

FINANCIAL REGULATIONS FOR UTTLESFORD DISTRICT COUNCIL

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Status of Financial Regulations

Financial regulations provide the framework for managing the authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf. The regulations identify the financial responsibilities of the full council, committee and overview and scrutiny members, the Head of Paid Service, the Monitoring Officer, the Chief Financial Officer (Director of Resources) and other chief officers.

All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

The Chief Financial Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full council for approval. The Chief Financial Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the council and/or other appropriate committees. The authority's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations.

For the purposes of these Financial Regulations, Chief Officers are the Council's Corporate Management Team. They are responsible for ensuring that all staff in their directorates/service units are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their directorates.

Any duties and responsibilities of a Chief Officer in these Financial Regulations may be delegated to another officer by the Chief Officer, with the agreement of the Chief Financial Officer. The terms of any such delegation must be documented in a form approved by the Chief Financial Officer. Any reference to a Chief Officer elsewhere in these regulations shall be deemed to be a reference to such authorised officers. The Chief Financial Officer is responsible for issuing advice and guidance to underpin the financial regulations that members, officers and others acting on behalf of the authority are required to follow.

Financial Regulations

FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

A1 INTRODUCTION

Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget. *These regulations form part of the Council's constitution.*

A2 THE FULL COUNCIL

The full Council is responsible for adopting the authority's constitution and members' code of conduct and for approving the policy framework and budget within which the council operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control.

The full council is also responsible for monitoring compliance with the agreed policy and related decisions.

A3 POLICY, OVERVIEW & SCRUTINY COMMITTEES

They will be accountable for the control and review the use and allocation of resources within approved budgets. The terms of reference and scope of delegation for the Council's policy and Overview & Scrutiny Committees are contained within the Council's delegation scheme.

A4 CHIEF FINANCIAL OFFICER

The Chief Financial Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 1996.

The Chief Financial Officer is responsible for:

- the proper administration of the authority's financial affairs
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management.

Section 114 of the Local Government Finance Act 1988 requires the *Chief Financial Officer* to report to the full council and external auditor if the authority or one of its officers:

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

Section 114 of the 1988 Act also requires:

- the Chief Financial Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the Chief Financial Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

The Chief Financial Officer is responsible for advising the policy committee or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- initiating a new policy
- committing expenditure in future years to above the budget level
- incurring internal transfers above virement limits
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

A5 CHIEF OFFICERS

Chief officers are responsible for:

- ensuring that appropriate members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer *or his nominee*
- signing contracts on behalf of the authority.

It is the responsibility of chief officers to consult with the Chief Financial Officer and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

A6 OTHER FINANCIAL ACCOUNTABILITIES

Virement

The Resources Committee is responsible for agreeing procedures and rules, subject to the guidelines laid down by Council, for virement of expenditure between budget headings.

Chief officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Chief Financial Officer where required. They must notify the Chief Financial Officer of all virements over £10,000.

Treatment of year-end balances

The Resources Committee is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

Accounting policies

The Chief Financial Officer is responsible for *establishing* accounting policies and ensuring that they are applied consistently.

Accounting records and returns

The Chief Financial Officer is responsible for determining the accounting procedures and records for the authority.

The annual statement of accounts

The Chief Financial Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). The Resources Committee is responsible for approving the annual statement of accounts.

FINANCIAL REGULATION B: FINANCIAL PLANNING

B1 INTRODUCTION

The full council is responsible for agreeing the authority's policy framework and budget, the latter being *coordinated and* proposed by the Resources Committee. In terms of financial planning, the key elements are:

- the best value performance plan
- the budget
- the capital programme.

B2 POLICY FRAMEWORK

The full Council is responsible for approving the policy framework and budget

The full council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. *Such* decisions should be referred to the *appropriate Scrutiny Committee or the* full Council by the *Chief Financial Officer*.

The full Council is responsible for setting the level at which the policy committee may reallocate budget funds from one service to another. Each policy committee is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the council.

B3 BUDGETING

Budget format

The general format of the budget will be approved by the full Council and proposed by the Resources Committee on the advice of the Chief Financial Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and reserve funds.

Budget preparation

The Chief Financial Officer is responsible for ensuring that a Council revenue budget requirement is prepared on an annual basis and a general revenue projection on a three-yearly basis for consideration by the Resources Committee, before submission to the full council.

The Resources Committee is responsible for issuing guidance as appropriate on the general content of the budget *on the advice of* the Chief Financial Officer.

It is the responsibility of chief officers to ensure that budget estimates reflecting agreed service plans are submitted to the appropriate Policy Committee and that these estimates are prepared in line with guidance as appropriate by the Resources Committee. The full Council may amend the budget or ask the relevant Committee(s) to reconsider it before approving it.

Budget monitoring and control

The Chief Financial Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to *all Policy Committees on their own position, and to* the Resources Committee on the overall position, on a regular basis.

It is the responsibility of chief officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Financial Officer. They *must* report on variances within their own areas. They *must* also take any action necessary to avoid exceeding their budget allocation and alert the Chief Financial Officer to any problems.

Resource allocation

The Chief Financial Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full council's policy framework. This will involve both revenue and capital expenditure projections together with ensuring that all funding opportunities are investigated.

Preparation of the capital programme

The Chief Financial Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Resources Committee before submission to the full Council.

Guidelines

Guidelines on budget preparation *will be* issued to members and chief officers by the Resources Committee following *on the advice of* with the Chief Financial Officer. The guidelines *must* take account of:

- . legal requirements
- . medium-term planning prospects
- . BVPP
- . available resources
- . spending pressures
- . best value and other relevant government guidelines
- . other internal policy documents
- . cross-cutting issues (where relevant).

B4 MAINTENANCE OF RESERVES

It is the responsibility of the Chief Financial Officer to advise the Resources Committee and/or the full Council on prudent levels of reserves for the authority.

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

C1 INTRODUCTION

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

C2 RISK MANAGEMENT

The Resources Committee is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Resources Committee is responsible for ensuring that proper insurance exists where appropriate.

The Chief Financial Officer is responsible for preparing the authority's risk management policy statement, for promoting it throughout the authority and for advising the Resources Committee on proper insurance cover where appropriate.

C3 INTERNAL CONTROL

Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.

The Chief Financial Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

It is the responsibility of chief officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

C4 AUDIT REQUIREMENTS

The Accounts and Audit Regulations 1996 issued by the Secretary of State for the Environment require every local authority to maintain an adequate and effective internal audit.

The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

C5 PREVENTING FRAUD AND CORRUPTION

The Chief Financial Officer and Monitoring Officer are responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

C6 ASSETS

Chief officers *must* ensure that records and assets are properly maintained and securely held. They *must* also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

C7 TREASURY MANAGEMENT

The authority has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

The Resources Committee is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*. The Chief Financial Officer has delegated responsibility for implementing and monitoring the statement.

All money in the hands of the authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Financial Officer.

The Chief Financial Officer is responsible for reporting to the Resources Committee a proposed treasury management strategy for the coming financial year at or before the start of each financial year.

All executive decisions on borrowing, investment or financing shall be delegated to the Chief Financial Officer, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

The Chief Financial Officer is responsible for reporting to the Resources Committee not less than once in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

The Head of Paid Service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

D1 INTRODUCTION

Sound systems and procedures are essential to an effective framework of accountability and control.

D2 GENERAL

The Chief Financial Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by chief officers to the existing financial systems or the establishment of new systems must be approved by the Chief Financial Officer. However, chief officers are responsible for the proper operation of financial processes in their own directorates.

Any changes to agreed procedures by chief officers to meet their own specific service needs *must* be agreed with the Chief Financial Officer.

Chief officers *must* ensure that their staff receive relevant financial training that has been approved by the Chief Financial Officer.

Chief officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation and conform with the Council's policy. Chief officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

D3 INCOME AND EXPENDITURE

It is the responsibility of chief officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation *must* identify staff authorised to act on the chief officer's behalf, or on behalf of the appropriate Policy Committee in respect of payments, income collection and placing orders, together with the limits of their authority. The Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

D4 PAYMENTS TO EMPLOYEES AND MEMBERS

The Chief Financial Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

D5 TAXATION

The Chief Financial Officer is responsible for advising chief officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.

The Chief Financial Officer is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

D6 TRADING ACCOUNTS

It is the responsibility of the Chief Financial Officer to advise on the establishment and operation of trading accounts.

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

E1 INTRODUCTION

The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It *may* also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

The Council is responsible for approving delegations, including frameworks for partnerships. The Council is *a* focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

Members, the Head of Paid Service *and* other officers as appropriate, represent the authority on partnership and external bodies, in accordance with the scheme of delegation.

The *Chief Financial Officer* is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the authority.

The Chief Financial Officer must ensure that the accounting arrangements to be adopted relating to partnerships and any joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Chief officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

E2 EXTERNAL FUNDING

The Chief Financial Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

E3 WORK FOR THIRD PARTIES

The appropriate policy committee is responsible for approving the contractual arrangements for any work for third parties or external bodies.