless forbidden by the trust deed.

15.15 Banking arrangements

The S151 Officer is responsible for appropriate banking arrangements with a suitable financial institution(s) and ensuring that there are appropriate arrangements with regard to receipt and payments from the council's bank accounts.

The S151 Officer is responsible for ensuring suitable arrangements for the safe custody, control, preparation and processing of BACS or other similar transmissions.

No officer shall be permitted to open bank accounts without prior approval of the S151 Officer.

Bank accounts will be in the name of "Hinckley and Bosworth Borough Council".

All cheques and banking stationery must be ordered by the S151 Officer, who must arrange for their safe custody and control.

#### 15.16 Use of electronic payments

The S151 Officer is responsible for ensuring that any individual electronic payments are validated and authorised.

Electronic payments for non-treasury management functions should only be used where there has been an officer error, or where a customer has inadvertently paid an incorrect amount into the council bank account and is suffering immediate financial hardship as a result. Where an electronic payment is a reimbursement of a customer error, the payment shall be repaid back into the originating bank account and only after the original funds are in the council's bank account. Before authorisation, the S151 Officer or his representative will ensure that appropriate budget holder approval has been given and bank details have been appropriately verified.

In exceptional circumstances, if an electronic payment is required for any other reason, authorisation will be required from the S151 Officer or the Chief Executive.

The S151 Officer has discretion to arrange overdraft facilities.

#### 15.17 The following officers are authorised to sign cheques and sanction other banking instruments of payment on behalf of the council:

- The Chief Executive
- The Director (Corporate Services)
- The S151 Officer
- Other staff as agreed by the Chief Executive and the S151 Officer.

#### 15.18 Cheques on the council's bank account will:

- Bear the facsimile signature of the Chief Executive or the S151 Officer or
  - Be signed by the Chief Executive or the S151 Officer or
  - Be signed by any other officer so authorised by the Chief Executive and S151 Officer
- Two signatures are required for cheques over £50,000.

#### 15.19 The S151 Officer must arrange monthly reconciliations of the council's bank accounts with the cash book. These reconciliations should be reviewed by an independent finance officer on a timely basis.

#### 15.20 Petty cash

The S151 Officer may provide petty cash floats to heads of service or other authorised staff to a maximum amount agreed with directors, for the purpose of meeting minor expenses where there is no alternative method of payment.

Heads of service are responsible for ensuring all petty cash monies are securely stored and are only used for the purposes intended. VAT receipts must be provided with requests for reimbursements. All receipts and vouchers must be retained and regular reconciliations carried out and recorded by staff responsible for managing petty cash floats, in line with the council's petty cash procedures.

Petty cash should only be used for small transactions where it is quicker and more efficient to buy goods locally, rather than by official order.

The S151 Officer and heads of service must ensure that there are monthly reconciliations of the petty cash records to the actual cash held.

Key controls are:

- The imprest form of accounts must be used for these advances
- Income must not be paid into an imprest account.

#### 15.21 Payments from an imprest account:

- Are restricted to minor items of expenditure not exceeding £250
- Are other items specifically approved by the S151 Officer or his designated officer
- Claims must be supported by a voucher and VAT receipt
- Certification must be by the director, service manager or delegated officer.

An officer responsible for an imprest account must:

- Give the S151 Officer, on request, a certificate as to the state of the account
- Clear all outstanding claims before the close of business in the last working day in March
- Make a full reconciliation as at the end of March to assist in the closure of the accounts
- Provide the S151 Officer with a final reconciliation of the account before leaving the council's employment
- Ensure that the float is returned to accountancy before leaving the post for which the account was given.

#### 16. Orders for work, goods and services

##### 16.1 Authorisation

Orders for work, goods or services must be made by the person receipting the work, goods or services. Orders must subsequently be authorised in accordance with authorised approvers and their approval limits.

Orders will be authorised electronically using the procurement module of the civica authority financials package, or the orchard system for housing repairs.

Orders up to £10,000:

- Directors may delegate authority for the approval of orders
- SLT must compile a schedule of authorised approvers and their approval limits
- The schedules must be submitted to the S151 Officer
- The S151 Officer must be notified immediately of any changes
- The schedules must be reviewed annually and submitted to the S151 Officer.

Orders up to £25,000:

- Must be approved by a service manager reporting to a director.

Orders up to £250,000:

- For orders up to £250,000, a director must authorise the order having been provided with evidence that the rules stipulated under the council's contract procedures have been applied.

The S151 Officer or the Chief Executive can authorise any order having been provided with evidence that the rules stipulated under the council's contract procedures have been applied.

Where the council is the lead authority in procuring goods or services for number of authorities it is the gross value of the order that will determine the level of the authorisation required and not the net cost to the council. Similarly, where external funding is to be received, it will be the gross expenditure (and gross funding) that will determine the level of authorisation required.

## 16.2 Orders

Orders for work, goods and services must not be placed unless the expenditure to be incurred is in accordance with the financial procedure rules.

All orders for work, goods and services must be made either by the council's official order, or by formal contract.

Where urgent orders are given orally, they must be confirmed by an official order not later than the next working day, following the day in which the oral order is given. Confirmation orders should be clearly marked as confirmation only.

Orders must state clearly:

- The nature and quantity of work, goods or services
- Any agreed prices or contract
- An expenditure code
- An estimated value for commitment purposes.

The authoriser must ensure that orders for goods and services are proper expenditure and are covered by an approved budget.

All ICT requirements are to be submitted to ICT in the first instance.

## 16.3 Procedure

The current contract procedure rules and financial procedure rules regarding revenue and capital budgets must be strictly observed.

Orders must not be split to reduce the value below quotation/tendering limits.

Orders for more than one year and/or more than one service area must be for the total value over the full period, e.g. an order for goods valued at £2,000 per year for three service areas for five years is a £30,000 order.

Where the council is the lead authority in procuring goods or services for a number of authorities, it is the gross value of the order that will determine the level of authorisation required and not the net cost to the council. Similarly, where external funding is to be received, it will be the gross expenditure (and gross funding) that will determine the level of authorisation required.

## 16.4 Initial considerations

Before proceeding to raise an order/enter into a new contract for the supply of goods, works or services, the procuring officer should first ensure that there are:

- No current in-house arrangements in existence and
- No current corporate contracts in place.

If there are such existing arrangements in place, they should be used wherever possible, provided such arrangements provide value for money. Where the procuring officer seeks to utilise alternatives, the council's Procurement Officer should be consulted. Where the purchases cannot be made utilising these arrangements, the following limits shall apply:

- Up to £5,000: obtain informally to demonstrate value for money
- £5,001 to £20,000: obtain two written quotations
- £20,001 to £50,000: obtain three written quotations based on a detailed specification and the council's Procurement Officer must be consulted
- £50,001 and above: the normal tendering procedure set out in contract procedure rules applies and the council's Procurement Officer must be consulted.

The most economically advantageous tender should be selected where procurement rules provide. If there are exceptional reasons why this should not happen, Executive must be advised of those reasons, under the scheme of delegation.

## 16.5 Exceptions

General exceptions - these rules apply to all goods, services and works purchased by the council, with the following exceptions:

- Procurement of goods, services or works where the procurement procedure to be followed by the council is the subject of express legislation
- Low value purchases made by a purchasing card that are subject to guidelines issued on the use of purchasing cards
- Works or services procured in an emergency because of a need to respond to events that were beyond the control of the council (for example natural disasters such as flooding or fires), as long as any expenditure in excess of £30,000 is first approved by the Chief Executive or S151 Officer. Any contract entered into by the council under this exception must not be for a term of more than six months
- Contracts for the acquisition and disposal of land or property, as these are covered by separate policies and procedures
- Works orders with utility infrastructure providers, for example gas mains
- Call off or orders placed against framework agreements which the council is permitted to use where the procedures defined in the contract for call off are followed such as ESPO, YPO, GPS.

Excluding the general exceptions set out above, an SLT member, after consulting the S151 Officer, may waive the regulations on annual contracts order limits in the following circumstances:

- The appropriate SLT member is of the opinion that the goods or services are supplied only at a fixed price and no reasonably satisfactory alternative is available
- There would be no genuine competition on account of the uniquely specialised nature of the goods/services (sole supplier)

- The appropriate SLT member is of the opinion that the goods/services consist of repairs/supply of parts to an existing proprietary machinery/plant
- The contract consists of goods/services the same as currently in use by the council, which are required in the interest of standardisation for maintenance or for other special reasons
- The work to be executed or the goods or materials to be supplied constitute an extension of an existing contract and the proposed extension is at a value not greater than the original contract sum plus RPI and it is considered by the relevant SLT member that, taking into account of the cost of re-tendering, the council is unlikely to benefit from a reduced contract sum. The relevant SLT member must obtain Executive approval by submitting a report to Executive setting out his/her proposal
- The SLT member certifies on a form, approved by the Chief Executive and the S151 Officer, that work, goods, materials or services are required so urgently that there is not time to invite quotations/tenders, or where compliance would mean that less favourable terms or conditions would have to be accepted
- Goods purchased at public auction
- Where purchases are made as a consequence of an existing in-hour contract
- Where purchases are made as a consequence of a contract made by another local authority (for example ESPO), the benefits of which the council obtains as a result of participation in a consortium
- Where the council enters into a contract jointly with one or more other local authorities or partners, one of whom is the “lead authority” for that contract, subject to the Chief Executive being satisfied that the council’s interests will not be adversely affected
- Where the officer has made all reasonable endeavours to obtain the minimum number of quotations/tenders and market interest has resulted in less than the minimum being obtained.

In all cases, the decision should be certified on a form signed by an SLT member and the S151 Officer and retained by the council’s Procurement Officer.

## 17. Partnerships

17.1 A partner is defined as an organisation (private or public) undertaking part funding, or participating as a beneficiary in a project.

17.2 SLT members will advise on the key elements of partnership, including:

- Effective controls that ensure that resources are not wasted
- A scheme appraisal for financial viability in both the current and future years
- Financial risk appraisal and management
- Resourcing, including taxation issues
- Audit, security and control requirements
- Carry-forward arrangements
- Satisfactory accounting arrangements.

17.3 The S151 Officer, in consultation with the SLT member will ensure that:

- All funding notified by external bodies is received and properly recorded in the authority’s accounts
- The match funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements
- Audit requirements are met.

#### 17.4 Directors are responsible for:

- Ensuring that a register of all contracts is entered into with external bodies in accordance with procedures specified by corporate services
- Ensuring that before entering into agreements with external bodies, a risk management appraisal has been prepared for SLT
- Ensuring that such agreements and arrangements do not impact adversely upon the services provided by the authority
- Ensuring that all agreements and arrangements are properly documented
- Providing appropriate information to the S151 Officer for the statement of accounts
- Ensuring that all claims for funds are made by the due date
- Ensuring that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.

#### 18. Payment of accounts

The S151 officer is responsible for the payment of accounts.

The payment of accounts (except petty cash) is made by BACS or by cheque. The preferred payment option is BACS. Cheque payments will only be made where bank details cannot be obtained.

Directors are responsible for examining, verifying and approving all invoices and other payments coming from their service areas/teams.

#### 18.1 Authorisation

Invoices will be authorised electronically on the civica authority financials system using the creditors' module by officers with an appropriate level of authority.

Payments up to £10,000:

- Directors may delegate authority for the approval of payments up to £5,000 or £10,000
- SLT must compile a schedule of authorised approvers and their approval limits
- The schedules must be submitted to the S151 Officer
- The S151 Officer must be notified immediately of any changes
- The schedules must be reviewed annually and submitted to the S151 Officer.

Payments up to £25,000:

- Must be approved by a head of service reporting to a director.

Payments up to £250,000:

- Payments up to £250,000 must be approved by a director having been provided with evidence that the rules stipulated under the council's contract procedures have been applied
- The S151 Officer or the Chief Executive can authorise any payment having been provided with evidence that the rules stipulated under the council's contract procedures have been applied.

#### 18.2 Payments

The S151 officer decides when and how accounts are to be submitted for payment.

Before authorising an account, the approving officer must be satisfied that:

- The work, goods or services have been received, examined and approved
- Prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct
- The expenditure is proper and covered by a current budget
- Appropriate entries have been made in inventories or stock records
- The account has not previously been paid
- The expenditure code is correct.

### 18.3 Payment of accounts:

- Invoices will be received centrally by the S151 Officer and must be approved for payment by authorising managers in a timely manner
- The S151 Officer is entitled to request any information or explanation, which he/she deems necessary
- Officers must not add items to a supplier's invoice
- Any amendments to an invoice must be in ink, initialled and accompanied by a detailed explanation
- Where no external invoice exists (for example, grant payments), a cheque or bank credit can only be drawn with the agreement of the S151 Officer and using an appropriately approved voucher
- Directors must ensure that all valid accounts are paid within 30 days or other agreed terms if shorter
- Managers must ensure that the S151 Officer is informed promptly of any invoice that is in dispute via appropriate use of civica authority financials
- The S151 Officer must cancel each paid account and retain all paid invoices and certificates
- Directors must submit to the S151 Officer, by the date specified by the S151 Officer, details of any outstanding previous year commitments where goods have been received but no payment has been made.

## 19. Risk and insurances

19.1 The Chief Executive and S151 Officer should have due regard to operational and financial risks and liabilities when considering alternative policies. They also need to consider potential physical risks to persons and assets.

19.2 The S151 Officer is responsible for arranging all insurance cover and negotiating all claims in consultation with other officers where necessary.

19.3 Service managers must notify the S151 Officer and the Director (corporate services) immediately in writing, of:

- All new risks
- New properties, plant, equipment or vehicles
- Any other alterations, which may affect existing insurances
- Any loss, liability or damage
- Any event, which could possibly result in a claim.

19.4 Each service manager must keep records and ensure that engineering plant is inspected within the limits defined by the appropriate legislation.

19.5 The S151 Officer must be notified immediately of any failure by the insurance company to adhere to the proper inspection period.

- 19.6 The S151 Officer must consult directors and service managers when renewing the fidelity guarantee insurance, to ensure that all appropriate employees are included.
- 19.7 The S151 Officer must consult directors and the Director (Corporate Services) in a regular review of all insurances.
- 19.8 Directors must consult the S151 Officer on the terms of any indemnity requested of the council.
20. Salaries, wages and pensions
- 20.1 The Human Resources and Transformation Manager is responsible for the payment to all current and former employees of:
- Salaries
  - Wages
  - Pensions
  - Compensation
  - Other emoluments.
- 20.2 Directors and service managers must notify the Human Resources and Transformation Manager immediately of any matters affecting the payment of employees, including:
- Commencement of employment, resignation, dismissal, suspension, secondment or transfer
  - Absence from duty for sickness or other reason (excluding approved leave)
  - Re-grading.
- 20.3 Service managers are responsible for the accuracy of:
- Records of attendance
  - Holiday entitlement
  - Absence.
- 20.4 Records must be certified by:
- The service manager
  - An officer authorised by the service manager.
- 20.5 A schedule of authorised officers with specimen signatures must be prepared by service managers, in consultation with directors, and updated annually.
- 20.6 Copies of schedules must be sent to the Human Resources and Transformation Manager.
- 20.7 Employees must be appointed in accordance with the regulations of the council and the approved establishment grades and pay rates.
- 20.8 Service managers must provide the Human Resources and Transformation Manager with all the information necessary to maintain proper records of service, pension, income tax and national insurance.
- 20.9 Overtime, travel and expense claims must be certified by the line manager, service manager or director.

- 20.10 Any officer's claim submitted more than two months after the overtime/expenses were incurred will only be paid with the express approval of the Director (Corporate Services).
- 20.11 Time sheets must be certified by the line manager, service manager or director.
- 20.12 Salary or wages will only be paid in advance if any employee is leaving the council before the day on which his/her salary would normally be paid.
- 20.13 The Human Resources and Transformation Manager is authorised to apply any salary or wage award, expense or other approved allowance.
21. Staffing changes
- 21.1 Directors must inform the Human Resources and Transformation Manager of all approved staffing re-grading and changes to staffing establishment.
- 21.2 Service managers will be responsible for ensuring that ongoing budgets are available for all staffing establishment changes where there is a financial implication.
- 21.3 All additional posts will be reviewed at Directors' Briefing.
- 21.4 Service managers will be responsible for reporting on staffing variances and provide reasons for such variances to their director.
22. Travelling, subsistence and financial loss allowances
- 22.1 The Human Resources and Transformation Manager is responsible for all reimbursement of expenses to officers and members that are not administered through petty cash.
- 22.2 All claims by staff must be submitted on the form provided by the Human Resources and Transformation Manager for car allowances, subsistence allowances, travelling or incidental expenses.
- 22.3 All such monthly claims must be properly certified and submitted to the Human Resources and Transformation Manager no later than the 13<sup>th</sup> of the following month.
- 22.4 Claims must be certified by the line manager, service manager or director.
- 22.5 A schedule of officers authorised to certify claims (with specimen signatures) must be sent by the director or service manager to the Human Resources and Transformation Manager (with a copy to the S151 Officer who must be notified immediately of any changes).
- 22.6 A complete review of the schedule must be carried out annually.
- 22.7 A certification means that the certifying officer is satisfied that:
- The journeys authorised are reasonable
  - The expenses were properly and necessarily incurred
  - The allowances are payable by the council.
- 22.8 Any officer's claim submitted more than two months after the expenses were incurred will only be paid with the express approval of the Director (Corporate Services).

- 22.9 Members (including co-opted members) of the council or its committees wishing to claim travelling or other allowances must make their claim on the appropriate form to the Democratic Services Officer.
- 22.10 All claims are to be submitted promptly and within two months of the event being claimed.
23. Engagement of agency staff or consultants
- 23.1 Where the Borough Council has appointed a consultant or agency staff, the terms of appointment must:
- Satisfy the same financial procedure rules that apply to an officer of the council
  - Comply with HMRC regulations.
24. Security
- 24.1 Each service manager is responsible for controlling in their service area, the security of the following:
- Buildings
  - Stocks
  - Furniture
  - Equipment
  - Cash.
- 24.2 Directors or service managers must consult the S151 Officer and the Corporate Property Officer if they suspect that security may be defective, or that special arrangements may be needed.
- 24.3 After consulting directors and/or service managers, the S151 Officer will set maximum limits for cash holdings and these must not be exceeded without express permission.
- 24.4 Keys to safes, secure cabinets and similar must be kept securely by the person responsible at all times.
- 24.5 Loss of keys must be reported immediately to the S151 Officer and the Corporate Property Officer, who may notify the police.
- 24.6 It is the responsibility of the Head of ICT to maintain proper security and privacy in connection with the computer installation and its use.
- 24.7 Officers working away from the council establishments must have a form of identification which specifies:
- The officer's powers of entry, search or seizure
  - The duties that can be carried out by the officer.