

# **FINANCIAL REGULATIONS**

**Body/Person with authority to  
change the document**

**Chief Finance Officer**

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## **Introduction and Background**

### **1 What are Financial Regulations?**

- 1.1 The Local Government Act 1972 (Section 151) requires that an employee of the Council is recognised as the Responsible Financial Officer. In Leeds City Council that officer is the Chief Officer (Financial Services) who is referred to in this Constitution as the Chief Finance Officer.
- 1.2 The Accounts and Audit Regulations place a duty on the Responsible Financial Officer to determine the:
  - Appropriate financial records, including the form of accounts and supporting financial records; and
  - Systems of financial control.
- 1.3 The systems of financial control must include measures:
  - a) to ensure that the financial transactions of the Council are recorded as soon as, and as accurately as, is reasonably practicable;
  - b) to enable the prevention and detection of inaccuracies and fraud; and
  - c) to ensure that risk is appropriately managed
- 1.4 The Chief Finance Officer has developed the following Financial Regulations as part of the system of financial control. These regulations provide a framework for managing the Council's financial affairs.
- 1.5 Each Financial Regulation is supported by more detailed guidance and procedures which set out how the regulations will be implemented.
- 1.6 The Chief Finance Officer has responsibility for the preparation, review and amendment of these Financial Regulations. They should be read in conjunction with the other governance rules and procedures contained within the Council's Constitution. In particular, any required decision must comply with the delegated decision rules as outlined in Article 13.
- 1.7 The Chief Finance Officer has responsibility for the administration of the Council's financial affairs. Any issues of uncertainty in the interpretation of these regulations should in the first instance be referred to the named contact for that regulation.

### **2 Who do Financial Regulations apply to?**

- 2.1 Financial Regulations apply to everyone involved in financial transactions on behalf of the Council. Not every rule will be relevant to all colleagues.
- 2.2 Financial Regulations also apply to Council employees, when they are acting in an official capacity as Council staff, dealing with non-Council monies.
- 2.3 Schools have separate Financial Regulations.
- 2.4 Failure to comply with Financial Regulations could result in disciplinary action.

### **3 Why are they important?**

- 3.1 To conduct our business effectively, we need to ensure that sound financial management arrangements are in place and that they are complied with in practice. Part of this process is the establishment of Financial Regulations which set out the financial responsibilities of the Council. These procedures have been devised as a

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control to help the Council manage its financial affairs properly in compliance with all necessary requirements.

- 3.2 In order to continually meet the Council's "Spending Money Wisely" value, it is vital that we maintain good, sound financial management which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.3 Adherence to these Financial Regulations will help us to control spending, ensure due probity of transactions and allow decisions to be informed by accurate accounting information. They also protect colleagues, in that if they are complying with the regulations, they cannot be subject to criticism
- 3.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.
- 3.5 Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Constitution. They will underpin and complement directorate procedures.
- 3.6 In particular, colleagues undertaking financial transactions should ensure that in addition to Financial Regulations, where relevant they comply with Contract Procedure Rules and with their Code of Conduct regarding the need to ensure that there is no actual or perceived conflict of interest arising from financial transactions in which they are involved.

## **4 Key Principles**

- 4.1 Colleagues should have regard to the following principles:-
  - Budgets must not be overspent
  - The Council's value of Spending Money Wisely should be applied to all transactions that they are involved in.
  - Only goods, works and services legitimately required by the Council should be purchased.
  - All income due must be collected, held securely and banked promptly and intact.
  - Assets should be managed in an efficient and effective manner
  - A principal of common sense should underpin all transactions performed on behalf of the Council.

## **5 Who is responsible for ensuring that they are applied?**

- 5.1 The regulations often refer to Directors as being responsible, and whilst Directors are ultimately responsible for ensuring that Financial Regulations are applied and observed by their staff and for reporting to the Chief Finance Officer any known or suspected breaches of the regulations, it is important that all colleagues involved in financial transactions are aware of their personal responsibility.
- 5.2 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Regulations.
- 5.3 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Regulations.

## **6 Waivers of Financial Regulations**

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- 6.1 There are expected to be very few instances when it would be appropriate not to comply with Financial Regulations. Waivers of Financial Regulations can only be approved by the Chief Finance Officer, and will only be agreed where it can be shown that a waiver would not result in unnecessary financial risk or loss.
- 6.2 To request a waiver of Financial Regulations, colleagues should contact [ResRFO@leeds.gov.uk](mailto:ResRFO@leeds.gov.uk), explaining the circumstances and the reason that a waiver is being requested.

## **7 General**

- 7.1 For each Financial Regulation an owner will be nominated who will have overall responsibility for ensuring that it is
- Modern and proportionate
  - Communicated
  - Regularly reviewed
- 7.2 For those Financial Regulations which are council-wide in their scope and where owners do not have direct management responsibility for ensuring that the Regulation is complied with, the owners will ensure that guidance is available to promote best practice and to assist Directors, managers and colleagues at all levels in complying with their responsibilities under Financial Regulations. Where appropriate, the owner of the Financial Regulation will provide details of training and development available and how this can be accessed.
- 7.3 Any minor cases of non-compliance with Financial Regulations should be raised locally with your line manager in the first instance. However if you become aware of more serious issues of non-compliance then please contact both the Corporate Financial Management team (via the [ResRFO@leeds.gov.uk email address](mailto:ResRFO@leeds.gov.uk)) and Internal Audit (via [internalaudit@leeds.gov.uk](mailto:internalaudit@leeds.gov.uk) ) to raise your concerns. If you would prefer to raise concerns anonymously then this can be done under the Council's Whistleblowing Policy – please refer to the Whistleblowing Policy which can be found on Insite for guidance and contact details.
- 7.4 If you would like to propose amendments to a particular Financial Regulation, you should contact the owner. This includes where you feel that the controls are not proportionate to the risk, or where you feel that the Regulation has not been updated to match changes in technology, systems or procedures.

1. Purchase and Payment for Goods and Services	
Objectives	Goods, works and services legitimately required by the Council are appropriately purchased and paid for, ensuring that the Council's Spending Money Wisely value is met.
Key Risks	<p>Failure to meet the Council's Spending Money Wisely value.</p> <p>Inappropriate items may be purchased which are not for Council use, or where there is no business need.</p> <p>Incorrect amounts or duplicate payments may be paid to suppliers.</p> <p>Budget overspent</p> <p>Penalties for the late payment of invoices.</p> <p>Adverse impact on the reputation of the Council.</p>
Key Rules	<p>Purchasing and payment for goods, works and services must only be undertaken by authorised officers and in accordance with the approved purchase and payment procedures as defined by the Chief Finance Officer. Any variation to the procedures must be agreed by the Chief Finance Officer.</p> <p>Before goods, works or services are ordered the authorised officer must apply the following tests to ensure the Council's spending money wisely value is met.</p> <ul style="list-style-type: none"> <li>• <b>'Would I spend this money if it was my own?'</b></li> <li>• <b>'Is it affordable?'</b></li> <li>• <b>'Is it Spending Money Wisely?'</b></li> <li>• <b>'Is there budgeted financial provision?'</b></li> </ul> <p>Internal and approved external supplier arrangements should be used in line with the Contract Procedure Rules (CPRs).</p> <p>Officers should determine the most appropriate method of payment for each transaction, taking into account timescales and transaction costs.</p> <p>Purchase and payment by orders</p> <ul style="list-style-type: none"> <li>• In order to ensure a commitment is generated and a payment is made promptly, an official order must be raised. Once the goods are received the official order must be updated to reflect this. Before authorising a payment, it must be ensured that the goods, works or services have been properly ordered, there is proof of receipt and the invoice is accurate.</li> <li>• Officers must ensure that any tax implications are complied with (see Financial Regulation 6. Taxation)</li> <li>• To ensure prompt payment, suppliers should be advised that the preferred method of billing is a digital pdf invoice. Where possible suppliers should be requested to email digital invoices directly to the Council's dedicated email address for receiving</li> </ul>

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	invoices. Officers should refer to the Ordering and Paying for Goods and Services toolkit for up to date address details.
Key Rules (cont.)	<p>Purchase and payment by purchasing cards (Pcards)</p> <ul style="list-style-type: none"><li>• Where purchasing cards are used, all purchases are still required to comply fully with internal and approved external supplier arrangements in line with CPRs</li><li>• All purchasing card transactions must be authorised and cleared promptly, and on a weekly basis as a minimum.</li></ul> <p>Officers must ensure the accuracy and legitimacy of payments other than goods, services and grants/contributions.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

2. Other Payments	
Objectives	Only payments which the Council is legally required to make, or which are in line with agreed budgets and policies, are made. The Council's Spending Money Wisely value is met.
Key Risks	<p>Failure to meet the Council's Spending Money Wisely value.</p> <p>Incorrect amounts or duplicate payments may be paid.</p> <p>Budgets may be overspent.</p> <p>Adverse impact on the reputation of the Council.</p>
Key Rules	<p>Officers must ensure the accuracy and legitimacy of payments made. This includes confirming that it is appropriate to make the payment, that payee details are correct, and that the value to be paid is correct.</p> <p>Officers should determine the most appropriate method of payment for each transaction, taking into account timescales and transaction costs. BACS payments should always be used where practical. Payments via cash should only be made as a last resort where other methods of payment are not possible. Pre-payment cards can be used as an alternative where funds need to be distributed directly to service users/clients.</p> <p>Payments should always be checked and authorised by a second officer before being made.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit



3. Income	
Objectives	Income due is collected, banked and accounted for in an efficient and secure manner.
Key Risks	Loss of income due to non-identification, non-collection or theft Inefficient collection of income
Key Rules	<p>Each Director is responsible for collecting all income due to the Council within their directorate. The Chief Finance Officer is responsible for collecting Local Taxation and other corporate income.</p> <p>The Chief Finance Officer is responsible for agreeing any changes to the Income Collection and Banking procedures, which must be followed</p> <p>All monies received on behalf of the Council must be recorded, have a receipt issued where requested and be posted in the Council's Financial Management System in a timely manner.</p> <p>All monies received by the Council must be paid promptly and intact into an authorised bank account.</p> <p>A consistent treatment must be applied in each specific area of debt collection.</p> <p>Debts should only be considered for write-off once all relevant recovery routes have failed. The Chief Finance Officer is responsible for arrangements for the authorisation of write-off or cancellation of local taxation debts and for debts held on corporate income systems. Directors may authorise the write-off of debts held within their directorate, but must consult the Chief Finance Officer prior to writing off individual or cumulative debts for a single debtor over £5,000. Write-off and cancellation procedures must be complied with.</p> <p>The Anti-Money Laundering Policy and Guidelines must be complied with</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

4. Petty Cash	
Objectives	Petty cash should be held only where the use of cash is genuinely required. Where petty cash is held, appropriate arrangements are in place for security and recording of transactions..
Key Risks	Theft, loss or misuse
Key Rules	<p>Payments must be limited to minor items of expenditure and must not exceed the approved threshold.</p> <p>Receipts must be obtained and show VAT, where appropriate</p> <p>Travel and subsistence claims must not be paid out of petty cash</p> <p>Under no circumstances should personal or any other cheques be cashed from any cash float.</p> <p>Under no circumstances should monies be 'borrowed' from the petty cash float for personal use.</p> <p>Petty cash claims should be submitted periodically (annually at a minimum), in accordance with the approved procedure via the Financial Management System</p> <p>The petty cash fund must be reconciled on a regular basis. This reconciliation must be checked and evidenced by an independent member of staff.</p> <p>The Director should review petty cash floats on an annual basis. This should include a review of whether they could be replaced by alternatives such as purchasing cards or pre-payment cards.</p> <p>Cash should be held in a secure receptacle such as a cash box and locked in a drawer, secure cabinet or safe.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	<p>Financial Regulations Toolkit</p> <p>Buying Goods and Services Toolkit</p>

5. Payment of Grants and Contributions	
Objectives	To ensure that all grants and contributions made by the Council are appropriate and provide value for money, that associated outcomes are achieved, and that legislation on giving subsidies is complied with.
Key Risks	<p>Grants and contributions given are not in accordance with Council priorities.</p> <p>The awarding of grants and contributions is seen as unfair and open to challenge.</p> <p>Grants and contributions are not spent in line with the agreed terms and conditions and the required outcomes of the funding are not achieved.</p> <p>Grants are made with terms which are in breach of Subsidy Control legislation.</p>
Key Rules	<p>It must be ensured that organisations in receipt of grant aid demonstrate that they are a competent and suitable organisation to receive public monies.</p> <p>Grants and contributions must only be given in accordance with the Council's priorities and awarded on a fair and equitable basis.</p> <p>The grant or contribution should represent value for money and not duplicate other funding provided by the Council or other organisations.</p> <p>All grants and contributions must be awarded and monitored with a written agreement stating appropriate terms and conditions. Terms and conditions must include required outcomes; how such outcomes will be measured and the obligation to repay the funding if terms are not met.</p> <p>Proposed grants and other financial assistance should be assessed to determine whether their terms and conditions comply with subsidy control legislation prior to the grant being awarded. Any disclosure requirements under the legislation must be complied with.</p> <p>Appropriate action must be taken to reclaim funds when breaches of terms and conditions occur and/or outcomes are not achieved.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

<b>6. Grants and Contributions Receivable</b>	
<b>Objectives</b>	<p>To ensure the Council optimises the use of funding sources in the delivery of priority services by aiming to take advantage of all available grants and contributions.</p> <p>To ensure that the receipt of grants and the monitoring of required outputs are proportionately controlled.</p>
<b>Key Risks</b>	<p>The Council may not receive all grants or contributions to which it is entitled.</p> <p>The Council does not have appropriate match funding or cannot fund future costs when a grant ends.</p> <p>Funding may not be received as the expenditure incurred may not be in line with grant terms and conditions or achieve the required outcomes.</p>
<b>Key Rules</b>	<p>Directors should ensure that the availability of potential grants and contributions are identified.</p> <p>Directors must ensure that grants and contributions for their services are regularly monitored, promptly claimed and that all relevant grant terms and conditions are met.</p> <p>The Chief Finance Officer must be consulted on all proposed bids for external grants (including any requirements for match funding).</p> <p>The Chief Finance Officer must also be consulted where the Council is the accountable body and where the awarding body requires an external audit.</p> <p>The Chief Finance Officer must be given all required evidence so that grants can be claimed in a timely and accurate manner. Such evidence must be provided within an appropriate timeframe to allow the Chief Finance Officer time to evaluate and, if needed, question the information provided.</p> <p>All relevant and significant grant claims must be signed off by the Chief Finance Officer.</p> <p>The Chief Finance Officer is responsible for ensuring all grant monies claimed are received.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

7. Taxation	
Objectives	To ensure that taxation is correctly accounted for and any risks are effectively managed.
Key Risks	<p>Incorrect accounting for taxation resulting in penalties from HMRC</p> <p>Inefficient taxation treatment leading to financial resources not being fully maximised.</p> <p>Full input tax recovery may not be maintained if events negatively impact upon the partial exemption calculation.</p>
Key Rules	<p>Officers initiating all financial transactions are responsible for ensuring that taxation elements are properly recorded in the Financial Management System and that adequate documentation is acquired or produced.</p> <p>The Chief Finance Officer must be consulted on:-</p> <ul style="list-style-type: none"> <li>• the nature and extent of any new agreements or alterations to existing arrangements where there may be taxation risks or potential taxation liabilities, and</li> <li>• projects/decisions that may have taxation implications</li> </ul> <p>This consultation must be undertaken well in advance of the drafting of any legal agreements or any form of commitment made by the Council.</p> <p>Taxation guidance, including statutory HMRC rules, must be complied with.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

<b>8. Budget Management</b>	
<b>Objective</b>	To ensure that budget monitoring is both accurate and timely and enables the Council to effectively manage its financial affairs.
<b>Key Risks</b>	<p>Budgets overspend resulting in available reserves falling below the minimum level required to cover the Council’s financial risks.</p> <p>Council’s financial position is unsustainable in the medium term.</p> <p>Poor financial decisions due to inaccurate financial information.</p>
<b>Key Rules</b>	<p>Directors must ensure that all budgets are allocated to a named budget holder.</p> <p>Budget holders should understand their budget and the assumptions on which it is based.</p> <p>The Chief Finance Officer should provide management information to enable budget holders to manage their budgets.</p> <p>Budget holders must control spending ensuring it is in accordance with the Council’s policies and procedures e.g. Financial Regulations, Spending Money Wisely, and must regularly review their budgets initiating whatever action is appropriate.</p> <p>Budget holders must comply with the roles and responsibilities as set out in the managing a budget toolkit.</p> <p>All budget monitoring must be undertaken on the Council’s Financial Management System (FMS) unless otherwise agreed by the Chief Finance Officer.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

<b>9. Land &amp; Property</b>	
<b>Objectives</b>	To ensure that there are effective controls in place in relation to all property matters, including acquisition, disposal, lease, licence or use of property so that the Council's portfolio is managed in an efficient, effective and secure manner.
<b>Key Risks</b>	<p>The Council incurs additional costs in operating its land and buildings portfolio through:</p> <ul style="list-style-type: none"> <li>• the retention of unoccupied property;</li> <li>• inefficient use of land and buildings; and</li> <li>• the retention of buildings which are not fit for purpose.</li> </ul>
<b>Key Rules</b>	<p>The Director of City Development is responsible for all acquisitions, disposals, leasing, licencing of all land and/or buildings. Therefore all other directors must engage with the Director of City Development at the start of any initial consideration in respect of the potential:</p> <ul style="list-style-type: none"> <li>• acquisition or disposal of land and/or buildings owned by the Council;</li> <li>• change in use of any land and/or buildings owned or occupied by the Council;</li> <li>• proposal to reconfigure or refurbish Council owned or occupied buildings;</li> <li>• change in occupancy of buildings owned or occupied by the Council; lease or licence of land and/or buildings; and</li> <li>• use of Council land and/or buildings for the purpose of generating additional revenue.</li> </ul> <p>In relation to the above, the Director of City Development will then advise on the appropriate approval process to be followed taking into account the Council's overall strategic priorities.</p> <p>Where following such consultation, a Director no longer requires the use or occupation of land and/or a building, then the latter should be declared surplus for service delivery purposes without delay.</p> <p>Where a service is vacating a building (or part thereof) then the surplus property handover procedure in the land and buildings toolkit must be adhered to.</p>
<b>Owner</b>	Head of Asset Management
<b>Contacts and guidance</b>	Financial Regulations Toolkit - Land & Property Guidance

<b>10. Capital Expenditure</b>	
<b>Objectives</b>	To ensure that the preparation, approval and monitoring of the Council's capital expenditure is robustly controlled.
<b>Key Risks</b>	<p>Failure to deliver capital schemes to time, cost and quality requirements.</p> <p>Incorrect distinction between capital and revenue expenditure.</p> <p>Unapproved capital spending.</p> <p>Spending which does not meet Council Priorities.</p> <p>Insufficient resources to fund the capital expenditure and / or the revenue implications of the scheme.</p> <p>Council resources are not prioritised.</p>
<b>Key Rules</b>	<p>Directors are responsible for capital schemes within their directorate and must ensure that the Capital Approvals and Reporting Framework is complied with (see Managing a Capital Budget in the toolkit guidance). A named officer should be responsible for each capital scheme.</p> <p>Information for the preparation, review, monitoring and reporting of the Capital Programme must be provided to the Chief Finance Officer in accordance with the reporting timetable.</p> <p>The Chief Finance Officer must provide management information to enable Directors to manage their respective capital programmes.</p> <p>Directors are responsible for ensuring value for money for each capital project and that approved costs are not exceeded.</p> <p>Only costs which meet the statutory definition of capital expenditure for Local Authorities can be charged to capital schemes.</p> <p>Design costs can only be capitalised if funding has been identified and injected into the Capital Programme.</p> <p>Directors should have in place an Authority to Spend approval for full project costs prior to committing expenditure other than design fees and surveys.</p> <p>Directors should ensure that appropriate professional advice is sought (to include but not restricted to financial, legal, procurement, tax) prior to Authority to Spend being requested.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit



<b>11. Budget Setting</b>	
<b>Objective</b>	To ensure that the Council’s annual revenue budget is robust, and meets all statutory and corporate requirements.
<b>Key Risks</b>	<p>That the annual revenue budget is not robust.</p> <p>That the estimated income and funding are not sufficient to fund expenditure.</p> <p>That the estimate spend is higher than estimated.</p> <p>That the revenue budgets overspends resulting in an unplanned call on available general reserves.</p> <p>That the Council’s general reserves position falls below the minimum level needed and that the financial position of the Council is unsustainable in the medium term.</p>
<b>Key Rules</b>	<p>Corporate budget-setting guidance must be complied with.</p> <p>Accounting and Budgeting procedures and policies must be complied with.</p> <p>Procedures for the recording of budgets in FMS Leeds must be complied with. All budgets and budget projections of the Council must be maintained on the Council’s Financial Management System (FMS) unless otherwise agreed by the Chief Finance Officer.</p> <p>Assumed savings and efficiencies in the revenue budget must be supported by budget action plans.</p> <p>The planned level of the General Reserve must be approved and maintained in accordance with the Council’s risk based General Reserves Policy.</p> <p>Directorates must have agreed contingency plans in place prior to the start of the financial year in order to deal with any unplanned in-year variations in income and or expenditure. The approved budget can only be amended in accordance with virement procedures and delegated limits as agreed annually by Full Council.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

12. Accounting for the Council’s Financial Affairs	
Objective	To ensure that the Council’s accounting arrangements are accurate, timely and meet all statutory and corporate requirements.
Key Risks	Impact on the Council’s financial reputation due to inaccurate or misleading final accounts.  Poor financial decisions due to inaccurate financial information.
Key Rules	Accounting policies and procedures for the recording of transactions in FMS Leeds must be complied with.  All financial transactions of the Council must be maintained on the Council’s Financial Management System (FMS) unless otherwise agreed by the Chief Finance Officer.  Transactions must be recorded accurately, promptly and fully, and as soon as reasonably practicable.  Legal entities and other arrangements for which the Council has financial responsibility must operate in accordance with the Council’s Financial Regulations and related policies and procedures unless otherwise agreed by the Chief Finance Officer .
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

13. Entering into financial commitments	
Objective	To ensure that the Council only enters into financial commitments once the financial implications are fully understood.
Key Risks	Unanticipated costs being incurred due to the financial and accounting implications of transactions not being fully evaluated.
Key Rules	<p>The Chief Finance Officer must be consulted before entering into the following types of financial arrangement:</p> <ul style="list-style-type: none"><li>• A lease or similar arrangement;</li><li>• A loan;</li><li>• A financial guarantee;</li><li>• A payment in advance;</li><li>• Non-monetary (or part) exchange of assets;</li><li>• Non-standard contract terms.</li></ul>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

14. Payroll and Pensions	
Objectives	To ensure that payroll and pensions are dealt with correctly.
Key Risks	Incorrect or late payments may be made to staff.
Key Rules	<p>The payroll must be prepared and produced in accordance with Statutory Payroll and Pensions guidance provided.</p> <p>All permanent and temporary changes to staff terms and conditions affecting payroll must be notified to the BSC promptly and accurately.</p> <p>Payroll advances should only be made in accordance with the current policy.</p> <p>Prompt and appropriate action should be taken to recover any overpayments which arise.</p>
Owner	Head of Shared Services
Contacts and guidance	Financial Regulations Toolkit

<b>15. Bank Accounts</b>	
<b>Objectives</b>	<p>To ensure that bank accounts are operated in a secure and approved manner.</p> <p>For the purposes of this regulation the term bank account covers all bank accounts, building society accounts and other holdings with third party financial institutions to which officers of the Council are signatories.</p>
<b>Key Risks</b>	<p>Bank accounts may be created and used for unapproved activities.</p> <p>Insufficient controls are in place for the Council's banking arrangements, increasing the risk of fraudulent or unapproved transactions.</p>
<b>Key Rules</b>	<p>The Chief Finance Officer must approve the opening or closing of any bank account operated on behalf of the Council.</p> <p>The Chief Finance Officer will maintain an up to date central register of all accounts and must be informed promptly of any changes to authorised signatories.</p> <p>Only methods of payment from the account which are approved by the Chief Finance Officer may be used.</p> <p>Overdraft facilities or other borrowing arrangements must not be agreed without the express permission of the Chief Finance Officer .</p> <p>All bank accounts must be reconciled regularly by a non-signatory to the account.</p> <p>All bank accounts must be set up and operated in accordance with the bank account guidance notes.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

16. Security of Physical Assets (excluding land and property)	
Objectives	To ensure that physical assets are managed in an efficient, effective and secure manner.
Key Risks	Theft, loss or misuse of assets.
Key Rules	<p>Proportionate arrangements are put in place to safeguard assets, including those owned by third parties. Such arrangements must include the consideration of Insurance limits e.g. monies in transit.</p> <p>All monies belonging to, or in the custody of, the Council must be recorded, held securely and be checked regularly.</p> <p>Keys for safes and other locked areas containing assets must be securely stored and a record kept of who has the keys.</p> <p>An inventory of major physical assets held at each Council establishment should be prepared, kept up to date and stored securely at the establishment but not in the same location as the items on the inventory.</p> <p>Officers should inform Internal Audit of any significant changes in circumstances impacting on security arrangements for physical assets.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

<b>17. Stocks and Stores</b>	
<b>Objectives</b>	To ensure that the Council securely holds appropriate levels of stock to maintain its business operations
<b>Key Risks</b>	<p>The Council has insufficient stock items to operate effectively and efficiently.</p> <p>Items are over-stocked, tying up resources (both purchasing and storage) and risk becoming obsolete.</p> <p>Stock and stores are misappropriated.</p>
<b>Key Rules</b>	<p>Directors must ensure that proportionate arrangements are put in place to safeguard stocks and stores under their control, in accordance with the Stocks and Stores guidance.</p> <p>A person(s) must be nominated as responsible for the management and security of stocks and stores.</p> <p>When a stock of goods is maintained there should be an inventory or stock record as appropriate for the value of the stock.</p> <p>Regular stock takes, annually at a minimum, should be carried out. Variances should be reported and investigated where necessary.</p> <p>At the end of the financial year the method of stock valuation detailed in the closedown guidance on the Closedown Sharepoint site must be complied with.</p> <p>Officers should inform Internal Audit of any changes to security arrangements where desirable items are held as stock.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

<b>18. Insurance</b>	
Objectives	To ensure that the insurance risk across the Council is managed effectively.
Key Risks	<p>Failure to secure appropriate insurance arrangements leaves the Council lacking cover in the event of a significant loss.</p> <p>Failure to seek the appropriate insurance advice when taking decisions could impact adversely on the Council's insurance risk.</p>
Key Rules	<p>The Chief Finance Officer is responsible for arranging all insurance.</p> <p>The Chief Finance Officer is responsible for determining the extent of insurance cover, after consulting Directors.</p> <p>Directors must manage insurance risks within their directorate. This includes:-</p> <ul style="list-style-type: none"> <li>• notifying the Chief Finance Officer of the nature and extent of any new insurable risks and of any alterations to currently insured risks,</li> <li>• consulting with the Chief Finance Officer at an early stage in projects/decisions that may have insurance implications. This consultation must be undertaken well in advance of the drafting of any legal agreements or any form of commitment made by the Council,</li> <li>• immediately notifying the Chief Finance Officer of any loss, liability or damage,</li> </ul> <p>Supplying information to the Chief Finance Officer, the Council's insurers or the Litigation Section.</p> <p>Directors must adhere to the guidance for unoccupied buildings</p> <p>Directors must not enter into negotiations with claimants</p> <p>Insurance guidance must be complied with.</p>
Owner	Senior Head of Audit, Corporate Governance and Insurance
Contacts and guidance	Financial Regulations Toolkit



<b>19. Treasurer, Accountable Body and Other Similar Financial Arrangements</b>	
<b>Objectives</b>	To ensure that the financial affairs of legal entities and other arrangements for which the Council has responsibility are managed in a secure and effective manner.
<b>Key Risks</b>	<p>Funds are misappropriated or used for unauthorised purposes.</p> <p>Impact on the Council’s financial reputation due to inaccurate or misleading financial reporting.</p> <p>Poor financial decisions due to inaccurate financial information.</p>
<b>Key Rules</b>	<p>Any request or proposal for the Council to undertake financial responsibilities by acting as a treasurer, accountable body or other similar financial arrangement should be referred to the Chief Finance Officer for a decision before proceeding.</p> <p>Directors should ensure that an appropriate colleague is appointed to manage arrangements covered by this regulation.</p> <p>All financial reporting must comply with appropriate accounting standards. Budgets must be set, monitored and reported to the Chief Finance Officer in line with the guidance and timetable issued.</p> <p>All accounting records and budgets must be maintained on the Council’s Financial Management System (FMS) unless otherwise agreed by the Chief Finance Officer.</p> <p>The Chief Finance Officer must be consulted on all investment decisions taken.</p> <p>All such arrangements must comply with the Council’s Financial Regulations unless otherwise agreed by the Chief Finance Officer.</p>
<b>Owner</b>	Deputy Chief Officer – Financial Services
<b>Contacts and guidance</b>	Financial Regulations Toolkit

20. Bequests, Trusts and Client & Amenity Fund Monies	
Objectives	To ensure that bequest, trust and client monies are managed in a secure and effective manner.
Key Risks	Funds are misappropriated or used for unauthorised purposes.
Key Rules	<p>Directors must ensure that an appropriate colleague is appointed to manage arrangements covered by this regulation.</p> <p>The financial management of all Bequest and Trusts must follow the published guidance and be reported to the Chief Finance Officer in line with the timetable issued. All monitoring must be undertaken on the Council's Financial Management System (FMS) unless otherwise agreed by the Chief Finance Officer.</p> <p>Management of Client, Amenity and other unofficial fund monies must comply with published rules and procedures and the compliance with these arrangements must be reported to the Chief Finance Officer in line with the timetable issued.</p> <p>The Chief Finance Officer is responsible for all investment decisions where the arrangement is administered by the Council.</p>
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit

21. Fraud and Corruption	
Objectives	To commit to, and promote a counter fraud culture within the Council and zero tolerance against fraudulent activity.
Key Risks	The Council may be subject to fraudulent activity resulting in loss of resources and may receive adverse publicity
Key Rules	<p>Whenever any matter arises that involves, or is thought to involve irregularities concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council, including bequests, trust and client monies, it must be immediately brought to the attention of the respective Director.</p> <p>Where the irregularity is thought to involve fraud, corruption or impropriety the Director must ensure that the matter is reported to the Head of Audit.</p> <p>If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must also be referred to the Police. In addition where a break-in is suspected, the Police must be informed immediately.</p>
Owner	Senior Head of Audit, Corporate Governance and Insurance
Contacts and guidance	Financial Regulations Toolkit

22. Internal Audit	
Objectives	<p>To provide an effective Internal Audit Service, on behalf of the Chief Finance Officer, in line with legislation and the appropriate audit standards.</p> <p>To provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations.</p> <p>To help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p>
Key Risks	<p>The Council may operate in an inefficient and ineffective way and not achieve its value of spending money wisely.</p> <p>The Council's key controls do not protect against fraud, inefficiency and error.</p>
Key Rules	<p>The Chief Finance Officer must ensure that the Council has an effective Internal Audit function.</p> <p>The Head of Audit must be able to report without fear or favour, in their own name to the Chief Executive, the Executive Board, the Corporate Governance and Audit Committee and the scrutiny function.</p> <p>All audit work must be conducted in accordance with the appropriate professional standards.</p> <p>Directors must ensure that Internal Audit is allowed to:</p> <ul style="list-style-type: none"> <li>• Enter any Council premises or land at all reasonable times.</li> <li>• Access all records, documents, data held on computer media, and correspondence relating to all transactions of the Council, or unofficial funds operated by an employee as part of their duties.</li> <li>• Receive such explanations as are necessary concerning any matter under examination.</li> <li>• Require any employee of the Council to produce cash, stores or any other property under their control, belonging to the Council or held as part of the employee's duties.</li> </ul>
Owner	Senior Head of Audit, Corporate Governance and Insurance
Contacts and guidance	Financial Regulations Toolkit

23. Treasury Management	
Objectives	To ensure that all investment and borrowing is valid, accurate, efficient, properly accounted for and in accordance with statutory and corporate requirements.
Key Risks	Inefficient borrowing may have an adverse impact on the Council's Financial Resources.  Failure to recover investment monies from counterparties.
Key Rules	The Chief Finance Officer will ensure that Treasury Management activities are carried out in accordance with the approved Treasury Management policy.  The Chief Finance Officer is responsible for treasury management and no other employees, unless named in the officer scheme of delegation, must borrow or invest Council monies.  The primary objective of treasury management is to manage and reduce the cost of debt within acceptable levels of risk. Secondary objectives are also taken into account at different times depending upon prevailing market conditions.
Owner	Deputy Chief Officer – Financial Services
Contacts and guidance	Financial Regulations Toolkit