

**Sheffield City Council  
Financial Regulations  
2015**

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### Key Terms and Definitions

Accountable Body (for external funding)	Grant funders expect that their money is well managed and used in line with their requirements. The organisation whose financial services and financial rules and regulations will be used to manage the funding is called the <b>Accountable Body</b> . This Body is legally responsible for ensuring that these requirements are met, including, for example, that proper audit trails are in place, contracts with suppliers are effectively managed, that the project has sufficient cashflow and generally meeting the liabilities (e.g. clawback) that flow from the conditions of the funding.
Annual Revenue Budget	This is the Council's total Revenue spending plans for the year including the level of Council Tax for the coming year. It is set by Council following receipt of the Annual Budget Report.
Asset(s)	The CIPFA Code of Practice on Local Authority Accounting in the UK 2015/16 defines an asset as 'a resource controlled by the authority as a result of past events and from which future economic benefits or service potential is expected to flow to the authority'.
Budget	As per Article 4 of the Council's Constitution the annual Budget includes the allocation of financial resources to different service and projects, including: <ul style="list-style-type: none"><li>• Revenue expenditure</li><li>• Proposed contingency funds including reserves and balances</li><li>• Setting the Council Tax (and any other local tax which may be within the control of the Council)</li><li>• Decisions relating to the control of the Council's borrowing requirement</li><li>• Capital expenditure, and</li><li>• The Treasury Management Strategy</li></ul>
Budget carry forward	A budget carry forward is an underspend of a specified amount of budget which is planned for, and transferred to an earmarked reserve to be spent in a future year(s) for a specified purpose. For the purposes of these Regulations this is treated as a Virement (See below).
Budget Implementation Plan	Business planning is an ongoing process which ensures that we understand needs, agree priorities and strategic outcomes for the medium to long-term, and allocate and develop financial and non-financial resources needed to deliver them. The decisions and information from the process – both quantitative and qualitative – facilitate the production of the Budget Implementation Plans (BIPs) in the Council's Budget Book.
Capital Programme	This is the sum of all the Council's individual capital projects and sub-programmes that the Council is planning to undertake during the <b>coming 5 years</b> , together with the funding that will support the Programme. The Capital Programme is made up of a number of different projects ranging from large scale projects such as Building Schools for the Future to smaller projects such as children's play equipment. The number and size of the projects may change which means that Capital Programmes may not be comparable in terms of size and scope over time.

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Capital Project	A project which uses capital resources to acquire assets, and/or build, improve, increase the market value of, or substantially lengthen the useful life of an asset.
Capital Reporting and Approval Timetable	This sets out the deadlines for submission of Capital Approval Forms, dates of review meetings, monitoring and forecasting cycles, reporting dates and finance system schedules.
Capital Spending	Spending to purchase, build, improve, increase the market value of or substantially lengthen the useful life of an asset. Examples include the Decent Homes Programme, Building Schools for the Future and the Local Transport Plan.
Chief Property Officer	This means the Director of Capital and Major Projects, or such other Director who may be nominated as such from time to time by the Executive Director, Place.
Corporate Plan	The <a href="#">Corporate Plan</a> sets out the vision for the Council and Sheffield. It includes what the Council will do over the next three years in order to deliver the vision.
Director	An Officer who is a member of the Council’s Director’s Group.
The Executive	The Executive means the Leader of the Council and the Members selected by him/ her to form the Cabinet. In line with arrangements made by the Leader’s Scheme, the members of the Executive, individually and/ or collectively, discharge the Council’s executive functions, either themselves or through further lawful delegations of authority.
Executive Director	For the purposes of these Regulations, ‘Executive Director’ means an Officer designated in the Council’s staffing structure as an Executive Director.
Executive Functions	Those local authority powers and duties which in law are the responsibility of the Executive.
External Funding	As defined by the Chartered Institute of Public Finance and Accountancy, External Funding is “discretionary money not accounted for within the Formula Spending Share (the normal funding from central government) or equivalent, distributed by various UK and EU agencies on a business case and/ or competitive basis requiring an application”.
Finance Business Partners	Members of the Finance Service with specific responsibility for supporting Executive Directors and their teams through the provision of financial advice and decision support.

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Finance Service	The Council's consolidated financial support service led by the Director of Finance.
Financial Policies	The Council has a detailed set of financial policies which underpin these regulations.
Financial Protocol	The Financial Protocol summarises the relationship between Executive Directors and the Director of Finance and is signed annually by all parties.
Forward Capital Programme	This is the term used to describe the projects that are intended (planned) to be in the Council's Capital Programme for the following financial year. Information is usually prepared and collated in the autumn/ winter for presentation to Council in March.
Inclusion	This is the term used for the incorporation of approved capital projects in the Forward Capital Programme <b>and</b> the addition of projects to the Forward Capital Programme at any time in the financial year, e.g. where a stream of funding is identified in December that needs to be spent before the end of March.
Leader	The Leader of the Council or, if the Council's executive arrangements are changed to a mayoral model, the Mayor (but not the Lord Mayor) of the Council.
Leader's Scheme	The scheme of delegation and/ or other arrangements for exercising the Council's executive functions made from time to time pursuant to Section 9E Local Government Act 2000 by the Leader.
Medium Term Financial Strategy	The Council's Medium Term Financial Strategy presents an overview of the Council's Financial position over at least the next three year period including revenue and capital spending plans linked to priorities.
Policy Framework	As per Article 4 of the Council's Constitution the Policy Framework means the following plans and strategies: <ul style="list-style-type: none"> <li>• Development Plan documents (Section 15, Planning and Compulsory Purchase Act 2004)</li> <li>• Licensing Authority Policy Statements under the Licensing Act 2003 and the Gambling Act 2005</li> <li>• Local Transport Plan</li> <li>• Sustainable Community Strategy</li> </ul>
Portfolio	The name given to a group of departments managed by an Executive Director. The Executive Directors combine to make up the Council's Chief Officer Board (Executive Management Team).
Property Asset Management	CIPFA describes property asset management essentially a mechanism to enable and ensure that property assets are managed and used efficiently and effectively in support of the main objectives of an organisation. This will need to be undertaken within any financial constraints and statutory obligations.

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Revenue Spending	Any expenditure by the Council that falls outside the definition of Capital Spending. Typically the day-to-day running costs of the Council such as salaries, rent, utility bills and payments to service providers.
Section 151 Officer	Under Section 151 of the Local Government Act 1972 and s114 of the Local Government Finance Act 1988, the Chief Finance Officer has a statutory responsibility to ensure that the Council makes arrangements for the proper administration of its financial affairs. The Executive Director – Resources is the responsible officer (Chief Finance Officer) for the purposes of s151.
Senior member of the Finance Service	These are the officers designated in the <a href="#">Financial Protocol</a> appended to these Regulations.
Sundry Debt	Miscellaneous income that is due to the Council that can be collected by payment up front or by raising a sundry debt invoice. Local taxation, housing benefit overpayments and rental income are not included in this definition.
Transfer to a specific reserve	A transfer to a specific reserve is funding that is being put to one side as part of the service’s budget strategy. The funding will be used in future years for reinvestment back into the service area. For the purposes of these Regulations this is treated as a Virement (See below).
Utilities/ Utility Bill	As approved by the Director of Commercial Services, payments for the following services are considered to be Utilities (Gas, Electricity, Water, Telecomms, Mail Services and Photocopiers).
Variation/ Change in Scope (Capital)	This is where there are changes in the agreed capital project cost or outputs. This could be an increase in the cost of the project, a change in available funding, or what will be delivered (the outputs). For example, funding to refurbish six schools is reduced such that only three can now be delivered. This would create a financial variation and change of scope which require approval in accordance with the Leader’s Scheme and/ or the Constitution where applicable.
Variations (Revenue)	Variations are changes to the total amount of expenditure across either a Portfolio, Service or the Council as a whole <b>that result</b> in a change to the Council’s <b>overall level of resources</b> as set out in the Budget <b>approved by Council</b> .
Virement	Virement is defined by CIPFA as the transfer of underspending on one budget head to finance additional spending on another budget head. Virements are also used to move budgets where a function is moved from one Portfolio or Service to another.
Write -Off	Removing a debt from the Council’s accounts using money that has been set aside as part of the bad and doubtful debt provision. It relates to debts that are correctly due to the Council but for whatever reason are no longer collectable.

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## **1. Background**

### **1.1. The purpose and authority of the Financial Regulations**

These Regulations form part of the Council's Constitution and as such carry with them the same authority. They set out the financial management policies of Sheffield City Council and are the key part of the Council's financial governance arrangements.

They are intended to help Members and Officers manage the Council's finances in line with best practice and should be read and implemented in the wider context of the Council's decision making framework including the Constitution and the Leader's Scheme.

As per [Section 2.2.7](#) of these Regulations, the Director of Finance is required to formulate and maintain any standards, procedures and processes as she/ he deems necessary to support the effective implementation of these Regulations.

It is important that these Regulations are, and continue to be, relevant to the Council. They are regularly reviewed so as to be consistent with the Council's Constitution, Leader's Scheme of Delegation and all other related documentation. They are also reviewed in line with accounting best practice, legislation, and changing service needs.

Any changes to these Regulations must be proposed by the Director of Finance and approved by Council.

Officers should initially contact their Finance Business Partner if they wish to raise any issues with the content of these Regulations.

### **1.2. Accountability for compliance**

All officers, including those working for the Council on a voluntary basis, are accountable for following the rules set out in these regulations. It is important that Managers at all levels in the Council ensure that they and the staff and volunteers under their control, are familiar with these Regulations and the rules they contain.

The Directors of Business Strategy are responsible, within their Portfolios, for ensuring compliance with these Regulations.

These Regulations are a key element of the Council's governance arrangements. All Directors are required to sign the Annual Governance Statement (AGS) to confirm that they fully comply with the prescribed governance arrangements of the Council including these Regulations.

Non-compliance with these Regulations may result in the withdrawal of delegated financial authority and/ or the application of disciplinary procedures.

Adherence to the processes associated with the Council's finance system (Integra (formally Oracle Enterprise One (OEO)) and Qtier) is also essential to ensuring that officers are complying with these Regulations.

The term "officers", where used in these regulations, refers to both Council employees and those working for the Council on a voluntary basis.

### **1.3. Accounting Policies**

The Director of Finance is responsible for selecting Accounting Policies and ensuring that they are applied consistently. The Accounting Policies are set out in the Statement of Accounts which is prepared as at 31<sup>st</sup> March each year. The key controls in the Accounting Policies are:

- Systems of internal control are in place to ensure that financial transactions are lawful.
- Proper accounting records are maintained.

- Financial statements are prepared which present fairly the financial position of the Authority and its expenditure and income.

### **1.4. Risk management**

These Financial Regulations and associated finance systems and processes are a key part of the Council's risk management framework and associated risk strategies. By following these Regulations, the Council's finance processes, and ensuring that the financial risks and opportunities of any activity are fully considered and recorded in line with the risk management framework. Officers will demonstrate compliance with corporate risk management requirements.

### **1.5. Internal Control**

Internal Control is the system put in place by the Council to conduct its business in an orderly and efficient manner. It is used to safeguard its assets and resources, to deter and detect errors, fraud and theft, to ensure accuracy and completeness of its accounting data, to produce reliable and timely financial and management information and ensure adherence to the Councils policies and plans.

As part of the Annual Governance process, Directors and Executive Directors must confirm that they have satisfactory arrangements in place to manage internal controls within their Portfolio. This includes the requirement for individual managers to be responsible for the effectiveness of the internal control system within their Service.

Directors and Executive Directors are also required to highlight deficiencies in the control framework and to identify significant incidents that have occurred.

An Annual Governance Statement is prepared and signed by the Council's Section 151 Officer, Chief Executive and Council Leader. The statement describes the Council's governance framework and highlights any significant deficiencies.

The Audit Committee (or any future committee that may be given this function) is responsible for approving the Annual Governance Statement which is published along with the Council's Annual Accounts.

### **1.6. Training and development**

#### **1.6.1. Director of Finance and Executive Directors**

These are jointly responsible for working co-operatively to ensure the effective implementation of these Regulations and management of the Council's financial arrangements. This will involve a commitment to:

- Influencing the culture of financial management through training and development of Portfolio managers and Finance Service staff.
- Identifying any training requirements that their staff need to comply with these Regulations and to meet the required financial competencies.

#### **1.6.2. Director of Finance**

The Director of Finance is responsible for:

- Producing documentation that supports these Regulations and which set out in more detail the Council's procedures and processes for carrying out work related to financial management and administration.
- Ensuring that appropriate training is made available to support these Regulations and associated procedures and processes.

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- Ensuring that the e training and guidance provided as part of the Council's finance system (Integra (formally Oracle Enterprise One (OEO)) and Qtier) are in line with these Regulations.

### 1.6.3. Executive Directors

Executive Directors are responsible for ensuring:

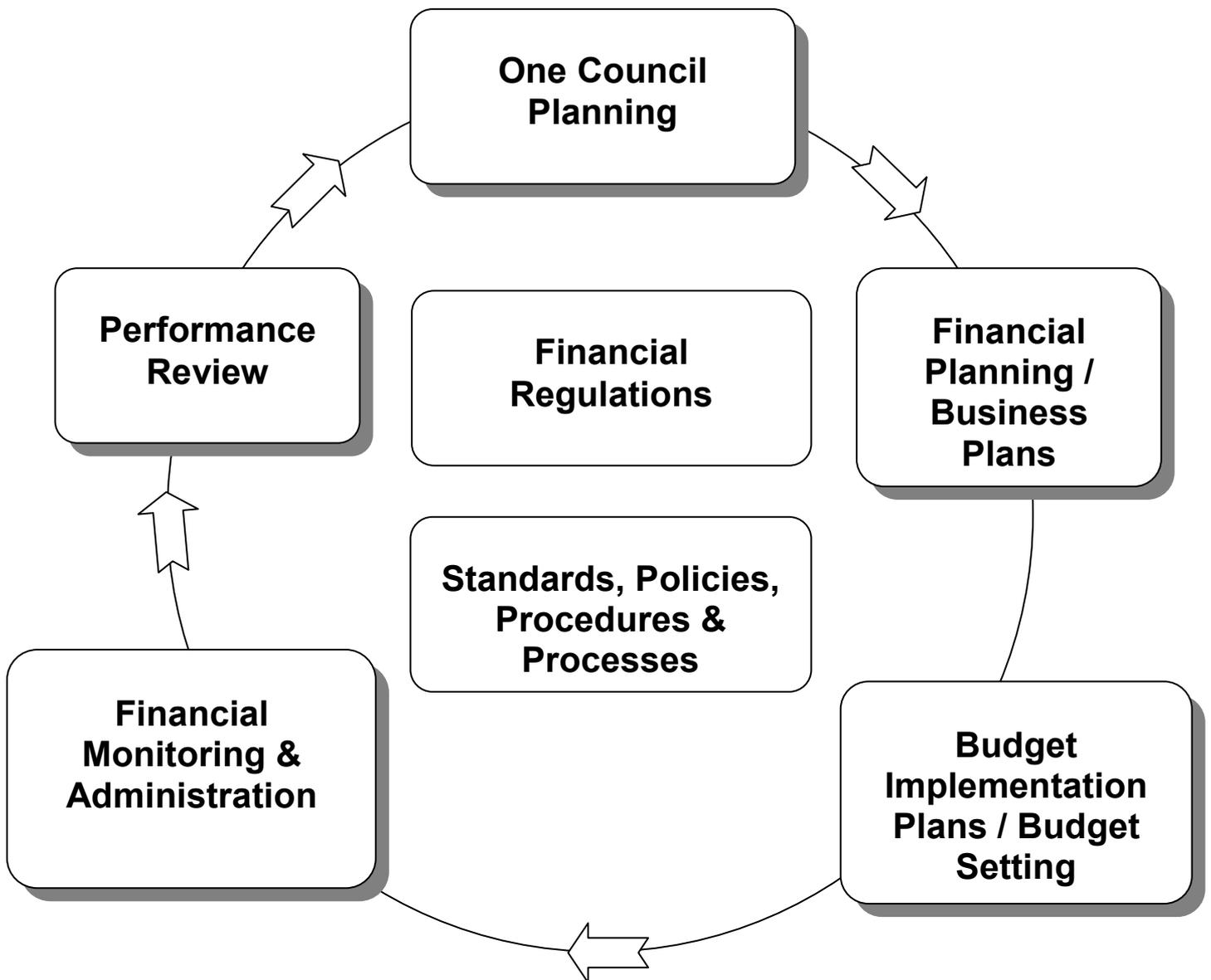
- The training opportunities which have been made available are taken up by their staff as required.
- Their staff follow the guidance and other documentation that is made available to them.

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**2. Financial Management**

**2.1. The Cycle**

The following diagram illustrates the financial management process starting with service planning and ending with the review of performance before the cycle starts again. These Financial Regulations and the financial policies and procedures issued by the Director of Finance are shown as supporting the financial management process.



**2.2. Responsibilities and Delegated Authority**

Many of the Council’s responsibilities for finances are delegated within a framework of powers from Full Council to its committees (e.g. Audit Committee) and Officers, or, in the case of Executive Functions, by the Leader, primarily through the Leader’s Scheme (e.g. to Cabinet, Individual Cabinet Members, Locality Areas and Officers). Scrutiny Committees also have a role in the Council’s financial management process.

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### 2.2.1. Full Council

Functions reserved to Full Council include setting the Council's Annual Revenue Budget, the Housing Revenue Account, the overall Capital Programme and Council Tax levels, and approving or adopting the Policy Framework.

Functions exercised by [Full Council](#) are set out in Article 3 of the Council's [Constitution](#) and/ or prescribed by law.

If the Cabinet, individual Members of the Cabinet and any officers, Locality Areas or joint arrangements which discharge Executive Functions have any doubt whether a proposed decision is in accordance with the approved, Revenue Budget or Capital Programme, they must take advice from the Director of Legal and Governance and the Executive Director of Resources or Director of Finance.

If the advice of either of those officers is that a decision would not be in line with the approved, Annual Revenue Budget or Capital Programme, then, subject to the rules of [virement](#), and subject to the urgency procedure the decision may only be taken by the Council.

### 2.2.2. The Executive

The [Executive](#) has overall responsibility for ensuring that the Council's expenditure remains within the resources available to it.

The Leader decides which parts of the Executive may exercise which executive functions and will generally do this through the [Leader's Scheme of Delegation](#).

**If any lawfully made provision of the Leader's Scheme contradicts any provision of these Regulations, the Leader's Scheme shall prevail.**

#### 2.2.2.1. Cabinet

The Cabinet will receive a monthly budget monitoring report outlining the financial position for the whole Council.

The Cabinet will receive the out-turn report following the end of the financial year to approve decisions on the carry-forward/ carry-back of resources from one year to the next.

The Cabinet may receive financial information during the year if an in-year decision on the Council's budget is required.

#### 2.2.2.2. Individual Cabinet Members

Functions which may be exercised by individual Cabinet Members are set out in the [Leader's Scheme of Delegation](#).

All Cabinet Members will receive monthly budget monitoring reports for their areas of responsibility, via the relevant Finance Business Partner.

### 2.2.3. Locality Areas

Locality Areas has executive powers to approve expenditure of any amounts delegated to it by the Executive. Locality Areas cannot spend money other than that allocated by Council or the Executive. Whenever Locality Areas spends money, it must comply with these Regulations, [Standing Orders](#), [Commissioning and Procurement Guidelines](#) and any other relevant policies or procedures.

Functions exercised by Locality Areas are set out in:

- Article 10 and Part 3 of the Council's [Constitution](#).
- The [Leader's Scheme of Delegation](#).

### 2.2.4. Audit Committee

The Audit Committee of the Council forms a key part of the governance of the Council. The terms of reference for the Audit Committee are set out in the Council's [Constitution](#). The main financial duties are:

- To approve the Council's Statement of Accounts (which includes the Annual Governance Statement) in accordance with the Accounts and Audit (England) Regulations 2015.
- To consider the Annual Letter from the External Auditor in accordance with the Accounts and Audit (England) Regulations 2015 and to monitor the Council's response to any issues of concern identified.
- Monitoring the work of the Council's Internal Audit function.

### 2.2.5. Scrutiny Management Committees

Scrutiny Committees can make recommendations to the decision makers but they do not make resource allocation decisions and therefore cannot approve changes in the budget or financial actions such as transfers to or from reserves. Decisions such as this can only be taken by Full Council or in accordance with the Leader's Scheme or as otherwise directed by the Leader (section 14 Local Government Act 2000).

In relation to financial management and planning, the Scrutiny Management Committee (or any future committee that may be given this function) is responsible for exercising an overview and scrutiny function in respect of:

- All the Council's strategic and longer term planning and corporate development issues.
- The budget setting process and budget monitoring.
- Financial processes and day-to-day management of all the Council's internal resources, including finance, staffing and property.

Where a scrutiny committee considers that a decision of the Executive is, or would be, contrary to, or not wholly in accordance with, the Council's, Annual Revenue Budget or Capital Programme, then it will seek advice from the Director of Legal and Governance and either the Executive Director of Resources or the Director of Finance.

### 2.2.6. Executive Directors

Each Executive Director will be responsible for ensuring:

- The proper financial management of their Portfolio services.
- That a clear, written accountability framework is in place for the budgets held by each Service and Budget Manager.
- That appropriate arrangements are in place for the discharging of their financial responsibilities by Directors and Managers within their Portfolios.
- Compliance with these Regulations by staff within their Portfolio.

Any arrangements must be fully compliant with these Regulations and the Council's financial policies and procedures. They will not diminish the ultimate financial responsibilities of Executive Directors.

### 2.2.7. Executive Director of Resources

The Executive Director of Resources is the responsible officer (Chief Financial Officer - CFO) for the purposes of s151 of the Local Government Act 1972 and s114/114A of the Local Government Finance Act 1988. The Executive Director of Resources therefore has a statutory responsibility to ensure that the Council makes arrangements for the proper administration of the Council's financial affairs. This includes ensuring the production and monitoring of these Regulations.

The Executive Director of Resources, as a member of the Council's Executive Management Team will ensure that the s151 role is discharged at this strategic level. On a day-to-day basis all s151 responsibilities may be discharged by the Director of Finance, who will act on behalf of the Executive Director of Resources in ensuring proper discharge of these statutory responsibilities. Nothing in this paragraph diminishes the ultimate financial responsibilities of the Executive Director of Resources. Whenever these Regulations provide that something will, must or may be done by the Director of Finance, this may also be done instead by the s151 Officer.

### 2.2.8. The Director of Finance

The Director of Finance is:

- Authorised to sign any and all grant claims, statutory returns or other documents that require the authority of the s151 officer on behalf of the Council.
- Responsible for recommending amendments to these Regulations to the Council where she/ he considers these to be in line with any changes to recommended best practice or essential service requirements or as otherwise appropriate. Minor and consequential amendments may be made by the Director of Legal and Governance in consultation with the Lord Mayor.
- Responsible for fully documenting financial standards, policies, procedures, forms, etc. which support these Financial Regulations by setting out in more detail the Council's procedures for carrying out finance work.
- Responsible for ensuring that appropriate training is made available to support these procedures. Executive Directors are responsible for ensuring that these training opportunities are taken up by their staff.

### 2.2.9. The Financial Protocol

The respective roles and responsibilities of Executive Directors and the Director of Finance in financial management are specified in a [Financial Protocol](#) document which will be signed annually by the Director of Corporate Resources, each Executive Director and their respective Director of Business Strategy.

## 2.3. **Asset Management**

The Executive is responsible for the Council's Asset Management Strategy and ensuring that the Council has an up-to-date Asset Register. Such responsibility is to be discharged in accordance with the [Leader's Scheme of Delegation](#).

### 2.3.1. Director of Finance

The Director of Finance has overall responsibility for the financial elements of Council's Asset Register and for ensuring that it complies with all necessary accounting requirements.

The Director of Finance is responsible for approving the use of leases to finance purchases. Revenue costs will be met from within Portfolio cash allocations, agreed as part of the Annual Revenue Budget process.

### 2.3.2. Chief Property Officer

The Chief Property Officer is responsible for Asset Management across the Council.

### 2.3.3. Executive Directors and the Chief Property Officer

Executive Directors and the Chief Property Officer are responsible for ensuring adequate arrangements are in place for maintaining and safeguarding the Council's property assets used for their Portfolios. When market conditions are favourable this includes consideration of the disposal of surplus capital assets as part of the Council's Asset Management Plan.

### 2.3.4. Acquisition and disposal of Capital Assets

Executive Directors and the Chief Property Office are responsible for ensuring that any acquisition of assets is approved in accordance with the requirements of the [Leader's Scheme of Delegation](#).

Disposal of surplus assets must also be done in accordance with the requirements of the Leader's Scheme and the Council's Disposals Framework policy.

## 2.4. Financial Risk Management

Specific responsibilities relating to risk management are set out in the Risk Management Framework and Guidance that was produced and agreed by Corporate Risk Management Group (CRMG).

Executive Directors are responsible for ensuring that risk management and business continuity are embedded at all levels within their area of responsibility in line with the Risk Management Framework and, in respect of financial risk management, ensuring the effective stewardship of public funds.

Financial Risk Management is built into these Regulations and many of the core processes that the Council expects managers to follow on a day-to-day basis. The Council's Risk Management Strategy is based on good risk management being an integral part of good management and not a separate activity. Key mainstream processes that promote good risk management include, but are not limited to:

- Budget Monitoring.
- The financial Administration processes in these Regulations.
- The Council's Decision Making processes.
- Programme and Project Risk Management.
- Key Financial Risk Registers.

In line with the requirements of the Risk Management Framework, Directors are responsible for maintaining and monitoring a Service Risks and Assurances log which must include financial risks.

Executive Directors are responsible for identifying and controlling risks in their area and significant financial risks should be reported to the Directors of Business Strategy.

The Director of Finance will report the most significant of these risks to the Council's Executive Management Team on a monthly basis and key risks will be summarised and reported to Members in monthly budget monitoring reports.

### 2.4.1. Money Laundering

Specific responsibilities relating to money laundering are set out in the Anti-Money Laundering Policy. This was produced by Internal Audit on behalf of the Director of Finance.

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In line with the Anti-Money Laundering Policy, the Director of Finance is the Officer nominated to receive disclosures about Money Laundering activity within the Council – the MLRO.

The roles and responsibilities of the MLRO are set out in Appendix B to the Policy.

Executive Directors are responsible for ensuring that this policy is adhered to.

### 2.4.2. Fraud

Officer responsibilities in relation to fraud and corruption are set out in Appendix B of the Council's Code of Conduct: Policy Statement on Fraud and Corruption as set out in the Council's [Constitution](#).

In accordance with [Section 17.1](#) of these Regulations, Executive Directors are responsible for notifying the s151 officer where there is any actual or suspected irregularity affecting the Council's assets.

## 2.5. Insurance

### 2.5.1. Executive Directors

Executive Directors are responsible for:

- Ensuring that prompt notification is given to the Executive Director of Resources of all circumstances involving both existing and new risk, the occurrence of which could result in the Council incurring a substantial liability. This will include details about Members, Officers, service users, third parties, property, vehicles, plant/ other assets, trading activities undertaken with organisations external to the Council, and any alterations affecting existing insurances, as well as potential insurance claims that may result from acts or omissions on the part of the Council.
- Ensuring that the insurance cover chargeable to their Portfolio budgets is accurate and up to date.
- Ensuring insurance renewal information is provided when requested annually by the Insurance & Risk team.
- Immediately notifying the Insurance & Risk Team of any loss, liability or damage or any event likely to lead to a claim and take such action as may be necessary to satisfy any policy conditions.
- Informing the Executive Director of Resources of any vehicle acquisitions or disposals, premises acquisitions or disposals and of any occupations or vacations of premises.

### 2.5.2. The Executive Director of Resources

The Executive Director of Resources will arrange the insurances considered necessary to cover risks to which the Council is exposed.

The Executive Director of Resources will periodically review all insurances in consultation with Executive Directors and determine the premiums to be charged as part of the Annual Budget process.

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### 3. Financial Planning

There are 3 key elements to Financial Planning at Sheffield City Council:

- Medium Term Financial Strategy.
- Annual Revenue Budget.
- Capital Programme.

Each element has a specific purpose and is designed to ensure the robustness of the Council's overall financial arrangements.

#### 3.1. Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) is a key requirement of good governance and is a key tool to help the Council deliver its priorities.

In line with the [Leader's Scheme of Delegation](#), the Cabinet is responsible for approving the MTFS and it will be refreshed and updated on an annual basis.

The MTFS links strongly to the [Corporate Plan](#) and the Corporate Plan drives the spending priorities that inform the MTFS. This will include allocating the overall expenditure budgets for Locality Areas. The Director of Finance will be responsible for producing the MTFS in conjunction with Executive Directors and will recommend measures to the Executive that will support the Corporate Plan. This will be supported by policy options, savings and efficiencies, and both financial and non-financial information to assist decision-making.

The MTFS will set an integrated financial plan for at least a three year period and will form the foundation of the Annual Revenue Budget and Capital Programme for the next year and projections for at least the following two years. This will include cash allocation or financial targets for Executive Directors for the forthcoming financial year and guideline allocations / targets for the following two years. The MTFS will also include projections of the Council's reserves and balances.

#### 3.2. Annual Revenue Budget

The Annual Revenue Budget sets the budget proposals for the Council for a one-year period and also sets the City Council element of the Council Tax for the following financial year.

Proposals and policy options for the Council's Annual Revenue Budget will be presented to Cabinet as part of the MTFS by the Director of Finance. The Director of Finance will then be responsible for preparing detailed proposals for the Annual Revenue Budget for the coming year in conjunction with Executive Directors.

Financial estimates will be produced for, and on behalf of Portfolios by the Director of Finance through Finance Business Partners. Executive Directors and the Director of Finance will work collaboratively to agree final spending proposals for inclusion in the Annual Revenue Budget.

The Director of Finance will advise on the inclusion of contingencies to cover exceptional in-year price movements and potential commitments which are uncertain either in terms of their financial impact or timing. Executive Directors will notify the Director of Finance of such items as part of the budget setting process so that an appropriate level of contingencies can be approved by the Council.

As part of the Annual Revenue Budget, the Director of Finance will be responsible for ensuring that the budget proposed meets relevant statutory requirements.

### 3.3. Annual Revenue Budget Approval

The Executive is responsible for agreeing the annual budget for services within Portfolios, including the overall capital programme, within the Budget and Policy Framework.

If agreed, the Executive will recommend the Budget to Full Council for final approval together with a recommended level of Council Tax to be set for the coming financial year.

As per Article 4 of the Council's [Constitution](#), the Council is required to set the Annual Revenue Budget and the appropriate level of Council Tax for the coming financial year by 11th March each year in line with statutory requirements.

Once the Annual Revenue Budget has been approved by the Council, Executive Directors may incur expenditure up to the amount approved for the period covered by that budget. Individual items of expenditure within the budget must still be approved in accordance with the Council's [Standing Orders, Commissioning and Procurement Policy](#) and any other relevant policies, and where the expenditure constitutes an executive function, in accordance with the [Leader's Scheme of Delegation](#).

### 3.4. Annual Revenue Budget Monitoring

#### 3.4.1. Chief Executive and Executive Directors

The Chief Executive and Executive Directors, in consultation with the Cabinet Member for Finance, are responsible for taking appropriate action to ensure that the overall spending of the Council is within available resources.

Executive Directors:

- Must not overspend the approved Revenue Budget for their Portfolio.
- Are responsible for managing their approved Revenue Budgets within the cash allocations and financial targets approved by the Council, unless specific additional resources are provided by the Cabinet during the year.
- Must not make commitments relating to spending in future years without the agreement of the Director of Finance and consultation with the Cabinet Member for Finance. Any such commitments must be within the financial parameters set in the MTFS.
- Are responsible for ensuring that managers within their Portfolios work within the timescales and procedures stipulated from time to time by the Director of Finance.

The Executive Management team may recommend that budget monitoring information is presented to the relevant Scrutiny and Policy Development Committees in consultation with the Chairs of those Committees.

#### 3.4.2. Director of Finance

The Director of Finance will prepare budget monitoring reports in consultation with Executive Directors. The Director of Finance will produce an annual timetable for budget monitoring reporting and the following principles will apply:

- Monitoring reports, prepared on an accrued basis, will be reported to Portfolio Management Teams on a monthly basis (except month 1).
- Monthly monitoring reports will be presented to Executive Management Team (except months 1, 4, 8 and 11).
- Monthly overall monitoring reports will be presented to the Cabinet (except months 1, 2, 4, 8 and 11).

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Monthly monitoring reports will be prepared for the portfolio holding Cabinet Member(s) by the Director of Finance in consultation with the Executive Director.

Consolidated monitoring reports will be presented to the Scrutiny Management Committee if requested.

The relevant Scrutiny and Policy Development Committees of the Council may request more frequent budget monitoring information.

As soon as practical after the end of the financial year, the Director of Finance will report to Cabinet the overall Revenue out-turn position including details of reserves, balances and provisions held by Portfolios.. The report should include recommendations relating to the treatment of any under and over spending by Portfolios.

### 3.5. Virements and Variations to the Annual Revenue Budget

#### 3.5.1. Virements

Executive Directors are responsible for optimising resources and for managing their budgets prudently.

Virements are intended to enable the Executive and Executive Directors to manage budgets with a degree of flexibility, provided they remain within the overall Budget and Policy Framework as determined by full Council.

Key controls for virements are that:

- They must be approved in line with these Regulations.
- They must not create additional overall budget liability, for example by creating future commitments from one-off additional spending.
- Both parties to the virement must agree to it.

Virements will not be permitted from capital financing charges, levies or other areas of spending as prescribed by the Director of Finance without the specific approval of the Director of Finance.

Virements requested by Locality Areas will be proposed by the relevant Director and the process and limits below followed.

#### 3.5.2. Variations

Variations are changes to the Council's overall level of resources as set out in the Revenue Budget Report that is approved by Council.

In accordance with Article 4.02f of the Council's [Constitution](#), any decision about any matter **which would be contrary to or not wholly in accordance with the Budget** must be taken by Full Council. This requirement is subject to the urgency procedure in the Budget and Policy Framework Procedure Rules.

#### 3.5.3. Approval of Virements between Services and Portfolios

Approval of the virement must be in line with the limits shown below and the Leader's Scheme:

- Under £500,000: the virement may be approved by the Director of Finance.
- £500,000 and Over: the virement may only be approved by the Executive in line with the [Leader's Scheme of Delegation](#).

Where a virement would represent a major change of policy it must be approved in accordance with the Leader's Scheme of Delegation regardless of its value.

If the cumulative effect of virements is over £500,000 during a financial year, these must be approved by the Executive (as above).

### 3.5.4. Approval of Virements between reserves and Portfolios

The principle criterion for assessing requests for carry-forwards is that the overall budget of the Portfolio making the request must be underspending, i.e. the Portfolio cannot exceed its approved budget.

Carry-forwards or transfers to earmarked reserves should be linked to the annual revenue budget and, where possible, identified in the business planning process. Requests must be done in line with the financial procedure on such matters.

Requests by Executive Directors to carry forward underspends or establish earmarked reserves, may only be done following review by the Director of Finance and will be presented to the Executive as part of the monthly Revenue Budget Monitoring process. Approved requests will be included, where feasible, in the Budget Implementation Plan for the relevant Service.

The Director of Finance, or delegated Officer, may approve the transfer to reserves of a restricted grant received by the Council i.e. one which has either conditions attached or is ring-fenced, where the related expenditure is not expected to be incurred in the current financial year.

The Director of Finance is responsible for formulating an annual Reserves Strategy for approval in line with the Constitution. As part of their duty to make arrangements for the proper administration of financial affairs, the Director of Finance, or delegated Officer, will manage, in accordance with the approved strategy, the need for transfers to and from reserves, in consultation with the Cabinet Member for Finance. Where the proposed transfer is not consistent with the approved strategy, and does not relate to a restricted grant then, subject to the urgency procedure, the decision may only be taken by Full Council.

Revenue Budget allocations and Budget Implementation Plans are approved in accordance with the Council's [Constitution](#).

### 3.5.5. Approval of Variations

Any change to the overall level of available resources as set out in Budget must be approved by Full Council in line with the Council's [Constitution](#).

Requests for variations may be submitted to the Council for approval as detailed below:

- Under £500,000 **and** not representing a major change of policy: The submission of a request for the variation may be approved by an Executive Director in consultation with the Director of Finance and the relevant portfolio holding Cabinet Member.
- £500,000 and over **or** representing a major change of policy: The submission of a request for the variation may only be approved by the Executive in line with the [Leader's Scheme of Delegation](#).

Variations to the Annual Revenue Budget that require Executive support will be proposed by the Executive Director and actioned by the Director of Finance.

Variations requiring Cabinet support will normally be presented to Cabinet as part of the normal budget monitoring cycle and in line with the requirements of the [Leader's Scheme of Delegation](#).

Any report to the Executive or to the Council recommending a variation to the Annual Revenue Budget must comply with [Section 4](#) of these regulations in respect of the reporting and approval of Financial Implications.

3.5.6. Recording Virements and Variations

All approved Virements and Variations must be recorded on the Council's Finance System.

**3.6. Borrowing and Investment (Treasury Management)**

Only the Director of Finance may enter into any borrowing or investment on behalf of the Council.

The Director of Finance is responsible for formulating an annual Borrowing Strategy and Treasury Management Policy for approval by the Council in line with the [Constitution](#).

The Treasury Management Policy and associated Treasury Management Practices will be issued and updated in accordance with all relevant legislation and recommended Codes of Practice.

The Director of Finance is responsible for providing an annual report to Council on treasury management activities, transactions and decisions over the preceding twelve months. The prime criteria for the effectiveness of treasury management activities are the identification, monitoring and control of risk. Therefore, the analysis and reporting of activities will focus on the risk implications for the Council.

In undertaking the Council's borrowing and investment operations, the Director of Finance will ensure compliance with the Borrowing Strategy, the Treasury Management Policy and all associated Treasury Management Practices.

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### 4. Financial Implications

When decisions need to be taken, then it is important that those taking them have access to properly considered financial information.

Executive Directors are responsible for ensuring that the following reports contain a section entitled 'Financial Implications'.

- Executive Reports, supporting decisions taken by the Leader, the Cabinet, Individual Cabinet Members and Committees.
- Executive Reports supporting Officer Key Decisions.
- Executive Reports supporting Officer Non-Key Decisions that require publication.
- Reports to the Cabinet Members Team and the Executive Management Team.

The financial implications section must summarise the capital and revenue implications of the proposals, together with details of any potential risks.

Officers involved in making Non-Key Decisions, that will not require publication, must also give proper consideration to the financial implications. This includes consultation with their Finance Business Partner where necessary. The implications identified should be documented and retained, in case of future challenge or audit requirement.

Whilst not mandatory, it is nevertheless good practice, for reports made to other meetings, such as less formal Member's meetings, management teams etc., to also include a Financial Implications section.

In line with the provisions of the [Leader's Scheme of Delegation](#), the Executive Director of Resources or Director of Finance will issue guidance as to when matters should be referred to them in advance to enable them to form and communicate an opinion. This guidance must always be followed.

#### 4.1. Sign-off of Financial Implications

The Director of Finance, or an authorised officer on his/ her behalf, is responsible for signing off all Financial Implications summaries and, where applicable, the Appendices to the report.

Only the Director of Finance, as the budget holder for the Council's Capital Financing costs, or Officers specifically authorised to do this on his/ her behalf may approve Financial Implications which affect the cash-flow of the Council.

The Finance Service officer is responsible for ensuring that the Officer who has prepared the report has taken all relevant advice, e.g. specialist financial or taxation advice, before they sign off financial implications.

The name of the Finance Service Officer who has signed-off the financial implications must appear on the Financial Implications Section of the covering checklist.

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## 5. Capital Programme

### 5.1. Background

#### 5.1.1. The Capital Programme

The Capital Programme is made up of a number of schemes/ projects which meet the definition of capital spending. It is the planned list of projects, together with supporting funds, that is agreed by Council in March each year and can cover the next 5 years.

The Programme is made up of a number of different elements which may change from time to time. This means that Capital Programmes may not be comparable in terms of size and scope over time.

Accounting for capital projects will be in accordance with current and approved International Financial Reporting Standards (IFRS) and the Statement of Recommended Accounting Practice (SORP).

### 5.2. Roles and responsibilities

#### 5.2.1. The Executive

The Executive is responsible for ensuring that the Council's expenditure remains within the resources available to the Council. It is responsible for agreeing the Capital Programme before recommending it to Full Council, and for reviewing the monthly monitoring reports.

This responsibility extends to the approval of any requests for in year additions and variations to approved projects to the value stated in [Section 5.3.5](#) and as submitted through the guidelines laid down in these Regulations.

#### 5.2.2. Capital Programme Group

The Capital Programme Group is responsible for:

- Oversight of Capital Management.
- Advising and making recommendations to the Executive Management Team on new project approvals. The recommendations will be made to Cabinet on a monthly basis.
- Approving progress to next stage of delivery, variations to existing projects.
- Approving the use of capital receipts and grants.

#### 5.2.3. Director of Finance

The Director of Finance is responsible for ensuring that capital projects are financially approved and reported in line with these Regulations and for producing a schedule (timetable) for reviewing, approving, managing and reporting capital spending.

In conjunction with the Executive Directors, the Director of Finance is responsible for approving Capital expenditure under the emergency approvals procedure detailed in [Section 5.3.6](#) of these Regulations.

#### 5.2.4. Executive Directors

Executive Directors are responsible for:

- Ensuring that managers within their areas of responsibility comply with these Regulations and the procedures and timescales related to capital project management as defined by the Director of Finance.
- Complying with the relevant requirements of the [Leader's Scheme of Delegation](#), these Regulations and all associated external funding procedures, where a capital scheme is being financed, either wholly or in part through external funding.

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- Complying with the relevant requirements of the [Leader's Scheme of Delegation](#), these Regulations and all associated external funding procedures, where a capital scheme is being delivered through partnership arrangements and, as a result of which, the Council is guaranteeing the liabilities of a third party.
- Approving, in conjunction with the Director of Finance, capital expenditure in line with the emergency approvals procedure and the requirements of the [Leader's Scheme of Delegation](#).
- Ensuring that managers adhere to the [SCC Project Management Guidelines](#) as appropriate.

### 5.2.5. Directors and Project Managers

Directors and Project Managers are responsible for:

- Ensuring that the Council has the relevant legal authority to undertake a Capital Project.
- Ensuring that all arrangements comply with these Regulations, [Standing Orders](#), published Codes of Practice and relevant EU and domestic procurement rules.
- Complying with the requirements of the Leader's Scheme, these Regulations and all associated procedures in relation to external funding where consideration is being given to external funding for a capital project, either wholly or in part.

### 5.2.6. Budget Managers

It is Council Policy that all projects are managed in accordance with the [SCC Project Management Guidelines](#). These define a Project Manager as the officer who is responsible for the day to day running of the project on behalf of the Project Sponsor/ Board. They are also responsible for delivery of the projects to cost, time and specification. To avoid unnecessary duplication of terminology in these Regulations the term Budget Manager can also be read to mean Project Manager.

Budget Managers are responsible for:

- Considering revenue, environmental, property, and opportunity costs related to a project.
- Considering the legal, human resources, equalities impact and sustainability implications of the project.
- Considering the impact of Value Added Tax (VAT) on Capital projects and seek the advice of the Director of Finance if required. On a day-to-day basis this advice will be provided by the Council's Tax Manager.
- Managing the project to cost thus preventing overspends. They must consider the risks of, and the solutions to, any forecasted Capital overspends.

### 5.2.7. Finance Business Partner (Capital) Team

The Business Partner Capital Team is responsible, alongside the Budget Manager, for steering a project through the financial approval process.

The Finance Business Partner Capital Team is also responsible for:

- Reviewing, quality checking and, where appropriate, challenging the Budget Manager's monthly review of actual and forecasted expenditure and income.
- Reporting capital expenditure and its financing in accordance with the Capital Projects Approval Hierarchy ([Section 5.3.4](#)) on a monthly basis.

### 5.3. Capital Programme Approval

The proposed Capital Programme for the coming financial period is collated by the Director of Finance, in collaboration with Executive Directors.

The Programme must be reviewed by the Capital Programme Group prior to recommendation to the Executive Management Team then to Cabinet.

The agreed Programme must be presented annually, by the Director of Finance and the Executive Directors, to Full Council at the same time as the Annual Revenue Budget.

Inclusion of a project within the approved programme does not convey automatic authority for that project to commence.

The Budget Manager must obtain approval for each stage of design, procure, build, and completion through the delegated powers of the Director of Finance or the Chief Property Officer (if appropriate) and the Capital Programme Group and in accordance with the provisions of the [Leader's Scheme of Delegation](#).

#### 5.3.1. The Capital Approval Form

Financial Approval for projects within the Capital Programme, additions and deletions to/ from the programme and variations to approved projects are facilitated through the Capital Approval Form (CAF).

A fully endorsed CAF, including all required documentation, which has been approved at Cabinet (or otherwise in accordance with the [Leader's Scheme of Delegation](#)), is a necessary condition to proceed with a project and will be subject to stage approvals as deemed by the Capital Programme Group.

The CAF requires the following endorsements (signatures):

- For Annual Inclusions and Variations - the signatures of the Project Manager, sponsoring Director, and Finance Business Partner (Capital) Team.
- For Emergency approvals - the signatures of the Project Manager, sponsoring Director, Finance Business Partner (Capital) Team, an Executive Director and the Director of Finance.
- For cases considered sensitive by, or otherwise at the direction of, the Executive Director and/ or the Director of Finance, the signatures of the Project Manager, sponsoring Director, Finance Business Partner (Capital) Team and the Individual Cabinet Member for the Portfolio.

#### 5.3.2. Reports with financial implications

All reports with capital implications or other requests for approvals must be included within the capital programme approval process as described in these Regulations.

#### 5.3.3. Project funding

Capital expenditure cannot take place unless it is fully funded or any funding gaps are approved by the Director of Finance.

In line with [Section 6](#) of these Regulations bids for external funding to support capital projects cannot take place until approved by either the Director of Finance or other authorised Finance Officers.

In line with the [Leader's Scheme of Delegation](#) and [Section 6](#) of these Regulations, offers of such funding cannot be accepted unless the Accountable Body status of the Council has been agreed in line with the [Leader's Scheme of Delegation](#).

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Funding cannot be recognised until all conditions for its receipt have been met. Before this point any shortfall against actual expenditure must be covered by either Portfolio revenue contributions to capital or by specific agreement for each project through corporate funding sources.

Capital Funding cannot be used to fund revenue expenditure.

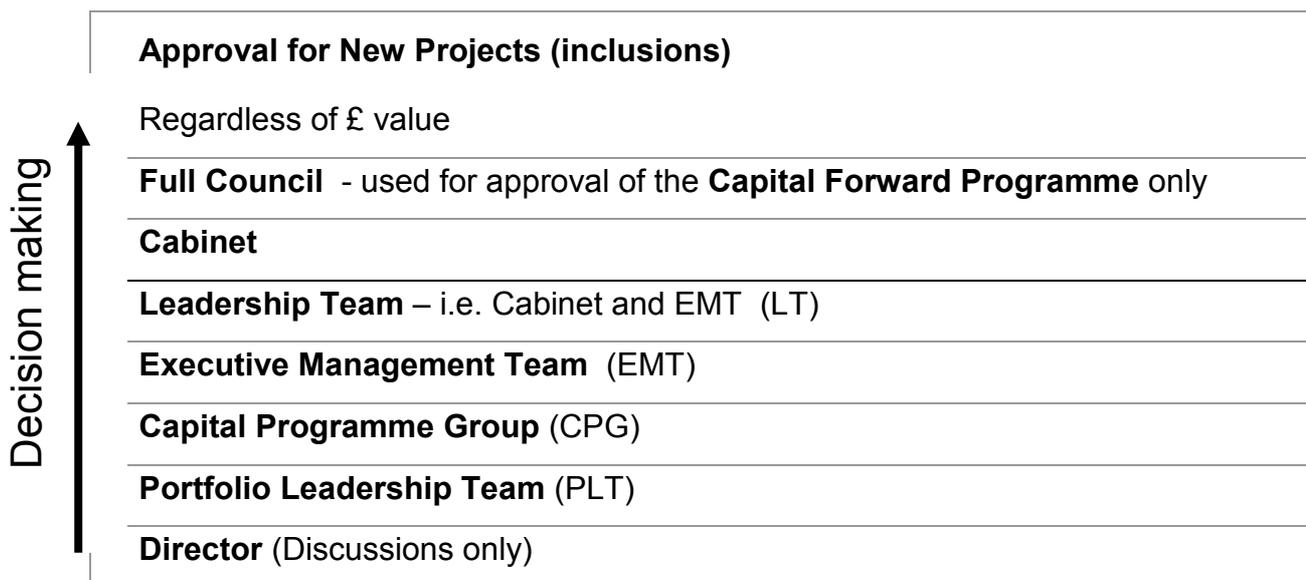
### 5.3.4. Approval for New Projects / Inclusions / Changes

All new capital projects/ inclusions in year and significant changes to the Capital Programme (other than changes requiring the approval of Full Council (Article 4 of the Council's [Constitution](#)) must be approved by Cabinet or otherwise in line with the [Leader's Scheme of Delegation](#), and these Regulations. The approval chain is detailed below.

Approval for projects financed wholly or in part by external funding is conditional on agreement to the Council becoming the Accountable Body for that funding. This agreement must be obtained in line with the requirements of the [Leader's Scheme of Delegation](#) BEFORE any offers of funding are accepted.

Where the project involves the Council guaranteeing the liabilities of a third party then this must also be approved in accordance with the requirements of the [Leader's Scheme of Delegation](#).

### Capital Projects Approval Hierarchy



The Director of Finance, in conjunction with the Cabinet Member for Finance, can approve expenditure up to the value of £100,000 to permit the Council to undertake feasibility works on potential capital projects provided that:

- The Director of Finance has been provided with evidence to enable him/ her to reasonably conclude that the project is viable and practical so that any recommendations from the study can be implemented and the study will not be an abortive cost.
- The entire project (i.e. feasibility and subsequent construction works) is fully funded.
- The works meet the requirements of the capital accounting rules to be eligible for classification as capital spend.

### 5.3.5. Variations to projects in the Capital Programme

Changes to a project's finance require approval as a 'Variation' subject to necessary capital resources being available.

Variation Approval levels on an existing approved project are as follows:

- A variation in cost of up to £25k can be approved by the responsible Director.
- A variation in cost by more than £25k but no more than £100k requires EMT approval.
- A variation in cost by more than £100K but no more than £150K requires approval by the relevant Individual Cabinet Member(s).
- All other variations require Cabinet approval through the monthly monitoring report.

For authorisation purposes, Variations are measured cumulatively from the last approval by the Executive.

### 5.3.6. Emergency approvals

Where an emergency approval is required, this must be provided in accordance with all applicable urgency procedures in the [Constitution](#) and the [Leader's Scheme of Delegation](#).

As an additional requirement, emergency approvals must be referred to the Executive Director of Resources or the Director of Finance or any Officer authorised to act on his or her behalf.

Any such approvals shall be reported retrospectively to Cabinet in the next monthly report by the relevant Executive Director and the Director of Finance. If, by the time the decision is retrospectively reported to Cabinet, no action has been taken an emergency approval may be rescinded by the Cabinet.

### 5.3.7. Virements

Virements are not permitted between Capital schemes. Changes from Cabinet approved amounts must be treated as Variations.

### 5.3.8. Slippage and / or accelerated spend

Where the timing of expenditure deviates from the annual profile approved by Cabinet, Budget Managers should reflect this in their monthly forecast and advise Finance Business Partner Capital of the situation.

Where the forecast has changed such that expenditure will move between financial years, the monthly report to Cabinet will seek approval for this change.

### 5.3.9. Change in Scope

Where the material output of a project will differ from that of the last fully approved version, Budget Managers must seek re-approval in accordance with the requirements for a new project, as described in [Section 5.3.4](#) of these regulations.

### 5.3.10. Revenue implications

The revenue expenditure implications of the proposed Capital Programme will be considered as part of the approval process outlined in these Regulations and as part of the [Annual Revenue Budget](#) and [MTFS](#) processes.

Where a Budget Manager identifies that the project will overspend even after all mitigating action, and that no alternative capital funding source is applicable, then the overspend must be made good from revenue funding.

### 5.3.11. Capital Receipts

Any decision on the use of Capital Receipts will be taken as part of the overall approval for the project through recommendation by the Capital Programme Group as outlined in [Section 5.3.4.](#)

### 5.3.12. Project Stage Approval

Approval for the Design, Procure and Build stages of a project will not be granted without recommendations from the Director of Finance in respect of funding implications. As part of this process the Director of Finance will need to consider both the Revenue and Capital implications of such approvals for the level of contractual commitments in future years.

The Budget Manager must obtain approval for each stage of design, procure, build, and completion through the delegated powers of the Director of Finance or the Chief Property Officer (if appropriate) and the Capital Programme Group. In particular, the Budget Manager should note that only the Capital Programme Group can recommend to the Director of Commercial Services the award of a contract for capital works in line with the Council's Standing Orders.

The build stage of a project cannot proceed until a thorough review has been produced by the Project Manager, approved by the appropriate sponsoring Director and reported to the Capital Programme Group. In line with the [Council's Project Management Guidelines](#), where requested, a Project Review must be undertaken and appended in support of the submission for project stage approval.

### 5.3.13. Procurement

Executive Directors and Directors must ensure that agreed formal procedures are in place with the Head of Design and Project Management and the Director of Commercial Services in respect of all procurement related to capital projects.

Where the project is financed, either wholly or in part through external funding then the requirements of the funder in relation to procurement must also be met.

## **5.4. Financial Management and Reporting of Capital accounts**

### 5.4.1. Financial Management

Inclusion of a project in the Capital Programme and its subsequent progression to completion will be managed through the use of the Council's financial management system.

In line with the requirements of these Regulations, Budget Managers are required to carry out a monthly monitoring and forecasting process in respect of the 'actual to date' and 'forecast' position for both revenue and capital accounts.

### 5.4.2. Reporting

The Director of Finance is responsible, with Executive Directors, for providing a consolidated monthly report to the Executive in relation to Capital accounts.

Monthly capital reporting will be based on a CAF, Project Closure Forms (PCF), financial monitoring and approval request reports.

At year end the Director of Finance will report to the Executive the overall Capital Out-turn position at the same time as the Revenue Out-turn position is reported to the Executive.

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## 6. External Funding / Grants

### 6.1. Background

External Funding in its broadest sense refers to the identification and securing of additional resources, above and beyond those normally provided to organisations, which enables them to develop and enhance the quality of their services, better meet the needs of clients and to do something that could not otherwise be achieved.

The Council relies on a significant amount of external funding to finance the service activity and specific projects/ programmes needed to meet the city's priorities as highlighted in the [Corporate Plan](#).

### 6.2. Roles and responsibilities

#### 6.2.1. The Director of Finance

The Director of Finance is responsible for ensuring that:

- There is proper processes and procedures in place for the completion, assessment, authorisation and submission of applications for external funding and any subsequent claims. In practical terms this responsibility is discharged through the External Funding Team which is part of the Shared Service function within the Finance Service.
- Grant applications are correctly completed and submitted by the required date with a view to maximising the income to the Council in terms of cash flow.
- All completed grant claims and certifications are approved by the Director of Finance or other authorised Finance Officer as published in the Financial Protocol ([Appendix A](#)) and maintained by the Director of Finance.
- All documentation related to match funding, e.g. certificates, letters of comfort, heads of terms, contracts, are approved by the Director of Finance or other authorised Finance Officers as published in the Financial Protocol ([Appendix A](#)).
- All statutory financial returns related to external funding are completed and submitted in line with relevant guidelines.
- The income due from grant claims is received.
- Records are kept for the reconciliation of grants due and received. Such records must have robust audit trails and meet External Audit requirements.

Additionally, the Director of Finance is responsible for agreeing the acceptance of all offers of External Funding made to the Council.

#### 6.2.2. Executive Directors

Executive Directors are responsible for ensuring that:

- All available external funding is claimed, with due regard to risk and other relevant factors. In practical terms this responsibility will be discharged by the Directors and Budget Managers within their Portfolio.
- All applications for external funding within their area of responsibility are made in accordance with all the processes and procedures laid down by the Director of Finance.
- Offers of external funding are only accepted in accordance with the requirements of the [Leader's Scheme of Delegation](#), particularly in relation to agreement to the Council becoming the Accountable Body for the funding and/ or guaranteeing the liabilities of third parties.

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- All the funding body's conditions and criteria including any additional procurement requirements are met.
- All required evidence related to the external funding body's qualifying conditions and/ or criteria is collected and retained as required.
- Where a third party is involved in delivery of an externally funded project for which the Council is the Accountable Body, all necessary evidence is collected and retained.
- Grant claims are prepared and submitted as required.
- Where the City Council is providing match funding, all documentation as required by the funding body is duly authorised by the Director of Finance, or other authorised Finance Officers as published in the Financial Protocol ([Appendix A](#)). Documentation includes but is not confined to Match Funding Certificates, Letters of Comfort and Heads of Contract.
- Risks to the Council are appropriately identified, recorded and managed.
- Any legal implications and risks of working with third parties are appropriately addressed.
- All external funding within their area of responsibility is managed using the Council's systems and processes.

### 6.3. Accountable Body

The **Accountable Body** is legally responsible for ensuring that the requirements of the funder are met. The decision to agree to the Council becoming the Accountable Body for external funding must be taken in line with the requirements of the [Leader's Scheme of Delegation](#) and BEFORE any offers of funding are accepted.

Where the Council is guaranteeing the liabilities of a third party this must also be approved in accordance with the requirements of the [Leader's Scheme of Delegation](#).

### 6.4. Grant / External Funding accounting

All accounting processes related to external funding/ grants will be controlled by the External Funding Team in the Finance Service.

### 6.5. Audits of external funding

Audits of external funding shall be carried out in accordance with the conditions/ criteria related to the funding.

Where there is a charge for the audit this is payable from the relevant Business Unit's budget.

### 6.6. Retention of documentation

All evidence required by the funding body must be collected and retained in line with the conditions/ criteria related to the funding.

Where the retention period in the agreement exceeds the one prescribed in the Financial Records Retention Schedule ([Appendix C](#)) the funder's requirements will take precedence.

Documents pertaining to ERDF supported projects must be retained until at least 3 years after the UK receives its final payment to the programme from the EC or for such longer period as may be prescribed by the funder in a particular case.

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Where the retention periods required by the funder are less than those specified in the Financial Records: Recommended Retention Schedule ([Appendix C](#)) the latter should be followed.

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## 7. Income Management

### 7.1. Background

The Council sets fees and charges for a wide range of the services and goods that it provides. The income that is generated from this is a major source of funding that helps to deliver the Council's key priorities as set out in the [Corporate Plan](#).

This section covers the principles that apply to setting fees and charges, the collection of income, the raising of sundry debtor accounts and debt recovery. These principles are in line with the values as set out in the [Corporate Plan](#).

Separate detailed rules apply to the management of Housing Rent, Council Tax, Business Rates and Benefit Overpayment debt and are therefore not covered by these Regulations.

Refer to [Section 20](#) for Council Supply Agreements.

### 7.2. Roles and responsibilities

#### 7.2.1. The Executive

In accordance with the [Leader's Scheme of Delegation](#), the Executive is responsible for agreeing the overall charging policy for fees and charges levied by the Council even if the actual level of the charge is set by an outside body i.e. Government. In this context Fees and Charges excludes Council house rents, Council Tax, National Non-domestic Rates and Housing Benefit overpayments.

Fees and charges must be set as part of Business Planning process and be in line with the provisions of the 'Fair Fees and Charges' Policy as approved by the Executive. Recommendation of changes to fees and charges should be made as part of the Annual Revenue Budget Report to Council.

Any changes in Fees and Charges that are not approved as part of the Annual Revenue Budget Report to Council must be approved in line with the requirements of the [Constitution](#) and/ or the [Leader's Scheme of Delegation](#) as appropriate.

#### 7.2.2. Individual Cabinet members

In accordance with the [Leader's Scheme of Delegation](#) Individual Cabinet Members are responsible for agreeing, in consultation with the Leader, changes to existing fees and charges in relation to their Portfolio areas other than those set by Full Council as part of the budget process.

#### 7.2.3. Executive Directors

Executive Directors are responsible for:

- Seeking, where appropriate, to recover the full cost of their services through setting fair fees and charges in line with the provisions of the 'Fair Fees and Charges' Policy and all other statutory guidance.
- Having arrangements in place for payment up front wherever possible and for having appropriate arrangements for the storage and banking of cash.
- Ensuring adequate security arrangements for the storage and transportation of cash and requesting insurance cover and immediately informing the Police, Internal Audit and the Insurance and Risk Team where any theft of cash or its equivalent is discovered or suspected.

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- Ensuring that where accounts are raised in respect of charges for works done, goods supplied or services rendered on behalf of the Council and all other income due to the Council are raised and issued to the customer(s) within the required timescales and in accordance with these Regulations and all associated policies and procedures.
- Ensuring that relevant staff use only the standard payment methods to collect payments from customers and that, in the interests of customer choice, more than one option is offered.
- How their Portfolio and, where applicable, their partner organisations, manage each payment option.
- Ensuring that, where partnership working arrangements are in place, the partner organisations only use the standard payment methods as determined by the Director of Finance.
- Ensuring that all systems and processes related to customer payments comply with all relevant legal and security requirements, e.g. the Payment Card Industry Data Security Standard (PCI DSS), which is a set of guidelines designed to help keep customer's payment card data secure.
- Effectively managing the level of debt within their Portfolio, including working with the Income Collection and Management Team to reduce the level of unallocated payments, resolving customer disputes within the required timescales, identifying debts that are clearly irrecoverable and authorising them to be written off.
- Ensuring that all relevant documentation related to the supply is retained and accessible in the event of it being required for debt recovery procedures, up to and including court action.
- Ensuring that their staff are aware of the possibility of money laundering activities and that they comply with the Council's Anti – Money Laundering Policy.

### 7.2.4. Director of Finance

The Director of Finance is responsible for:

- Determining the standard payments methods that may be used to collect income. These must be used by all Services and partner organisations as determined by the Director of Finance. Payments cannot be made by any other means except by express permission of the Director of Finance.
- Providing training and advice on these payment methods. On a day-to-day basis this responsibility will be discharged by the Income Collection and Management Team in the Finance Service.
- Providing training and advice on the raising of invoices. On a day-to-day basis this responsibility is discharged by the Financial Systems Support Group in the Finance Service.
- All debt recovery actions except Housing Rents. In respect of sundry debt this responsibility is discharged by the Income Collection and Management Team in the Finance Service. In respect of local taxation and Housing Benefit overpayment debt this responsibility is discharged by the Revenues and Benefits Team within the Finance Service.
- Providing advice on best practice for cash storage and banking.
- Receiving disclosures about Money Laundering activities within the Council.

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- Having procedures and policies in place for the administration of Direct Debits for the collection of Sundry Debts.

### 7.2.5. Executive Director of Resources

The Executive Director of Resources is responsible for providing insurance cover for cash and cheques awaiting banking as requested by Executive Directors.

### 7.2.6. All officers involved in the sundry debt process

Officers responsible for raising invoices, credit notes, refunds, debt recovery and write-offs must not do so for debts owed by themselves or family members, or where they have a vested interest.

### 7.2.7. Authority to Collect Cash

Only Officers with specific authorisation from their Manager, who have been issued with an appropriately endorsed "Style 1" photo identification card, may collect cash on behalf of the Council.

Before any new photo identification card may be issued authorising the holder to collect cash, the request must be approved by the Director of Finance or his/ her designated Officer in line with the procedure for the issue of photo identification cards.

Managers should maintain a register containing details of the style of card held by each member of staff, and ensure that the card held is appropriate to the Officer's current duties.

### 7.2.8. Separation of duties

The system adopted for the collection and banking of income must incorporate separation of duties between the different functions as a principal form of internal control.

To comply with this principle Managers must ensure that an officer does not carry out functions from both Table 1 and Table 2 (below) in any given time period. This ensures that, for example, an officer does not check that the amount of money they themselves have collected equals the money that has been banked.

**Table 1**

Function	Examples
Identifying charges or taking a booking	Telling a customer the cost of a particular service, e.g. removing a wasp's nest. Booking an appointment for removal of wasps nest.
Billing	Sending an invoice (if appropriate to do so).
Collection and receipt of income	Collecting the payment, irrespective of the method of payment (i.e. cash/ credit card) for removing the nest and giving the customer a receipt for the payment. Receipts might be a 'till receipt' type or hand written one from a preprinted book.

**Table 2**

Function	Examples
Reconciling receipts to income	Adding up the payments received and all the receipts then making sure they come to the same amount.
Banking income	Doing the OEO Banking Journals so the income appears on the finance system as being in the bank. This also puts it into the correct Business Unit.  Arranging for cash to be physically put into the Council's Bank Account. This may be done via the G4S collection service.
Monitoring income received, banked and outstanding	Checking money that has been banked equals the amount that is on the receipts.  Monthly monitoring of outstanding debts.

All transfers of money between members of staff must be evidenced by the recorded signature of the officer receiving the money.

### **7.3. Payment of fees and charges**

#### **7.3.1. Not - Invoiced**

Wherever possible the provision of credit, i.e. payment via an invoice, should be avoided and, wherever appropriate, customers should be asked to pay for services up-front or at the time of service delivery. This avoids the need for invoicing thus reducing both the potential for invoices not being paid by customers and administration costs to the Council.

The Council is legally required to provide a tax invoice, if requested to do so by a customer. Any requests received should be referred to the [Taxation Team](#) within the Finance Service.

See also [Section 7.3.7](#) of these Regulations.

#### **7.3.2. Invoiced**

Payment by sundry debt invoice is, in effect, providing credit to the customer. This must be avoided wherever possible and invoices must only be raised where payment in advance or at the point of service delivery is inappropriate.

All sundry debtor accounts must be raised on the Accounts Receivable section of OEO finance system unless exceptions have been agreed with the Director of Finance.

Invoices should be issued within 10 working days of the:

- Goods or services being supplied.
- Month end where there is an on-going service provision.

In line with standard accounting practice, income will be credited to the relevant Business Unit at the point the invoice is raised - not when it is actually received.

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To comply with all relevant HM Revenue and Customs (HMRC) regulations the date of the invoice must be within 60 days of the actual date of supply. Where this timescale cannot be met, advice must be sought from the Council's Tax Manager.

The information on the Sundry Debt invoice must be correct, complete and supported by all necessary and relevant information. In the event of debt recovery action being taken, up to and including Court proceedings, this information will be required as evidence. Officers raising invoices are also responsible for ensuring that the correct VAT treatment is applied.

To ensure that invoices are raised correctly, they must only be raised by officers who have had appropriate training.

### 7.3.3. Standard Payment methods

Only the payment methods outlined in the tables below can be used by all Services and partner organisations as determined by the Director of Finance. Payments cannot be made by any other means except by express permission of the Director of Finance.

The methods and channels are not recommended for every service or customer group but are all options the Council will support.

The option of payment by cash at Service will be considered by the Finance Service on a case-by-case basis as required.

Costs associated with acquiring/ implementing payment methods will be funded by the Service requesting them.

**Table 1: Not Invoiced**

Not Invoiced / invoiced	Payment Methods	Payment Channel
Not invoiced	Credit or debit card online via the Council website.	On-line - Customer self-service
Not invoiced	Text payment via a mobile telephone.	Telephone - Customer self-service
Not invoiced	Credit or debit card over the phone where a member of staff enters the payment details into an electronic payments system on their PC.	Face to face - Customer assisted service
Not Invoiced	Credit or debit card using chip-and-pin machine [either mobile or at a Council/ partner office.	Face to face - Customer assisted service

**Table 2: Invoiced**

Not Invoiced / invoiced	Payment Channel	Payment Method
Invoiced	Credit or debit card online via the Council website.	On-line - Customer self-service
Invoiced	Credit or debit card using an automated telephone service.	Telephone - Customer self-service
Invoiced	Text payment via a mobile telephone.	Telephone - Customer self-service
Invoiced	Credit or debit card over the phone where a member of staff enters the payment details into an electronic payments system on their PC.	Face to face - Customer assisted service
Invoiced	Credit or debit card using chip-and-pin machine [either mobile or at a Council/ partner office.	Face to face - Customer assisted service
Invoiced	Cash at a Post Office; or PayPoint up to a certain value.	Face to face - Customer assisted service
Invoiced	Cheques and debit card at a Post Office up to a certain value.	Face to face - Customer assisted service
Invoiced	Direct Debit – within the parameters set by the Director of Finance.	Face to face - Customer assisted service
Invoiced	BACS/ CHAPS – within the parameters set by the Director of Finance.	Face to face - Customer assisted service

#### 7.3.4. Credit and Debit card transactions

There are no maximum or minimum transactions values associated with payment by credit or debit card.

The Council will accept all major debit and credit cards with the exception of American Express, Diners Club, JCB and Solo.

Credit cards may be used for both non-commercial debts such as Business Rates and rent arrears and commercial debt, such as hire of sporting facilities and pest control.

#### 7.3.5. Direct Debits

Direct debits must only be used to collect payment:

- For invoices that are raised on a regular basis (e.g. monthly rental agreements).
- Where an arrangement to pay an invoice in instalments has been agreed by the Director of Finance or his/ her designated Officer.

Direct debits should not be used where the annual value to be collected is less than £100. This amount may be varied, from time to time, at the discretion of the Director of Finance.

Where a customer's Direct Debit fails twice in a 12 month period then the option to pay by Direct Debit must be withdrawn and may only be reinstated with the agreement of the Director of Finance or his/ her designated Officer.

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Under the Direct Debit Guarantee scheme, the Council must give customers at least 10 working days' notice if the amount that is due to be collected will change. For accounts where the amount billed varies on a regular basis, such as Home Support, an invoice must be issued, for information purposes only, to ensure compliance with this scheme.

### 7.3.6. Expected income over £50,000

Where receipt of a sum of £50,000 or over is expected, e.g. completion of property purchases, this must be reported to the Council's [Treasury Management & Banking Team](#).

Knowing that a significant receipt is due will help this Team to manage the Council's cash flow which may well reduce the need for short term loans to cover Council expenditure.

### 7.3.7. Money Laundering

Where there are significant cash payments, i.e. £1,000 or more in cash, or up to £2,500 in linked transactions, officers should check the identity of the client in line with the Council's [Anti – Money Laundering Policy](#).

Payments in cash must not be accepted by employees of the Council or any of its agents where the amount is over the limit to be determined by the Council's Money Laundering Reporting Officer. Currently the limit has been determined as £2,500.

### 7.3.8. Credit Notes and Refunds

Credit notes are required for an invoice that has been incorrectly raised. However, credit notes represent a control risk and as such must be properly authorised. Credit notes must be authorised by the manager responsible for the budget affected.

Refunds are required if a customer or other member of the public has paid an incorrect invoice or has paid money into a Council bank account in error. Refunds may only be actioned by the Director of Finance or his/ her designated Officers.

Where a refund is for a significant amount, i.e. £1,000 or more, officers should check the identity of the client in line with the Council's [Anti – Money Laundering Policy](#), fees and interest charges.

### 7.3.9. Credit card fees

Transaction fees associated with accepting a credit card payment will be charged to the customer at the time of payment.

These fees will only recover banking and system transaction costs and not include any additional surcharges such as 'administration' costs.

### 7.3.10. Debit card fees

Debit card transaction fees will be funded centrally from within the Finance Service, subject to annual reviews of costs.

### 7.3.11. Interest on late payment of debt

Interest on late payment of debt by commercial customers will be applicable where agreed by the Director of Finance.

## **7.4. Banking of collected income**

### 7.4.1. Receipting and banking

All income received on behalf of the Council must be receipted and paid into the appropriate bank account without unnecessary delay and in accordance with the procedures approved by the Director of Finance for the banking of income.

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Income must be paid in without deduction unless this is approved by the Director of Finance. Third party and personal cheques must not be cashed from monies held on behalf of the Council.

### 7.4.2. Safe storage of collected income

Executive Directors are responsible for ensuring that all income collected prior to banking is safeguarded and that adequate insurance cover has been arranged.

The amount of cash allowed to be held in any one safe overnight will vary according to the particular insurance arrangements. Where the agreed limit is likely to be exceeded then arrangements must be made to bank the income as soon as possible.

The Director of Finance will advise on best practice for cash storage and banking.

The Executive Director of Resources is responsible for providing insurance cover for cash awaiting banking as requested by Executive Directors and providing the insurance cover requested by Executive Directors.

### 7.4.3. Reconciliation of receipts

Reconciliation of receipts to banked income should be performed on a regular basis and at least monthly, reflecting the value of the receipts. Staff responsible for reconciliation should not be involved in day to day banking or receipting procedures.

## 7.5. Debt Recovery

### 7.5.1. Recovery process

The Council's standard payment terms and conditions are that, unless contractually agreed or in the case of a demand payable by installments, sundry debts are payable immediately and in full.

The Council will undertake robust action up to and including Court action to recover money owed to it. The costs of enforcement action to recover sundry debts, up to and including court action will be borne by the relevant Business Unit.

### 7.5.2. Arrangements to Pay

Where a customer is unable to pay the full amount of a sundry debt invoice immediately then arrangements can be negotiated, in appropriate circumstances, to clear the debt in the shortest possible timescale.

These arrangements can be negotiated by the Income Collection and Management Team in consultation with the Business Unit Manager, or directly by the Manager. In the latter case the Business Unit Manager must inform the Income Collection and Management Team so that the arrangement can be documented and monitored.

Payment arrangements that exceed 12 months must be agreed by the Director of Finance.

If the arrangement to pay is not maintained then debt recovery action will be commenced or continued.

### 7.5.3. Disputed debts

For the purposes of these Regulations a 'dispute' relates to an issue that must be resolved before the customer will pay an outstanding sundry debt.

When a debt is put into dispute, debt recovery action is suspended to allow time for the issue to be resolved.

The relevant Business Unit Manager is responsible for resolving the dispute and for doing so within 28 days. Where the Business Unit Managers considers that a longer timescale is required to resolve the dispute, they must contact the Income Collection and Management Team to request an extension. The request must be supported by

details of the customer, the nature of the dispute and the extra length of time required must be specifically stated.

### **7.6. Bad and Doubtful Debt Provisions**

When an invoice is raised the Business Unit is immediately credited with the income. For that income to be relied upon the debt must be paid within 60 days.

If a debt is not paid by day 60, a charge will be made against the Business Unit to make full provision for the debt not being paid. Exceptions to this are where the:

- Debtor has an agreement to pay and is abiding by it.
- Debt is covered by a Charge (e.g. on property, land, etc.).

Creating a provision for bad or doubtful debt does not mean that recovery action will stop. The Council will continue to take recovery action after the provision is made.

#### **7.6.1. Payments received after 60 days**

Where an outstanding debt is paid after day 60 and before day 91 the Business Unit will be credited with 50% of the income. The remaining 50% will be diverted to help balance the Council's overall budget.

If the debt is paid after day 90, 100% of the income will be diverted to help balance the Council's overall budget and the Business Unit will not receive any.

Exceptions to the '60 day rule' can only be approved by the Director of Finance. A list of the agreed exceptions is maintained by Income Collection and Management Team in the Finance Service.

### **7.7. Bad Debt Write-offs**

If recovery action is unsuccessful, the Council may write-off debts that are correctly due to it but which, for whatever reason, are no longer collectable.

All possible recovery procedures should be pursued and exhausted within 12 months of the invoice date. After this timescale the outstanding debt should be written off unless:

- It is covered by an on-going payment arrangement.
- There is on-going action, up to and including Court action, to recover the debt.
- The debt has been recorded on the Local Land Charges Register.

Writing off a debt involves removing a debt from the Council's accounts using money that has been set aside as part of the bad and doubtful debt provision and will only be done in exceptional circumstances.

Write-offs must be proposed by the relevant Executive Director and approved and actioned by the Director of Finance.

By the time a debt is written off a full provision must have been created for it and reported to Members as part of the monthly budget monitoring process.

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### 8. Purchasing

This section covers the principles related to procurement in the Council, the roles and responsibilities of officers and the principles that apply to the Council's Purchase to Payment (P2P) process. These are standard across all portfolios and must be complied with, unless an exception has been approved in writing in advance by the Director of Finance.

All Orders for goods or services are to be placed on the Council's Finance system or other systems as approved by the Director of Finance. Irrespective of the system used, the controls and processes detailed in these regulations will apply.

All procurement must comply with [Standing Orders](#) and the [Leader's Scheme of Delegation](#).

#### 8.1. Roles and responsibilities

##### 8.1.1. Director of Commercial Services

The Director of Commercial Services is responsible for:

- Ensuring that the Council's [Standing Orders](#) remain technically correct, up to date and fit for purpose.
- Ensuring that the Council's [Standing Orders](#) are adhered to. All unauthorised breaches must be reported to him/ her.
- Considering requests for a waiver of [Standing Orders](#) and actioning them where appropriate.
- Ensuring there are proper processes and procedures in place for the commissioning and procurement of goods and/ or services.
- Providing advice and guidance on the procurement process.
- Ensuring that training and guidance is available for officers involved in the P2P process.
- Approving suppliers used in the commissioning and procurement of goods and/ or services.

##### 8.1.2. Director of Finance

The Director of Finance is responsible for:

- Ensuring that VAT related records, e.g. invoices or credit notes are stored and made available in line with HMRC directives.
- Compliance with the requirements of the Construction Industry Tax Deduction Scheme (CITDS) in relation to the payment of invoices relating to repairs and renovation over the stipulated monetary limits.
- Ensuring that, where required, the employment status of individuals is validated and all related records are stored and made available in line with HMRC directives.
- The approval and administration of all leasing and other credit arrangements. Records will be kept by the Director of Finance of all relevant financial information relating to these arrangements.

##### 8.1.3. Director of Finance and Executive Directors

The Director of Finance and Executive Directors are responsible for ensuring that all purchasing within their area of responsibility complies with the following principles:

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- Expenditure shall not be incurred where it represents a departure from Council policy or where it is not wholly in accordance with the Council's approved Budget unless such expenditure is considered a matter of urgency. In these cases:
  - The Director of Finance must be consulted before incurring such expenditure, and all relevant provisions of the [Leader's Scheme of Delegation](#).
  - The [Constitution](#) must be complied with.
  - Particular attention is drawn to the urgency provisions in the Budget and Policy Framework Procedure Rules in Part 4 of the [Constitution](#).
- Where any consent is required from a Government Department or other relevant body, these shall be obtained before any expenditure or commitment is incurred.
- Appropriate controls must be in place that ensure the integrity of expenditure incurred in the name of the Council and constrains expenditure to within the legal powers of the Council.
- Suppliers providing services to the Council must have the necessary HMRC certification enabling them to be paid through the Council's payments system. Contractors failing to comply with the conditions or to provide evidence of the necessary certification should be set up as temporary employees of the Council and paid through the payroll.

### 8.1.4. The Executive Directors

The Executive Directors are also responsible for ensuring that purchasing to payment arrangements within their area of responsibility comply with:

- These Regulations.
- The Council's [Constitution](#), [Leader's Scheme of Delegation](#) and [Standing Orders](#).
- Procurement policy, strategy and regulation
- The Guide for the Procurement of Consultancy.
- HMRC requirements for checking employment status of individuals or groups of workers.
- Corporate financial policies and standards.
- EU and domestic law.
- Health and Safety Regulations.
- Environmental Policy.

### 8.1.5. Budget Managers

Budget Managers with responsibility for incurring expenditure on behalf of the Council must ensure that:

- The Council is obtaining value for money and that all expenditure complies with the Council's [Standing Orders](#).
- In-House and Corporate Contract providers are used wherever possible. Where this is not considered appropriate, advice must be sought from Commercial Services on choosing an alternative supplier and [Standing Orders](#) must be complied with.
- Compliance with the Council's [Standing Orders](#) and all relevant procurement processes is documented and the evidence retained.
- Any relationships with existing or potential Council contractors are declared prior to the obtaining of quotations or the awarding of contracts.

### 8.1.6. All Officers involved in P2P process

All officers involved in the ordering and purchasing processes must:

- Refer to the Council's [Standing Orders](#) for details of procurement procedures to be followed, with special attention to the need to use In–House and Corporate Contract providers.
- Formally declare any relationships with existing or potential Council contractors prior to the obtaining of quotations or the awarding of contracts.
- Withdraw from any P2P process when either they themselves or a member of their family or one of their close associates are involved directly or indirectly with the transaction.

Note: Officers' attention is drawn to the provisions of Section 117, Local Government Act 1972, under which certain failures by an Officer to declare an interest in a contract with the Council may be punishable as a criminal offence.

### 8.2. **Ordering of goods and services**

A purchase order is required for all purchases of goods and services and one must be processed before requesting the supply.

Exceptions to this would be for the payment of utilities, recurring payments, 'multiple' and 'one-off' payments.

Verbal orders must not be used in normal Council operations and should take place only in wholly exceptional circumstances. Any verbal orders must be followed immediately by the issue of a fully authorised order. Officers making verbal orders can expect to be asked to support their decision by the Director of Finance and Director of Commercial Services.

Different Purchase Order types are in place to meet expenditure requirements including those that are not for the supply of goods or services.

Orders must fully detail the goods and services to be supplied and the budget from which the expenditure is to be met. Final costs or an estimate of the costs of the goods or services ordered (net of VAT) should also be provided.

Orders must only be raised for goods and services provided to the Council or on official Council business. Individuals must not raise official orders for their own private use.

Variations must only be actioned through properly authorised amendments to orders. Issued orders must not be amended verbally with the supplier.

A small number of credit and procurement cards exist for use within the Council where special conditions exist. The use of credit/ procurement cards are intended to complement, rather than replace the purchase order procedure, and should only be used in exceptional circumstances, when the use of a purchase order is not feasible.

The Director of Finance shall approve all officer applications for procurement/ credit cards and may withdraw his/ her approval for the Officer to use the card at their discretion.

For each card, monthly credit and individual transaction limits will be determined by the Director of Finance on approval of the application. Requests for alterations to the limits will be considered where a valid business case exists at his/ her discretion.

The Director of Finance shall ensure that a register of all procurement cards issued is kept containing employee details, credit and transaction limits and date of issue.

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The Executive Directors must inform the Director of Finance, in order that action may be taken to cancel stolen or lost cards or those issued to employees who have resigned from the Council.

### 8.3. Authorisation of expenditure

#### 8.3.1. Purchase Orders

Before authorising an order, Approvers must ensure that the proper approval for the spending has been obtained in line with the Council's decision making framework. In other words, the decision to spend the money must have been taken by Council, the Leader, Cabinet, a committee, an individual Member or an Officer exercising delegated powers.

These Officers must also ensure that the Council's procurement rules and [Standing Orders](#) have been complied with before approving any order.

Authorisation in accordance with the requirements set out below is not a substitute for formal approval as required by [Leader's Scheme of Delegation](#), the Council's [Standing Orders](#) and [Procurement Policy](#).

Before authorising an order, managers, who must have written authority from the relevant Executive Director to do so, should be satisfied that:

- The Order represents legitimate liabilities of the Council.
- The required checks have been evidenced.
- Sufficient budgetary provision exists to cover the payment.
- The expenditure is correctly coded.
- All necessary documentation is attached.

#### 8.3.2. Authorisation to pay Utility Bills and Recurring Payments

These will be authorised in line with the procedures as approved by the Director of Finance by Officers with the appropriate level of approval within the Council's finance system.

#### 8.3.3. Authorisation of Multiple, One-Off and Foreign Payments

Multiple and One-Off payments must only be used in exceptional circumstances and must be approved by both the Director of Finance and the Director of Commercial Services.

#### 8.3.4. Authorisation Foreign Payments

These will be authorised in line with the procedures as approved by the Director of Finance and the limits as detailed in the Authorisation Matrix below.

#### 8.3.5. Authorisation Matrix

The list of Officers authorised to approve Purchase Orders will comply with this section of the Regulations and will be held in the Council's Finance System or other systems as approved by the Director of Finance.

All purchase orders must be approved in line with the Council's authorisation matrix as shown below.

Order Amount	Authorisation Level
£0 - £249	Supervisor / Line Manager
£250 - £499	Middle Manager

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£500 - £2,499	Business Unit Manager
£2,500 - £24,999	Assistant Head of Service / Assistant Director
Over £25,000	Head of Service / Director / Asst Chief Executive / Chief Executive
Orders over £250 must also be reviewed by the Council's Commercial Processes Team to ensure compliance with Council <a href="#">Standing Orders</a> etc.	

The values in this matrix are set at levels deemed necessary by the Director of Finance for the proper control of expenditure.

Where, if after such consultation as he/ she deems to be appropriate, the Director of Finance considers that the values should be revised in order to maintain that control, she/ he may change them at any time.

For the avoidance of doubt, this matrix will apply to all orders including orders connected to the spending of Grant funding, contract payments and partnership arrangements where the Council's finance system is used to make a payment.

The existence of a Cabinet report approving a grant payment or awarding a contract does not over-ride the authorisation matrix.

This matrix will also apply to the authorisation of payments detailed above which do not require a Purchase Order.

### 8.4. Delivery of Goods and Services

Deliveries of goods and services should be checked to ensure that they are in accordance with the official order, taking account of, as a minimum:

- Cost.
- Quantity.
- Quality.
- Fitness for purpose.

Delivery notes must be retained for verification purposes in accordance with the Financial Documents Retention Schedule appended to these Regulations.

Officers are required to enter a receipt on the Council's finance system, or other systems, as approved by the Director of Finance to confirm delivery of the goods or services.

### 8.5. Payments to suppliers

#### 8.5.1. Supplier invoices

Suppliers will be expected to provide an electronic invoice through the Council's procurement system.

Where paper invoices are unavoidable these should be sent directly to the Council's outsourced provider of the accounts payable service for prompt processing and on no account should they be sent directly to the service requesting the supply.

Failure to adhere to this rule may result in delays to the payment process.

Any paper invoices will be scanned and attached to the invoice records by the outsourced provider of the accounts payable service.

### 8.5.2. Payments

No payment will be made unless supported by an appropriately authorised Purchase Order. Exceptions to this are Recurring, Multiple, One-Off, Foreign Payments and purchases made using a Credit or a Procurement Card and as described above.

Where the details on both the supplier invoice and the order are the same, or within tolerance levels agreed by the Director of Finance, the automated matching process will clear the invoice for payment in accordance with the Council's standard payment terms.

Where the details are not the same and are outside the agreed tolerance levels, then the order raiser should either raise a returns note in the P2P system or request a credit note from the supplier to resolve the mismatch.

### 8.5.3. Standard payment terms

The Council's standard payment terms are 30 calendar days from the date that a valid invoice is received by the Council. Any variation to this standard must be agreed by the Director of Commercial Services either as part of the letting of a contract or by ad-hoc exception to the standard terms.

In accordance with the Council's [Standing Orders](#) advice must be sought from Director of Commercial Services where a supplier makes a request for payment in advance.

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## **9. Internal charges**

The Council's internal charging system covers:

- Specific ordering and the consequent recharges.
- Agreed Annual Service Level Agreements and the consequent recharges.
- Overhead apportionment.

A fundamental requirement of the internal charging system is that both customers and suppliers are clear that the system is in operation and that they adhere to the relevant procedural guidance.

### **9.1. Roles and responsibilities**

#### **9.1.1. Executive Directors**

Executive Directors are responsible for ensuring that their managers and staff follow the procedures relating to internal charges, including the requirement for an internal order and the use of specified financial codes.

#### **9.1.2. Director of Finance**

The Director of Finance is responsible for ensuring that there are proper processes and procedures in place to support the internal charging system, including details of specific financial codes.

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## **10. Payroll, Expenses and Petty Cash Floats**

### **10.1. Roles and responsibilities**

#### **10.1.1. Executive Directors**

Executive Directors are responsible for ensuring:

- That payroll information is correct and is provided within the agreed timetables for the running of the payroll.
- That all amendments to the payroll, e.g. Post and Establishment changes, individual contract changes etc., are notified in line with the procedures as approved by the Director of Human Resources.
- That all payments to employees are:
  - Made through the payroll.
  - That they are made only to official employees.
  - In accordance with individual contracts of employment.
  - That all necessary information is supplied so that deductions including PAYE and Superannuation are properly administered.
- That when payroll costs are checked this is done so by officers not responsible for amendments to the payroll.

Executive Directors are responsible for determining any petty cash requirements for their Portfolio subject to approval by the Director of Finance or one of his/ her authorised officers. This amount should represent a balance between the need for ready access to cash for small local payments, the risk of holding cash on the premises and the security arrangements required.

They must ensure that procedures are in place to formally assign responsibility for all floats and that the officer is properly trained in the administration of the float.

#### **10.1.2. Director or Human Resources**

The Director of Human Resources is responsible for approving and controlling arrangements for the payment of all salaries, wages, pensions, expenses and any other payments to all employees and former employees of the Council.

#### **10.1.3. Director of Finance**

The Director of Finance is responsible for:

- Approving the arrangements for payment of all salaries, wages, pensions, expenses etc., made by the Director of Human Resources.
- Formulating and approving procedures related to Payments to Individuals and the administration of Petty Cash Floats.
- Approving changes to the accounting and taxation elements of the payroll system.

### **10.2. Payroll**

The payment of all salaries, wages, pensions, expenses and any other payments to all employees and former employees of the Council must only be made under arrangements approved and controlled by the Director of Human Resources and approved by the Director of Finance.

Amendments to the payroll, e.g. for absences and variations to pay, shall be limited to those Officers authorised to do so.

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Payment of fees to individuals who are not Council employees must be made through the Purchase to Payment system and in accordance with the requirements of HMRC and the relevant procedures as laid down by the Director of Finance and the Director of Commercial Services.

Payment and personnel records must be held securely.

### 10.3. Expenses

Members and officers will only be entitled to travel, subsistence and incidental expenses where these are incurred legitimately in performing duties on behalf of the Council in line with the agreed policy and rates. Claims should be made in line with relevant Council policies including the requirement to forward receipts to the Council's outsourced provider of the payroll service. All such payments will be made through the payroll system.

Payments of expenses to individuals who are not Council employees must be made through the Purchase to Payment system in accordance with the procedures as laid down by the Director of Finance.

Expenses incurred by agency staff should be included in the Agency charge and paid through the Purchase to Payment system.

### 10.4. Petty Cash floats

#### 10.4.1. Payments from a float and re-imburements

The use of monies from petty cash floats must be limited to non-payroll related expenditure up to a maximum of £25 for which there is proper authority and provision in the budget but which do not justify an order being raised through the Purchase to Payment system. Petty cash should not be used for the payment of regular suppliers other than in exceptional circumstances, when prior approval must be obtained from Heads of Service.

Wherever possible purchases should be made in advance and, if applicable, VAT receipts provided before the petty cash is issued.

At the manager's discretion, a maximum of £5 employee related expenses may be paid from a petty cash float where an employee has been requested to travel to meet a service need and has no way of funding this.

Personal or third party cheques must not be cashed or money borrowed from petty cash floats. Private monies are not to be used to supplement the floats.

Cash income from other sources must not be used to reimburse petty cash unless specific arrangements are in place.

#### 10.4.2. Responsibilities of the float holder

Officers who have been assigned responsibility for a float must ensure that they follow the procedures related to the administration of petty cash floats as laid down by the Director of Finance.

#### 10.4.3. Personal credit card transactions

The use of personal credit cards by officers for petty cash transactions shall be limited to exceptional circumstances where petty cash would be appropriate but is not available.

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## **11. Bank Accounts and Credit Cards**

### **11.1. Bank Accounts**

Bank accounts in the name of the authority may only be opened and/ or closed with the authority of the Director of Finance. This includes associated bank accounts which the Council does not directly control, e.g. joint arrangements, etc. The Director of Finance is responsible for all negotiations of banking terms with the Council's Bankers.

All stand-alone systems which actually create payments and do not interface with the financial ledgers must have a separate bank account and consequent local reconciliation responsibilities. These are the Payroll interfaces, and systems which create BACS files or print cheques.

### **11.2. Reconciliations**

Bank reconciliations should be completed on at least a monthly basis by an officer who is not responsible for the processing of payment and receipt transactions through the bank accounts. The Director of Finance is responsible for ensuring that reconciliations, together with supporting documentation, are reviewed and appropriately certified.

### **11.3. Banking transactions**

The Director of Finance is responsible for maintaining an authorised signature list for Banking Transactions. The authorised signatories will be determined and approved by the Director of Finance in consultation with the Individual Cabinet Member for Finance. Authorised Signatories will normally be senior Officers who report directly to the Director of Finance.

A copy of the list is available in the [Financial Protocol](#) appended to these Regulations.

### **11.4. Credit/ Procurement cards etc.**

Credit cards, charge cards and other payment methods held in the Council's name may only be opened, closed and managed by the Director of Finance.

#### **11.4.1. Reconciliations**

Reconciliations of credit cards, etc. accounts should be completed on at least a monthly basis by an officer who is not responsible for the processing of payment and receipt transactions through the bank accounts. The Director of Finance will ensure that reconciliations, together with supporting documentation, are reviewed and appropriately certified.

### **11.5. Banking arrangements**

The Director of Finance will maintain an authorised signature list for Banking Transactions. The authorised signatories will be determined and approved by the Director of Finance in consultation with the Individual Cabinet Member for Finance. Authorised Signatories will normally be senior Officers who report directly to the Director of Finance.

A copy of the list is available in the [Financial Protocol](#) appended to these Regulations.

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## 12. Taxation

### 12.1. Roles and responsibilities

#### 12.1.1. Executive Directors

Executive Directors are responsible for ensuring that the VAT element of any transaction is considered with the objective of maximising VAT recovery where this is consistent with effective delivery of the service and minimising the level of irrecoverable VAT being incurred by the Council. In practice this means that they are responsible for:

- Ensuring that VAT is properly accounted for on all transactions entered into by the Council.
- Keeping VAT records within their area of activity, with a proper allocation of costs to exempt and other activities.
- Complying with all VAT legislation and regulations applicable to the delivery of their service.
- Monitoring and planning for any changes in VAT legislation or regulations which affect their areas of activity.

Executive Directors must also advise the Director of Finance of any capital projects that are under consideration which contain the risk of irrecoverable VAT being incurred by the Council, whether by way of exempt input tax or otherwise.

In circumstances where an individual, rather than a company, is engaged to provide a service to the Council; Executive Directors are responsible for ensuring that all HMRC regulations relating to that engagement are adhered to.

#### 12.1.2. Director of Finance

The Director of Finance is responsible for ensuring that:

- Appropriate taxation advice is available to Executive Directors to ensure compliance with relevant legislation.
- Where the tax implications of a project are of sufficient complexity to warrant additional support then appropriate external advice will be sought. In these circumstances the Director of Finance will rely on the wording of CIPFA's Statement of Professional Practice to determine when appropriate help, advice and guidance is required.
- An appropriately skilled team is available to discharge the Council's VAT responsibilities. This Team will receive all training necessary to provide appropriate service delivery and challenge.

The Director of Finance is also responsible for the preparation and submission of VAT Returns to HMRC. Such Returns are to be submitted at times which maximise the cash flow benefit to the Council, but in any event not later than the deadlines agreed with HMRC.

### 12.2. Penalties and charges

Portfolio budgets will bear the financial impact of any penalties or other charges imposed by HMRC in respect of transactions entered into by that Portfolio.

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### 13. Stores, Stock, Equipment and Security

Executive Directors are responsible for the care, custody and recording of stocks and equipment. This will include the following:

- Controlling access to stores etc. and ensuring that stocks and assets are only used on Council business.
- Ensuring that arrangements are sufficient to ensure that additions to, as well as issues from, stock are controlled and accurately entered on the appropriate records.
- Maintaining a record of stock in hand of each item held to be physically checked at a frequency determined by Executive Directors which reflects such factors as stock values, usage etc.
- Maintaining a register of assets removed from Council premises. This includes but is not limited to assets such as laptops, mobile phones and RAS cards issued to officers.
- Maintaining an inventory of all assets over £100 in value, together with all attractive and portable items below this figure. The inventory should detail make, model, serial number and purchase value. Items should be recorded promptly in the inventory, at the point of purchase. The inventory should as a minimum be checked on an annual basis by physical verification of assets by an officer not involved in its compilation. A list of missing items should be provided to the Heads of Service, who will decide on the action to be taken.
- Reporting obsolete items to the relevant Head of Service for approval to write-off. Following formal, documented approval, the relevant Inventory Records should be amended accordingly.
- Providing the Director of Finance with a certificate of the stock and value held by their Portfolios at the end of each financial year as well as such information as is required in relation to stores for the accounting, costing and financial records.

Assets shall not be removed from the Council's premises, unless on official Council business and should not be used other than for official Council purposes or in line with arrangements sanctioned by the Council, Cabinet, an Executive Director or a Director.

All information assets such as non-public paper records, IT equipment used to access information and the computer network, must be identified, recorded and have an appointed asset owner and be appropriately protected at all times. Further details can be found in the Council's [Information Governance and Security Policy](#).

Some external funding regimes require specific arrangements for recording the equipment that is purchased and used to deliver the objectives of the funding. Executive Directors are responsible for ensuring that all requirements are met in this respect.

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## **14. Retention of Records**

### **14.1. Roles and responsibilities**

#### **14.1.1. Executive Directors**

Executive Directors are responsible for ensuring that all records, as defined by the Council's [Document and Records Management Policy](#) are managed in line with that Policy and that they are retained for a period that satisfies the requirements of HMRC, the Council's External Auditors and any other appropriate Body. The [Financial Records Retention Schedule](#), appended to these Regulations, provides guidance on appropriate retention schedules.

For any service specific records, Executive Directors are responsible for determining the retention periods with the appropriate external bodies.

Where activities, decisions or transactions are being carried out on behalf of the Council, such as in a partnership agreement, Executive Directors are responsible for ensuring that appropriate records management contractual terms are in place, so as to comply with the Council's [Document and Records Management Policy](#).

#### **14.1.2. Director of Finance**

The Director of Finance is responsible for producing and maintaining a schedule on the retention periods covering financial records in accordance with current best practice. The [Financial Records Retention Schedule](#) is appended to these Regulations.

### **14.2. Records for external funding**

As per [Section 6](#) of these Regulations, all evidence required by external funding bodies must be collected and retained in line with the conditions/ criteria as outlined in the funding agreement.

Where the retention period in the agreement exceeds the one prescribed in the [Financial Records Retention Schedule](#), the funder's requirements will take precedence.

Documents pertaining to ERDF supported projects must be retained until at least 3 years after the UK receives its final payment to the programme from the EC.

Where the retention periods required by the funder are less than those specified in the [Financial Records Retention Schedule](#), the latter should be followed.

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## 15. Financial Systems

The Council's finance system (Integra (formally Oracle Enterprise One (OEO)) will be the Council's prime source of accounting and financial information.

### 15.1. Roles and responsibilities

#### 15.1.1. Director of Finance

The Director of Finance is responsible for:

- The Council's accounting system from which the Council's audited Accounts are produced.
- Controlling access to the Council's systems and information.
- Ensuring both the accuracy and security of the data.
- Ensuring that the financial controls of systems interfacing with the corporate accounting system are robust and in line with the Council's information governance policies.

#### 15.1.2. Executive Directors

Executive Directors are responsible for:

- Reconciling relevant feeder systems back to the information reported in the corporate accounting system.
- Ensuring that Portfolio systems, e.g. CareFirst, produce financial returns in a format and to timescales required by the Director of Finance.
- Controlling the access to Portfolio systems and information, and for ensuring both the accuracy and security of the data.
- Ensuring, in consultation with the Data Protection Act and the Information Security Officer that the data held on their systems, whether held as hard copy or in electronic format, is in accordance with EU or domestic data protection legislation. Business Partners from the Business Information Systems (BIS) Team should be consulted for advice and guidance on data protection and information management issues.
- Ensuring that the Director of Finance and their BIS Business Partner are consulted prior to the purchase and implementation of any new computerised financial systems. This includes any income collection systems.

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## **16. Accounting**

The Director of Finance is responsible for the form and content of the Council's Accounts and for producing the Council's Accounts for approval by the Audit Committee.

The Accounts must present a true and fair view of the financial position and transactions in respect of that financial year and be prepared in accordance with statutory requirements and all applicable professional Codes of Practice.

The Accounts will be prepared on an accruals basis.

The Accounts will be prepared on a prudent basis with income only included if it is likely to be received. Proper allowance should be made for known liabilities and losses.

### **16.1. Accounting during the Financial Year**

All Accounts and Accounting Systems must be properly maintained throughout the year to provide timely and accurate information.

All financial transactions must be properly accounted for and adequately supported and referenced back to original documents and working papers, which initiated the transaction.

Holding and Suspense Accounts must be reconciled at least monthly. Reconciliations must be produced and authorised by Officers not directly responsible for the transactions in the accounts.

Control accounts, e.g. debtors, Bank Accounts, etc., must be reconciled monthly.

Access to accounting information will be controlled by the Director of Finance.

### **16.2. Year-end Requirements**

At the end of each financial year the Director of Finance will produce a timetable and notes of guidance for the production of Final Accounts.

All balances on Control Accounts, e.g. Debtor Control, must be justified. Balances may only be carried forward into the next year if there is a reasonable prospect that they will be cleared.

The Accounts for the year should be "closed" at the end of business on 31 March and all income received and payments made to that date must be accounted for. The Officers responsible must certify sums held, i.e. not banked, at the close of business on 31 March.

Accruals must be supported by evidence and the Director of Finance will require copies of evidence for material accruals. The process and amounts will be specified in the year-end guidance issued by the Director of Finance.

The Officers responsible for cash floats and other cash accounts must balance and certify the amount of cash held at the close of business on 31 March.

Officers responsible for stocktaking must certify the value of stock/ stores at close of business on 31 March.

Expenditure and income due for the year, but not paid or received by 31 March must be accounted for. The Officers responsible must certify the transactions concerned.

Appropriate working papers, records and prime documentation must be maintained in support of the above requirements. These will be used to substantiate the Accounts and provide a clear Audit trail.

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## **17. Internal Audit**

The Council's S151 Officer is responsible for maintaining a continuous internal audit of all the Council's financial records and operations. S/ he shall be given such facilities, information and explanations as is deemed necessary to enable this to be done. Internal Audit has been provided with the authority to access any Council Officer and information necessary to carry out their duties on behalf of the Section 151 Officer.

The Charter and Terms of Reference for the Internal Audit function are contained in the Chief Internal Auditor's annual report to the Audit Committee.

An Annual Audit plan is prepared by the Chief Internal Auditor and agreed by the Audit Committee and the Council's Section 151 Officer. This is designed to cover the most significant risks faced by the Council.

As part of the audit planning process, and in line with the requirements of the Council's Risk Management Framework, Executive Directors are responsible for managing risk and for informing Internal Audit of the risks that are prevalent in their area. They are also responsible for agreeing and implementing relevant Audit recommendations.

Internal Audit report the output of its activity to the Council's Audit Committee.

### **17.1. Reporting potential or actual theft , fraud or corruption**

Executive Directors are responsible for ensuring that they have in place adequate processes for ensuring that the Section 151 Officer is immediately notified of any circumstances indicating the possibility, or actual identification, of irregularity in funds, stores or other property of the Council. The reporting of such matters to the Council's Internal Audit Service shall be considered adequate for discharging this responsibility.

The Council's "Code of Conduct for Employees" and 'Whistleblowing Policy' as contained in the Council's [Constitution](#) requires any Council officer, who becomes aware of potential theft, fraud or corruption, to bring any concerns to the attention of the appropriate manager.

All employees of the Council are required to conduct themselves and carry out their duties in line with the requirements of the Code of Conduct and to comply with all Council agreed policies and procedures.

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**18. Companies, Joint Ventures, Partnerships, Joint Committees etc.**

Where the Council has a controlling interest in Companies, Joint Ventures, Partnerships, Joint Committees, or is the Lead Authority, then these organisations will be required to use the Council's finance system and to follow these regulations.

Where the Council is involved as a minority interest in partnership arrangements or Joint Committees that use their own finance systems, the arrangement must include an agreement on appropriate, robust financial governance control arrangements to the satisfaction of the Director of Finance. In these circumstances the controls in these Regulations will be used as a starting point for that agreement.

No agreement shall be entered into with a Partnership which commits the Council to additional expenditure or other financial risk without approval as set out in the arrangements contained in other sections of these Regulations and the Leader's Scheme. The relevant Executive Director, in conjunction with the Director of Finance will report at least annually to the appropriate portfolio holding Member and the Cabinet Member for Finance on the financial affairs of the partnership body.

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## **19. Grant (Gift) arrangements**

### **19.1. Roles and Responsibilities**

#### **19.1.1. Director of Commercial Services**

The Director of Commercial Services is responsible for ensuring there are proper processes and procedures in place for the commissioning and procurement of goods and/ or services, and for the making of grant aid or 'investing' agreements.

#### **19.1.2. Executive Directors**

Executive Directors are responsible for ensuring that any funds that are established to make individual grants from are properly approved in accordance with the Leader's Scheme.

They are responsible for ensuring that all grant payments to voluntary organisations or other recipients of grant aid are properly approved in accordance with the [Leader's Scheme of Delegation](#), these Regulations and all other relevant documentation.

Where a grant payment is withdrawn or reclaimed, Executive Directors are responsible for ensuring that this is agreed in accordance with the [Leader's Scheme of Delegation](#).

Executive Directors are also responsible for ensuring that the external relationship with any recipient of grant aid is managed in accordance with all guidance provided by the Director of Legal Services.

Executive Directors are responsible for ensuring that any Grant/ Gift arrangements within their area of responsibility are made in line with the [Commissioning and Procurement Policy](#), and all other relevant processes and procedures.

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## **20. Council Supply Agreements**

Executive Directors are responsible for ensuring that Council Supply Agreements within their area of responsibility are approved in accordance with the requirements of the [Leader's Scheme of Delegation](#), including the need to seek the opinion of either the Executive Director of Resources or the Director of Finance.

A Council Supply Agreement means a contractually binding agreement under which the Council agrees to provide works, services or supplies to a third party in return for payment, in money or in-kind, otherwise than in fulfilment of a statutory duty, but does not include an agreement under which the Council receives grant aid.

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## A. Financial Protocol for Financial Year 2015-16

### A.1. Introduction

The Council's Financial Regulations set out the high level financial rules within which all officers are required to work, without exception. More detailed Financial Procedures are available on [FinancePoint](#) that set out how the detailed processes underpinning these Regulations operate.

This annual Financial Protocol complements the Regulations and Policies by describing the roles and relationships of the main parties involved in the Council's financial management arrangements. It is therefore a means to help ensure that these roles and relationships:

- Ensure adherence to Financial Regulations and Policies.
- Help the Council to achieve Sound Financial Management and work towards "World Class" standards.
- Support the statutory ("section 151" – see below) duties of its Chief Finance Officer (CFO).

The Protocol will be refreshed annually by the Director of Finance for signing off by the Executive

Director/ Director as applicable and where appropriate the Director of Business Strategy (DOBS).

Where the Portfolio concerned does not have an Executive Director and/ or a DOBS then the responsibilities of these roles, as defined within this Protocol, shall be assumed on the following basis:

- The Portfolio Director will undertake the responsibilities of the Executive Director.
- The Executive Director/ Director will undertake the responsibilities of the DOBS, as applicable.

The Council faces very challenging times because of the scale of previous and anticipated public expenditure reductions. There is a need for Portfolio Leadership teams to ensure the relevant controls and management culture is in place to deliver the demanding budget reductions.

The Finance service will itself have to reduce its numbers, which will affect the level of support available to Portfolio management teams. This will require greater self-management on the part of business unit managers in line with existing agreed good practice. The Director of Finance, in conjunction with the DOBS, will be responsible for judging that the level of Finance resource is appropriate for the assessed financial risk of each service.

The Executive Director and the DOBS will ensure that service managers afford the necessary attention to discharging their financial responsibilities including the timely and diligent completion of forecasting and reporting responsibilities.

## **A.2. Role of the Executive Director - Resources**

The Executive Director of Resources will be the responsible officer (CFO) for the purposes of s151 of the Local Government Act 1972 and s114 of the Local Government Finance Act 1988. The Executive Director of Resources therefore has a statutory responsibility to ensure that the Council makes arrangements for the proper administration of the Council's financial affairs. This includes ensuring the production and monitoring of the Financial Regulations. The Executive Director of Resources will recommend amendments to the Financial Regulations to the Council where s/he considers these to be in line with any changes to recommended best practice or essential service requirements or otherwise appropriate.

The Executive Director of Resources, as a member of the Council's Executive Management Team, will ensure that the s151 role is discharged at this strategic level. On a day-to-day basis all s151 responsibilities may be discharged by the Director of Finance, who will act on behalf of the Executive Director of Resources in ensuring proper discharge of these statutory responsibilities. The Director of Finance is authorised to sign any and all grant claims, statutory returns or other documents that require the authority of the s151 officer on behalf of the Council. Nothing in this paragraph diminishes the ultimate financial responsibility of the Executive Director of Resources.

## **A.3. Role of the Director of Finance**

### **A.3.1. Statutory Requirements**

The Executive Director of Resources is the Council's responsible officer (CFO) for the purposes of s151 of the Local Government Act 1972 and s114 of the Local Government Finance Act 1988. On a day-to-day basis these duties are discharged by the Director of Finance.

The duties of the CFO can be summarised as:

- s151 – One officer shall have the responsibility to ensure that the local authority makes arrangements for the proper administration of its financial affairs.
- s114/114A - The CFO shall make a report if it appears to him/ her that the Authority, a Committee, an Officer, the Executive or someone on behalf of the Executive:
  - Has made, or is about to make, a decision involving the Authority incurring expenditure which is unlawful.
  - Has taken, or is about to take, action which if pursued would be unlawful and likely to cause loss or deficiency on part of the authority.
  - Is about to make an unlawful entry in the accounts.

The CFO shall also make a report if it appears that expenditure of the Authority is likely to exceed its resources.

### **A.3.2. Contravention of Standing Orders**

In addition to the above statutory requirements, the CFO shall make a report if, in his/ her view, Standing Orders have been contravened.

### **A.3.3. Responsibility for the Finance Service**

The Director of Finance is responsible for the whole of the unified Finance Service within the Council. Beyond its statutory duties the Finance Service will:

- Lead on the Corporate Financial Strategy for the Council, in conjunction with the Executive Management Team.
- Set clear corporate standards for "World Class" financial management and ensure adherence to them.

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- Provide an effective Business Partner service to Portfolios.
- Maximise efficiency and effectiveness by providing excellent shared and self-service financial services.
- Ensure that finance staff are confident and competent in their duties.
- Provide support and training for service managers in finance competencies.

### A.3.4. Financial Implications of Decisions

Where the Council's Financial Regulations require the financial implications of a decision to be signed off, then this will be done either by the Finance Business Partner on behalf of the Director of Finance or directly by the Director of Finance, as appropriate.

DOBS will also need to be involved in this process but they cannot substitute for the Finance Business Partners.

The rules governing the reporting of financial implications can be found in Section 4 of the Financial Regulations.

### A.3.5. Financial Returns and Grant Claims

The Director of Finance or authorised Finance Officers will sign-off all Financial Returns and Grant Claims for the Council. Details of the authorised Finance Officers are shown below and will be published alongside the Constitution as amended from time to time. The authorised Finance Officers will be responsible for signing returns/ claims relating to their managerial areas of responsibility but will also authorise other returns/ claims in the absence of the Director of Finance.

Acting Assistant Director (Strategic Finance) (Financial Planning & Accounting, Resources Business Partner and Financial Systems Support Group (FSSG))	Grants and returns relating to Resources Portfolio, Strategic Finance and other corporate issues.
Assistant Director of Finance (Place, Capital Business Partner and External Funding)	Grants and returns relating to, External Funding, Capital and the Place Portfolio.
Assistant Director of Finance (Children, Young People and Families (CYPF) Business Partner, Revenues & Benefits Client Team and Income Collection & Management (ICAM) Team)	Grants and returns relating to CYPF Portfolio Revenues & Benefits and Debt Recovery.
Assistant Director of Finance (Communities Business Partner)	Grants and returns relating to Communities Portfolio.

**A.3.6. Documentation related to banking transactions**

The Director of Finance or authorised Finance Officers will sign-off documentation related to banking transactions (see Section 11.3 of Council’s Financial Regulations).

Executive Director of Resources
Director of Finance
Acting Assistant Director (Strategic Finance) (Financial Planning & Accounting, Resources Business Partner and FSSG)
Assistant Director of Finance (Place, Capital Business Partner and External Funding)
Assistant Director of Finance (CYPF Business Partner, Revenues & Benefits Client Team and ICAM Team)
Assistant Director of Finance (Communities Business Partner)
Assistant Director of Finance (Project & Commercial; Taxation and Treasury Management)
Senior Finance Manager (Place Business Partner)
Senior Finance Manager (Communities Business Partner)
Senior Finance Manager (Revenues & Benefits Client Team and ICAM Team)
Senior Finance Manager (CYPF Business Partner)
Senior Finance Manager (Resources Business Partner and FSSG)
Senior Finance Manager (Strategic Finance)

**A.3.7. Approval of virements between Services and Portfolios**

The Director of Finance or authorised Finance Officers will sign-off requests for virements under £500,000 between Portfolios and Services (see Section 3.5.33.5.3 of the Council’s Financial Regulations).

Director of Finance
Acting Assistant Director (Strategic Finance) (Financial Planning & Accounting, Resources Business Partner and FSSG)
Assistant Director of Finance (Place, Capital Business Partner and External Funding)
Assistant Director of Finance (CYPF Business Partner, Revenues & Benefits Client Team and ICAM Team)
Assistant Director of Finance (Communities Business Partner)

### A.3.8. Emergency approval of capital schemes

All requests for emergency approvals of capital schemes must be referred to the Executive Director of Resources or the Director of Finance or the Finance Service Officers authorised to act on his or her behalf.

Director of Finance
Assistant Director of Finance (Place, Capital Business Partner and External Funding)

### A.3.9. The Finance Business Partner

The Director of Finance will designate Finance Business Partner resources to provide financial advice and support to each Portfolio. The Finance Business Partners will be part of the unified Finance Service and their line report will be within the Director of Finance's structure. They will be held accountable for their performance to the Portfolio, via the DOBS role on behalf of the Executive Director and Portfolio Leadership Team. The ultimate responsibility for performance of the Finance Business Partner role remains with the Director of Finance.

The Director of Finance will ensure that arrangements are in place to effectively manage the relationships between Finance Business Partners and their services, DOBS and Executive Directors.

## **A.4. Role of the Executive Director**

### A.4.1. Responsibility to run services within cash allocation

The Executive Director reconfirms his/ her responsibility to run services within the cash allocation agreed at the special meeting of the Sheffield City Council on 6<sup>th</sup> March 2015, subject to subsequent adjustments approved within the Council's Financial Regulations, Constitution and Leader's Scheme of Delegation of Executive Functions.

### A.4.2. Framework of Financial Accountability

In order to meet the statutory requirements and to protect the Council's overall financial interest the Executive Director agrees that:

- They will develop and maintain a clear, written accountability framework for the budgets held by each service and Business Unit/ Cost Centre manager which will be linked to the sign off of this Protocol.
- Arrangements are in place to ensure that the Portfolio has a clear framework for ensuring compliance with the Council's Financial Regulations and Financial Policies.
- Their DOBS will liaise with the Finance Business Partners and provide assurance annually to the Executive Director and Executive Director of Resources that the arrangements are sound.

Executive Directors are responsible for ensuring that these arrangements are working effectively, that there are proper arrangements for making managers accountable for the use of financial resources and for reviewing financial management performance.

### A.4.3. Provision of financial advice to Portfolio

Finance Business Partners will act on behalf of the Director of Finance in their Portfolio and will be given the access to information and meetings that this requires.

The Finance Business Partner will be the professional financial adviser to the Portfolio and will agree the Financial Implications of reports, as required by the Council's Financial Regulations.

## **A.5. Joint Responsibilities of the Director of Finance and Executive Directors**

The Executive Directors and Director of Finance will work co-operatively within the Council's Financial Regulations to ensure the effective management of the Council's financial arrangements. This will involve a commitment to influence the culture of financial management in the Council through joint working of core and business partner finance staff and the relationships between Finance Business Partners and service managers in areas such as:

- Ensuring there are adequate forums for staff meetings and communications, e.g. between Finance Business Partners and DOBS and between Finance Business Partners and other Directors.
- Training and development of finance staff and service managers to meet required financial competencies.

Rotation and secondment of Finance Service staff to meet service needs and individual development needs.

## **A.6. Role of the DOBS**

### A.6.1. General responsibilities of the DOBS

The DOBS is responsible for ensuring that:

- The Executive Director of Resources' s151 responsibilities can be discharged.
- Portfolio business is conducted in a manner that meets the highest standards of financial management.

The resources of the Portfolio's services are targeted at priorities and demonstrate value for money (vfm).

### A.6.2. Reporting of financial issues

In relation to financial issues and implications the DOBS is responsible for:

- Making an immediate report to the Director of Finance on any financial issues of significance.
- Ensuring that financial implications are brought to the attention of PLT or other decision making bodies in the Portfolio.

Ensuring that decisions are not taken without sign off of the financial implications by the Finance Business Partner, where required by the Financial Regulations.

### A.6.3. Framework of Financial Accountability

The DOBS is responsible for:

- Developing and maintaining a framework for financial accountability with the Finance Business Partners, which will be linked to the sign off of this Protocol.
- Providing annual assurance to the Executive Director and Director of Finance on the accountability frameworks for budgets and compliance with financial regulations.
- Working closely with the Finance Business Partner(s) for the Portfolio to agree a more detailed protocol on roles with the Director of Finance and Finance Business Partner for key processes, such as the financial strategy and budget monitoring.

### A.6.4. Collaboration and Communication

The DOBS is responsible for ensuring that:

- The Finance Business Partner has direct access to Portfolio Leadership Teams or other meetings in the Portfolio when required.

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- There are opportunities for regular liaison with the Finance Business Partners and Director of Finance.
- The Finance Business Partner or corporate shared services are the only means through which financial services and advice are provided to the Portfolio (preventing “grow back” of financial services).

**A.6.5. Recruitment to post of DOBS**

The Executive Director of Resources will be involved in agreeing role descriptions and all recruitment processes to the DOBS posts.

**Signed:**

Acting Executive Director of Resources.....

Executive Director of Place.....

Director of Finance.....

DOBS & Regulation (Place) .....

Date: .....

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**B. Financial Implications template**

The Financial Implications template can be accessed [here](#)

**C. Financial Records: Recommended Retention Schedule**

(Note that all figures used relate to years, e.g. Current + 6 is Current Year's records plus the previous 6 years documents).

**C.1. Accountancy/Financial**

General example of type of Record	Recommended Retention	Action after retention
Abstract of accounts	Current + 6	Destroy as confidential records
Annual Budget	Current + 6	Destroy as confidential records
Annual statements	Current + 6	Destroy as confidential records
Budgetary control records	Current + 6	Destroy as confidential records
Costing records	Current + 6	Destroy as confidential records
Estimate working papers	Current + 2	Destroy as confidential records
Financial ledgers	Current + 6	Destroy as confidential records
Grant claim records	Current + 6	Destroy as confidential records
Investment records	Current + 2	Destroy as confidential records
Journals	Current + 6	Destroy as confidential records
Leasing Records	Current + 2	Destroy as confidential records
Record re closing ledgers	Current + 6	Destroy as confidential records
School Fund records	Current + 6	Destroy as confidential records
Telephone call records	Current + 2	Destroy as confidential records
VAT claims	Current + 6	Destroy as confidential records
VAT records	Current + 3	Destroy as confidential records
Voluntary fund accounts	Current + 6	Destroy as confidential records

**C.2. Bank related records**

Type of Record	Recommended Retention	Action after retention
Bank pay-in books/slips	Current + 6	Destroy as confidential records
Bank reconciliation	Current + 6	Destroy as confidential records
Bank statements	Current + 6	Destroy as confidential records
Cancelled cheques	Current + 2	Destroy as confidential records
Cheque books and counterfoils	Current + 6	Destroy as confidential records
Cheque lists (creditors/ payrolls)	Current + 2	Destroy as confidential records
Loan records and correspondence	Current + 2	Destroy as confidential records
Paid cheques	Current + 4	Destroy as confidential records
Returned cheque records	Current + 2	Destroy as confidential records

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**C.3. Contracts**

<b>Type of Record</b>	<b>Recommended Retention</b>	<b>Action after retention</b>
<b>Pre Contract Advice</b>		
The process of calling for expressions of interest	2 years after contract let or not proceeded with	Destroy as confidential records
<b>Specification and Contract Development</b>		
The process involved in the development and specification of a contract	Ordinary Contract: 6 years after the terms of contract have expired.  Contracts Under Seal: 12 years after the terms of the contract have expired.	Destroy as confidential records  Destroy as confidential records

<b>Tender Issuing and Return</b>		
The process involved in the issuing and return of a tender (Opening Notice)	1 year after start of contract	Destroy as confidential records
<b>Evaluation of Tender</b>		
Successful tender document	Ordinary Contract: 6 years after the terms of contract have expired.  Contracts Under Seal: 12 years after the terms of the contract have expired.	Destroy as confidential records  Destroy as confidential records
Unsuccessful tender document	1 year after start of contract	Destroy as confidential records
<b>Post Tender Negotiation</b>		
The process in negotiation of a contract after a preferred tender is selected	1 year after the terms of contract have expired	Destroy as confidential records
<b>Awarding of Contract</b>		
The process of awarding contract	Ordinary Contract: 6 years after the terms of contract have expired.  Contracts Under Seal: 12 years after the terms of the contract have expired.	Destroy as confidential records  Destroy as confidential records
<b>Contract Management</b>		
Contract operation and monitoring	2 years after terms of the contract have expired.	Destroy as confidential records
Management and	Ordinary Contract:	

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amendment of contract	6 years after the terms of contract have expired.	Destroy as confidential records
	Contracts Under Seal: 12 years after the terms of the contract have expired.	Destroy as confidential records

### C.4. Creditor records

Type of Record	Recommended Retention	Action after retention
Copy orders	Current + 2	Destroy as confidential records
Credit notes	Current + 6	Destroy as confidential records
Creditor invoices	Current + 6	Destroy as confidential records
Delivery notes	Current + 2	Destroy as confidential records
Imprest documentation (petty cash)	Current + 2	Destroy as confidential records
Period payment records	Current + 6	Destroy as confidential records

### C.5. Income records

Type of Record	Recommended Retention	Action after retention
Cash books	Current + 6	Destroy as confidential records
Correspondence (income)	Current + 2	Destroy as confidential records
Debtor accounts (records non-current)	Current + 2	Destroy as confidential records
Dinner/milk registers	Current + 6	Destroy as confidential records
Income posting slips and tabulations	Current + 2	Destroy as confidential records
Periodic income records	Current + 2	Destroy as confidential records
Receipt books	Current + 2	Destroy as confidential records
Record of receipt books issued	Current + 2	Destroy as confidential records
Registrar's quarterly returns	Current + 2	Destroy as confidential records
Sales records	Current + 2	Destroy as confidential records

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<b>Type of Record</b>	<b>Recommended Retention</b>	<b>Action after retention</b>
Expired insurance contracts	Current & Permanent preservation	Destroy as confidential records
Insurance claim (fire)	Current + 4	Destroy as confidential records
Insurance claim (vehicle)	Current + 4	Destroy as confidential records
Insurance claim (public employer's liability)	Current + 6	Destroy as confidential records
Insurance policy documentation	Current & permanent	Destroy as confidential records
Insurance register	Current & permanent	Destroy as confidential records

**C.7. Miscellaneous records**

<b>Type of Record</b>	<b>Recommended Retention</b>	<b>Action after retention</b>
Capital works tabulations	Current + 2	Destroy as confidential records
Car leasing and mileage records	Current + 6	Destroy as confidential records
Car Loans	Current + 6	Destroy as confidential records
Computer system documentation	Current + 2	Destroy as confidential records
Inland Revenue docs	Current + 6	Destroy as confidential records
Internal requisitions	Current + 1	Destroy as confidential records
Inventory records	Current + 6	Destroy as confidential records
Land searches	Current + 6	Destroy as confidential records
Member allowance (statutory registers)	Current + 2	Destroy as confidential records
Minutes	Current + 2	Destroy as confidential records
Postal remittance registers	Current + 2	Destroy as confidential records
Road fund licence records	Current + 2	Destroy as confidential records
School meal records	Current + 2	Destroy as confidential records
Small holdings records	Current + 2	Destroy as confidential records
Stock lists	Current + 2	Destroy as confidential records
Travel claims	Current + 6	Destroy as confidential records
Vehicle logs	Current + 2	Destroy as confidential records

## C.8. Payroll Records

Type of Record	Recommended Retention	Action after retention
BACS amendments and output	Current + 3	Destroy as confidential records
Copy payslips	Current + 6	Destroy as confidential records
Correspondence	Current + 6	Destroy as confidential records
Payroll adjustment documentation	Current + 6	Destroy as confidential records
Part – time employees' claim forms	Current + 6	Destroy as confidential records
SSP records	Current + 4	Destroy as confidential records
SSP variations	Current + 3	Destroy as confidential records
Staff transfer records	Current + 6	Destroy as confidential records
Starters forms	Current + 2	Destroy as confidential records
Tax and NI records	Current + 6	Destroy as confidential records
Tax code notifications	Current + 2	Destroy as confidential records
Timesheets and Pay Returns	Current + 6	Destroy as confidential records
Union documentation	Current + 2	Destroy as confidential records
Personnel files	Current + 2	Destroy as confidential records
Staff contracts	Current + 6	Destroy as confidential records
Unsuccessful applications	Current + 1	Destroy as confidential records

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