

ARMAGH CITY, BANBRIDGE & CRAIGAVON BOROUGH COUNCIL

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

1. INTRODUCTION

- 1.1 The purpose of this document is to set out the financial procedure rules of the Council having due regard to the overall regulatory framework pertaining to Local Authorities within Northern Ireland, including the CIPFA Financial Management Code as well as the organisation's own approach to financial management.
- 1.2 Financial regulations provide the framework within which the Council's financial affairs are to be managed. Their application will apply to every Committee, Sub Committee, Working Group and employee of the Council or other person acting on behalf of the Council.
- 1.3 To conduct its business effectively the Council needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement financial procedure rules. The regulations contained herein have been drawn up to ensure the financial matters of the Council are conducted properly, reflect the application of best practice and meet the requirements of legislation.
- 1.4 Additional regulations and amendments to existing regulations will be notified to the Chief Executive, the Deputy Chief Executive and Strategic Directors by the Head of Finance ICT & Procurement following approval by the Governance, Resources and Strategy Committee.
- 1.5 It is the responsibility of Strategic Directors, supported by Heads of Departments, 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 as well as operational performance targets.
- 1.6 These regulations are equally applicable to all organisations regarding which the Council has a controlling influence unless otherwise agreed by the Council. Additional arrangements may be agreed subsequently for some internal organisations to accommodate their particular trading and commercial status.

2. FINANCIAL CONTROL

- 2.1 The Head of Finance ICT & Procurement shall be responsible for keeping the principal accounting records of the Council and shall exercise supervision over the accounting systems.
- 2.2 The Head of Finance ICT & Procurement shall be responsible for the provision of regular and robust financial information to the Governance Resources and Strategy Committee, EMT, Directors and Heads of Department in a timely fashion from June to March each year. This information will include details of budget variances and it is the responsibility of departmental Heads to review these variances and take corrective action to ensure they live within approved budgets.
- 2.3 The Chief Financial Officer is required to ensure the Council's annual Abstract of Accounts is prepared in the format and by the deadline specified by the Department for Communities (DfC).

2.4 The Head of Finance ICT & Procurement shall be responsible for advising the Council on all financial matters other than those where the Deputy Chief Executive, Strategic Directors and Heads of Department has specific responsibility for doing so e.g. Capital and externally funded projects. This will include offering advice and/or providing assistance to the Chief Executive, the Deputy Chief Executive, Strategic Directors and Heads of Departments regarding the financial appraisal of projects, schemes or works proposed by any Committee or Officer and for this purpose shall be:-

- (a) Consulted with and advice sought in advance of any new proposal with a budgetary consequence being presented to the EMT and/or Council Committee.
- (b) Forwarded in a timely manner a copy of relevant reports for review, comment and feedback regarding new proposals in advance of all meetings of Committees, Working Groups and Sub-Committees together with a copy of the minutes regarding the outcome of discussions at these meetings.
- (c) Consulted with regarding all cases where Officers of the Council intend to discuss with representatives of third party stakeholders including Government Departments, public bodies, firms, institutions or persons on matters involving financial proposals and shall have the option to be present or represented by a member of the finance team at such discussions; and
- (d) Consulted with in the preparation of any report or statement prepared by any Officer which proposes expenditure either of revenue or capital monies or the disposal of any property or any matter having financial consequences prior to consideration by a Committee or the Council.

3. ACCOUNTING RECORDS AND PROCEDURES

3.1 The Head of Finance ICT & Procurement shall be responsible for the compilation of the main accounting records for all departments of the Council except where they are satisfied that it is in the interest of administrative efficiency for any such records to be maintained in other departments. In these and all other cases they shall exercise supervision over accounting records and systems, particularly with a view to obtaining uniformity of accounting, after consulting the relevant Strategic Director and/or Head of Department concerned as to the form and manner of the keeping of such records.

3.2 Each Strategic Director and Head of Department shall be responsible for the proper maintenance of accounting procedures and records within their department and shall ensure proper security and confidentiality.

3.3 The Head of Finance ICT & Procurement shall be required to maintain all the back-up documentation in support of the accounting records in accordance with the Council's Document Retention Policy.

3.4 Heads of Departments involved in EU and other externally grant funded programmes will be responsible for retaining all relevant documents pertaining

to the specific funded projects in accordance with the requirements as set out in the specific Letter of Offer.

- 3.5 The Head of Finance ICT & Procurement shall be responsible for the regular production of financial management information and in this, and the accounting arrangements generally, due regard shall be paid on the one hand to the production of prompt, reliable and complete information and on the other to minimising the administrative costs involved in its production.
- 3.6 The following principles shall be observed in connection with accounting systems:-
- (a) The duty of providing information, calculating, checking and recording the sums due to or from the Council should be separated as completely as practicable from the duty of collecting and disbursing those funds.
 - (b) There should be a segregation of duties between Officers charged with the duty of examining and checking the accounts of cash transactions and those actively involved in processing these transactions. Heads of Departments will be responsible for cash management within their respective departments and this will include issues regarding segregation of duties.

4. INTERNAL CONTROL

- 4.1 Internal controls are the system of controls devised by management to help ensure that the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.2 All staff within Council have responsibility for ensuring adherence to internal controls. Particular emphasis is placed on safeguarding all Council assets, in particular the management of Council funds, vehicles and equipment. Individual Officers have a duty to ensure that appropriate controls are in place to adhere to this.
- 4.3 Heads of Department, Managers and Officers, whilst having awareness and due regard to existing Council policies, internal controls and guidance, should carry out their own internal risk assessments to ensure the protection and proper control over council assets and finances. Internal Audit is responsible for advising on effective systems of internal control.
- 4.4 It is the responsibility of all staff to ensure that if they are aware of any weaknesses or irregularities or suspected irregularities affecting cash, stores, property or any assets of the Council to immediately inform their line managers. This can be done verbally in the first instance but should, as far as possible be supported in writing. The line manager should then immediately bring the matter to the attention of the Head of Department whilst also keeping their own line managers apprised of the situation. The Head of Department should consult on the matter with their Strategic Director and following the consultation, determine if the matter should be reported to the Chief Executive and Internal Audit. Any investigation completed by Internal Audit will be reported to the Performance & Audit Committee.

- 4.5 The Chief Executive is required to sign an annual Governance Statement. In order to comply with this regulation, Strategic Directors are required to sign an Annual Assurance Statement as well as six monthly Assurance Statements that proper controls exist within their area of responsibility. Directors should, in turn, seek assurances from Heads of Departments under their control that proper controls exist and should be evidenced by Officer Statements as required by the Director.

5. RISK

- 5.1 All staff must adhere to the Council's Risk Management Policy.
- 5.2 The Head of Strategy & Performance will be responsible for co-ordinating the review of and reporting on risk registers within the Council. Each Head of Department and Strategic Director are responsible for maintaining, reviewing and reporting on their own register, along with any Corporate and Project risks assigned to them.
- 5.3 The Head of Strategy & Performance supported by the Improvement Manager will be responsible for the maintenance, review and updating the Risk Management Policy and to report upon this as necessary to the Chief Executive and the Audit Committee.
- 5.4 Internal Audit will prepare an Annual Statement of the Effectiveness of Risk Management which will be reported to the Chief Executive and the Performance & Audit Committee via the Annual Governance Statement.
- 5.5 The Performance & Audit Committee is responsible for approving the Council's risk management policy statement and strategy for reviewing the effectiveness of risk management.

6. FRAUD POLICY

- 6.1 All staff have a duty to report suspected or actual fraud in accordance with the Council's Fraud Policy.
- 6.2 Staff are required to do all in their power to prevent fraud and to take action where a fraud is suspected.
- 6.3 The Council actively takes part in the National Fraud Initiative (NFI). The Internal Audit Manager will ensure that the returns are made to the NI Audit Office and all matches are reviewed and investigated as necessary.

7. INTERNAL AUDIT

- 7.1 The Local Government (Accounts & Audit) Regulations (NI) place a requirement on Local Government Bodies to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The Council's Internal Audit Team within the Chief Executive's Department has responsibility for this function. The Internal Audit function operates to the Public Sector Internal Audit Standards.

- 7.2 The Internal Audit Manager shall independently report to the Performance & Audit Committee and shall have access to the Chairman of the Audit Committee at all times.
- 7.3 The Internal Audit Manager will prepare an audit strategy and annual audit plan which will ensure the periodical review of all Council Services in accordance with an assessment of risk. The plan and any amendments to the plan will be approved by the Performance & Audit Committee.
- 7.4 The Internal Audit Manager will provide an Annual Report and Opinion on the adequacy and effectiveness of the Council's system of internal control, risk and governance. This will be approved by the Performance & Audit Committee and prepared in advance of the submission of the annual accounts which will inform the Chief Executive before their signing of the Annual Governance Statement.
- 7.5 The Council may appoint one or more independent members to the Performance & Audit Committee and provide these members with the relevant information they require to inform their opinions.
- 7.6 Internal Audit will be required to carry out internal audits of financial and stores transactions within Council. To facilitate this, Internal Audit shall have access to all records and shall be entitled to require the production of cash, stores and other property and to ask for such explanations as considered necessary.
- 7.7 It is the responsibility of Internal Audit to ensure that internal controls are regularly reviewed as part of the Internal Audit Plan and that any weaknesses found should be immediately reported to the relevant Strategic Director or Head of Department. They will also follow up on recommended remedial actions to ensure they are implemented by the appropriate officer.
- 7.8 The Internal Audit Manager will review annually the Council's corporate governance arrangements and report to the Performance & Audit Committee on their effectiveness.
- 7.9 The Internal Audit Manager will arrange for a statement on the effectiveness of the internal controls within the Council to be presented annually to the Performance & Audit Committee prior to the completion of the Annual Governance Statement.

8. ANNUAL REVENUE AND CAPITAL BUDGETS

- 8.1 The Chief Financial Officer shall, with assistance from and in consultation with the Deputy Chief Executive, Strategic Directors, the Head of Finance ICT & Procurement and other Heads of Department, prepare a three-year medium term financial plan including a detailed annual budget comprising of estimates of proposed expenditure, projected pressures and anticipated income receivable. A rolling three-year capital expenditure programme will also be prepared by the Head of Estates & Asset Management and submitted for approval by Committee as part of the annual Estimates process. Updates on the Estimates process and information regarding budgetary pressures, easements, efficiencies and savings shall be presented to Members for consideration and review prior to the striking on the rate in February each year.

- 8.2 The Council shall receive the recommended estimates from the Governance Resources and Strategy Committee and, subject to revision, shall approve the estimates before the date stipulated for submission to the Department for Communities.
- 8.3 The Prudential code requires the Council to approve an annual Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made
- 8.4 The Chief Financial Officer shall prepare a statement on the robustness of the budgets and present to the Council during the Estimates process and before the striking of the rate. The statement shall be prepared in accordance with the Local Government Finance Act (Northern Ireland) 2011.
- 8.5 On approval of the Estimates, The Deputy Chief Executive, Strategic Directors and Heads of Department are responsible for the management and control of expenditure as well as achieving income levels as set out in the annual Estimates. This includes responsibility for ensuring that budgets are not exceeded without prior discussion and approval from, in the first instance, the relevant Strategic Director and if material, the Head of Finance ICT & Procurement, the Executive Management Team (EMT) and, if deemed necessary the relevant Council Committee.
- 8.6 No officer will commit the Council to expenditure that has not been approved by Council in the annual estimates without consideration and approval by the EMT in the first instance. It is the responsibility of the relevant Strategic Director and Head of Department to ensure that funding is available or has been secured and that the proposed expenditure is affordable before presentation to the EMT for consideration. If the proposal requires additional budgetary cover the proposal must be presented to the Governance Resources & Strategy Committee for approval.
- 8.7 The Deputy Chief Executive, Strategic Directors and Heads of Departments of the Council shall be responsible for keeping strict supervision of the expenditure of their respective teams/departments/directorates.

9. CAPITAL EXPENDITURE

- 9.1 The Neighbourhood Services Strategic Director, supported by the Head of Estates & Asset Management, is responsible for keeping managing and monitoring the Council's entire capital programme. This includes ensuring an updated Capital Plan is presented to Council when the annual rates are struck.
- 9.2 For each capital project a Senior Responsible Officer will be nominated by the appropriate Strategic Director. To ensure there is a clear segregation of duties, the person so nominated should not have responsibility for the oversight of the capital programme.
- 9.3 The Head of Finance ICT & Procurement must ensure compliance with the Prudential Code and the Council's Minimum Revenue Provision (MRP) Policy and the Council's Capital Strategy.
- 9.4 It is the responsibility of Strategic Directors and Heads of Departments to ensure that business plans, in relation to all proposed capital expenditure (projects and

purchases), are initially presented to the EMT for consider before presenting proposals to Committees. Submissions to EMT must include robust costings and clearly identify all associated future revenue implications.

- 9.5 Those projects which receive support from the EMT must then follow the process outlined in the Councils Capital Governance Manual. Capital expenditure must not be incurred until the approval process has been completed and budget approval has been secured. This will include approval by EMT and the relevant committee to the business case, and approval by the Governance Resources & Strategy Committee in relation to the capital programme and the affordability of the agreed programme.
- 9.6 Business cases/economic appraisals must be prepared for all proposed capital expenditure. The degree of detail required is commensurate with the value of the proposed expenditure. A full “green book” appraisal must be carried out for projects in excess of £1m. Business cases must be approved by the EMT and departments must liaise with relevant Council teams (including staff in the Estates, PMO and Finance teams) to confirm the robustness of the content including costings and affordability.
- 9.7 Funding for feasibility studies and the development of economic appraisals must be identified and approved before any work is commissioned.
- 9.8 It is the responsibility of the Neighbourhood Services Strategic Director to update the Chief Executive, EMT, Council and the Finance team on the progress of capital expenditure in line with the guidance laid out in the Scheme of Delegation.
- 9.9 Once a capital budget has been approved, it is the responsibility of the Strategic Director and/or Head of Department incurring the expenditure to ensure that the approved budget is not exceeded.
- 9.10 Strategic Directors must seek Council approval, at the earliest opportunity, when the cost of a capital project, or purchase, exceeds 5% or £100k (whichever is lowest) of the approved budget.
- 9.11 The Head of Estates & Asset Management shall monitor all capital expenditure (projects and purchases) and report regularly to EMT and the Governance Resources & Strategy Committee on the progress and cost of all projects.

10. REVENUE EXPENDITURE

- 10.1 All officers with budgetary responsibility must ensure that they adequately plan for all significant items of expenditure, that Value for Money principles are adhered to and that action is taken immediately to adjust proposed in-year expenditure where budget overspends are known, expected or anticipated.
- 10.2 All officers with budget responsibilities are responsible for remaining within budget and for all expenditure associated with their particular teams, facilities and cost centre(s).
- 10.3 All officers with budgetary responsibility must ensure that they comply with requests by the Finance Team during the Estimates process. This includes an intensive review by departments of their current budgets, a detailed

understanding of all contractual and statutory commitments and identifying potential easements and efficiencies.

- 10.4 It is the responsibility of officers with budget responsibilities to ensure that all expenditure is coded against the correct code combinations and budget line(s). Compliance to paragraph 2.2 above regarding variances is also essential. Where a potential overspend is identified and cannot be mitigated against, this must be reported in the first instance to the Finance Team and then to EMT for consideration.
- 10.5 All officers with budgetary responsibility must ensure that all transactions and authorisations are in accordance with guidance contained within the Council's Financial Regulations, the Scheme of Delegation, the Procurement Handbook and any other instructions and guidance issued by the Council.
- 10.6 All officers proposing significant changes to the way a service is delivered should prepare a detailed analysis of their proposals assessing the impact of the changes and compare with other options for service delivery. This should be submitted to EMT for consideration.
- 10.7 The Head of Finance ICT and Procurement may, on approval from EMT, impose restrictions and sanctions on departments who do not comply with requests and instructions from Finance regarding financial matters – such actions may include reducing authorization expenditure limits for officers and allocating the control of expenditure to the relevant Strategic Director.

11. PROCUREMENT THRESHOLDS, AUTHORISATION AND LIMITATION OF EXPENDITURE

- 11.1 Revenue expenditure may be incurred up to the amounts included in the approved annual estimates or any variations approved by the EMT, the Head of Finance, or the Governance Committee.
- 11.2 The purchase of goods and services should be in accordance with the procurement guidelines included within the Council's Procurement Handbook. Officers must also familiarise themselves with this handbook, the current limits are set out below: -

Cost does not exceed £1,500	No quotation required but reasonable effort must be made to obtain value for money.
Cost is between £1,501 - £7,500	A minimum of 3 written competitive quotations required
Cost is between £7,501 - £20,000	A minimum of 4 written competitive quotations required
Cost is between £20,001 - £30,000	A minimum of 4 selected tenders
Estimated cost exceeds £30,000	Public advertisement required

A Single Supplier Action (SSA) is where officers propose expenditure without obtaining the required quotes or tendering as required within the financial regulations. These should only be used in exceptional circumstances and after discussing and seeking clearance from the Procurement Manager. Where it is deemed appropriate to use a single supplier then the spending officer, after discussing and agreeing with the Procurement Manager, must also obtain the approval of their Strategic Director. Approval from the relevant Strategic Director is required to seek permission to extend contracts greater than £30k beyond its termination date. Permission from Heads of Department will be required to extend contracts with values below £30k.

- 11.3 In relation to a SSA a written justification for the decision is required and this must also include details of efforts made to obtain value for money. The Procurement Manager must also be notified and this will be reported this to the next Performance & Audit Committee.
- 11.4 Each Strategic Director will agree a list of authorised officers and associated expenditure limits within their directorate with the Head of Finance ICT & Procurement.
- 11.5 Budget Managers are responsible for the retention of all material (quotations, supporting documentation) regarding all transactions and to retain these for the period of time as identified in the Council's Records Retention Policy. All procurement back-up should be attached to the Integra Finance System as an audit trail.

12. ORDERS FOR WORKS, GOODS AND SERVICES

- 12.1 All requisitions must be coordinated through the automated financial system and the appropriate controls and procedures regarding the segregation of duties and authorisation levels must be followed.
- 12.2 In exceptional situations whereby an automated requisition is not possible and after seeking approval from the Finance Team budget managers may raise a manual requisition. The manual requisition must be properly authorised in accordance with relevant segregation of duties and levels of authority.
- 12.3 Heads of Department are responsible for ensuring that within their respective departments no goods or services should be ordered in advance of the raising and authorisation of a relevant requisition.
- 12.4 Strategic Directors shall be responsible for all orders for goods and services pertaining to departments within their command.
- 12.5 Heads of Department are responsible for ensuring that orders for goods and services are in accordance with existing Council tender awards.
- 12.6 Heads of Departments are responsible for ensuring that officers within their commands adhere and respond to instructions and requests from the Finance Team regarding requisitions, approval of orders and invoices and for ensuring that orders are cleared down from the system in a timely fashion.

13. CONTRACTS (Revenue and Capital)

- 13.1 All contracts entered into shall comply with the Council's Standing Orders and any other policy or guidance relating to contracts such as the Council's procurement handbook.
- 13.2 Any variation to a contract, whether it is an addition or an omission, must be notified by the relevant Head of Department to the appropriate Strategic Director and to the Procurement Department (as necessary or where material). Officers need to be aware of expenditure authorisation limits and variations must be authorised by the appropriate officer.
- 13.3 It is the responsibility of the relevant Strategic Director to:
- (a) ensure the contractor/provider is notified in writing by issuing an official variation order specifying the addition or omission. The retained copy of the variation order only shall, where possible, show its estimated financial effect. No work which shall be the subject of a variation order shall be commenced except in an emergency before the variation order is issued;
 - (b) in respect of a variation to a contract which has been publicly tendered for, a copy of the variation order must be sent to the Procurement Manager; and
 - (c) include the financial effect of any variation order on a contract price in any progress report on that contract submitted to other Strategic Directors and Committees.
- 13.4 If at any time it appears to the relevant Strategic Director or Head of Department that in relation to revenue contracts the approved contract sum may be exceeded by more than 5%, an update on the situation should be presented to the Procurement Manager and the relevant committee (see section 8.8 above in relation to capital contracts).
- 13.5 The controls and requirements pertaining to consultant architects, designers and/or engineers engaged by the Council to supervise and manage the execution of works shall be included within the Council's Capital Procedures Manual.
- 13.6 An evaluation of all contracts shall be undertaken by appropriate Departments including an assessment of the performance of the contractor. This will be carried out in liaison with the Procurement Department according to the procedures set out in the Procurement Handbook.
- 13.7 Each Directorate is responsible for reviewing all contracts under their control and ensuring they are actively monitored and renewed on a timely basis.
- 13.8 Contracts over £30k should be sealed and approved by Council.

14. ASSETS AND INVENTORIES

- 14.1 All items of a capital nature costing greater than £5,000 must be recorded in the fixed asset register and details recorded should include the cost and the location

of the asset. All fixed asset disposals and additions in excess of the prescribed limit must be recorded on the register.

- 14.2 The Head of Finance ICT & Procurement must ensure that the asset register is reviewed annually in order to ensure that it is accurate and up-to-date and to ensure that periodic valuations of all assets have been actioned in accordance with the relevant Accounting Code of Practice.
- 14.3 Heads of Departments are responsible for ensuring the verification and vouching of assets within their command and for ensuring the timely return of information when requested by the Finance team, particularly during the preparation of the year-end accounts.
- 14.4 The Head of Estates & Asset Management will oversee a review of all land and property in accordance with the Councils Asset Management Strategy.
- 14.5 The Head of Estates & Asset Management is responsible for the development of a policy relating to the prevention of encroachment, procurement, transfer and disposal of all Council land and buildings including leases, licenses and any initiative regarding land and property e.g. community asset transfer.
- 14.6 The Head of Estates & Asset Management must be consulted with in advance in respect of all proposed land and building sales and purchases. He/she in turn will consult with and notify the Head of Finance ICT & Procurement of all such transactions, along with any material changes in value of land or buildings.
- 14.7 Council Officers who have management responsibility for facilities or equipment shall maintain inventory records for all assets with a value in excess of £100.
- 14.8 Inventory records for items such as desks, chairs, cabinets, meeting tables, fans etc. must be maintained and updated at least annually. The responsible officer must keep records, of additions, disposals and transfers of assets/equipment, and these must be held on a rolling 3 year basis.
- 14.9 Assets with an estimated market value of less than £1,000 can only be disposed of with the prior approval of the relevant Head of Department. As specified above details of the disposal must be retained and notified to the Finance Team.

15. DEMOLITION OF PROPERTY

- 15.1 If it is deemed necessary to demolish any Council property the relevant Strategic Director must ensure they follow the procedures as outlined in the Scheme of Delegation and if appropriate, the Council's Asset Disposal Policy.

16. STORES AND EQUIPMENT

- 16.1 The Head of each department shall be responsible for the care and custody of all stores, stocks and equipment in his/her department and shall ensure that all stores and equipment received and issued are properly recorded. Wherever practicable all equipment shall be effectively marked as the property of the Council.

- 16.2 A stock take of stores should be undertaken at end of September and March each year. The level of stock held is required to be valued for the year ended 31 March.
- 16.3 Stores and stock held shall not be in excess of reasonable requirements and the Head of Department shall cause, at least once every two years, a complete examination to be made of all existing stocks with a view to reducing the number of slow moving items and disposing of obsolete stock items.
- 16.4 The documentation for the control and recording of stores shall be approved by the Head of Environmental Services.
- 16.5 Stocktaking should be carried out by persons other than storekeepers to ensure there is adequate segregation of duties.
- 16.6 Stock held for resale must be independently checked and verified on a regular basis, and where material, a trading account should be produced and regularly reviewed by a line manager.
- 16.7 Any stores, stock or equipment which are defective, obsolete or surplus to requirements shall not be disposed of either by sale or destruction until a list of items involved has been circulated to all departments of the Council who may be interested in acquiring them. The Head of Department shall not authorise the disposal of such items exceeding a book value of £100 per item without prior approval from the Head of Environmental Services.
- 16.8 Sales of defective, obsolete or surplus stores, stock and equipment shall be effected by tender after public advertisement except where, in the opinion of the Executive Management Team, the Council is better served by other means of disposal.

17. PAYMENT OF ACCOUNTS

- 17.1 It is the responsibility of Heads of Department for ensuring that their teams and facilities adhere to the Council policy regarding raising purchase orders in advance and for the timely, prompt and efficient authorisation of invoices so that suppliers can be paid as quickly as possible.
- 17.2 Heads of Departments are responsible for ensuring their teams and facilities carry out a monthly review of all purchase orders, ensuring goods and services received are applied, and clear off the system anything that is old and no longer required.
- 17.3 Heads of Department are responsible for ensuring that names of authorisers and those than can approved orders/invoices is reviewed and updated regularly and any changes are notified to Finance immediately.
- 17.4 The certification of an account for payment shall, subject to any selective checking arrangements agreed by the Head of Finance ICT & Procurement, mean:-
 - (a) that the expenditure is properly authorised and incurred including checks to ensure that the correct code combination has been used and there is adequate budget cover

- (b) that a purchase order has been raised in advance;
- (c) that the goods have been received, examined and approved as to the quality and quantity, or that services rendered or work done has been performed satisfactorily and updated on the purchase order;
- (d) that the prices are in accordance with quotation, contract or current market rates, or are otherwise reasonable;
- (e) that all trade and cash discounts, other proper allowances and other credits due have been deducted;
- (f) that the account has not previously been paid; and
- (g) that the account is arithmetically correct.

18. SALARIES AND WAGES

- 18.1 Administration and payment of salaries and wages shall be carried out by the Finance Team.
- 18.2 The Head of Human Resources & Organisational Development shall, as regards employees, be responsible for notifying the Payroll Manager of all appointments, resignations, staff movements and/or any other circumstances affecting employees' terms of employment or remuneration.
- 18.3 Incremental adjustments to salaries, shall take effect on their due date in accordance with the Scheme of Conditions of Service. National pay awards made by National Joint Council/Committee for staff, shall take effect from the date fixed by such agreement. Approval of the Council shall be required for all other adjustments to salaries or variations to conditions of the Chief Executive, the Deputy Chief Executive and Strategic Directors.
- 18.4 In accordance with the Local Government Pension Scheme Regulations, all employees shall be assessed and if applicable shall be enrolled in the NILGOSC pension scheme.
- 18.5 Where time sheets are required, these shall:-
 - (a) be completed by the employees themselves except in cases of illiteracy when the supervisor or manager will complete them, suitably endorsing the time sheets to this effect;
 - (b) be certified by the appropriate supervisor unless otherwise agreed by the Head of Finance ICT & Procurement;
 - (c) be summarised in the appropriate department by the insertion of total hours worked, enhancements and bonus payments into pre-formatted summary sheets. Sickness deductions will be completed by the Finance Team;
 - (d) Heads of Department shall be responsible for ensuring that managers within their departments submit summary sheets to the Finance Team and these must be received by the time indicated by the Payroll Section, and

(e) Late submission may result in delay in payment of wages.

19. INCOME GENERALLY

- 19.1 The Head of Finance ICT & Procurement, in conjunction with the Strategic Directors and Heads of relevant departments, shall make and maintain adequate arrangements for
- (a) The financial organisation and accounting to ensure the proper recording of all sums due to the Council; and
 - (b) The prompt and proper accounting of all cash, including its collection, custody, control and deposit.
- 19.2 The implementation of any new or amended charges will be in accordance with the Scheme of Delegation.
- 19.3 Excusal of debts due to the Council shall not be made except upon the written approval of the Head of Finance ICT & Procurement after he/she has considered the legal remedies and the amount involved. Any debts in excess of £1,000 so excused shall be reported to the Governance Committee.
- 19.4 Every sum received by a cashier or other officer of the Council shall be immediately acknowledged by the issue of an official receipt, ticket or voucher.
- 19.5 Every transfer of monies from one officer of the Council to another shall be immediately acknowledged by the issue of a receipt or, in appropriate cases, by signature in a cash accounting record.
- 19.6 All departments shall adhere to the cash management procedures agreed with the Finance Team. All cash received must be lodged with the Council's bankers as soon as practically possible and in all circumstances within 5 working days.
- 19.7 The Head of Finance ICT & Procurement shall advance such sums as he/she may deem necessary to each collecting officer for the purpose of a cash float. He/she may review both the need for cash floats as well as the level of cash associated with these from the perspective of determining if a cash float is still appropriate and/or if the level of cash should be adjusted.
- 19.8 All official receipt forms, books and tickets shall be in a form approved by the Finance Team and all such forms shall be ordered, controlled and issued to the Departments by Finance and all receipts and issue thereof shall be properly recorded and acknowledged.

20. HMRC GUIDANCE & VAT

- 20.1 HMRC provide details of regulations, policies and guidance that the Council is required to implement and adhere to. This usually impacts, but is not restricted to, Income Tax, National Insurance, other payroll aspects, VAT, EU Exit, IR35 implications and other taxes. It is the Council's responsibility to ensure that all such guidance from HMRC is followed and in that regard clarification can be obtained from the Finance Team.

- 20.2 It will be the responsibility of Heads of Department to ensure that the correct VAT and all other taxes treatment is applied to income and expenditure and to seek advice from the Finance Team on any new expenditure and/or funding streams to assess the relevance and impact of VAT. Heads of Department are responsible for ensuring the correct tax treatment when entering agreements or contracts with Private Service Companies (PSC's) (IR35) and Construction Contractors (CIS). Failure to comply with and apply HMRC guidelines or seek guidance from the Finance Team could have financial implications and these will be borne by the respective Department.
- 20.3 Heads of Department are responsible for ensuring that VAT implications are taken into consideration in the development of economic appraisals with regards to projects involving new funding/income streams or where the expenditure relates to land and properties not owned by Council.

21. COUNCIL FUNDING OF EXTERNAL BODIES

- 21.1 The Council in delivering its corporate objectives may seek to provide financial support to external bodies. The following principals should be applied:
- The funding should be in accordance with the Council's financial assistance policy where relevant.
 - Where appropriate and in accordance with the relevant policy/letter of offer, the organisation receiving the funding may be required to demonstrate sound governance and financial control procedures.
 - Where officers have concerns they should bring them to their Head of Department or Strategic Director. An allowance may be made to what is practical given the size of the organisation.
 - Officers should issue a letter of offer before the funding is made setting out the conditions and expectations of the organisation and the Council. This should be signed by both parties prior to the funding being granted.
 - Where conditions of the grant are not satisfied in full within a reasonable period (no longer than 1 year unless a specific extension is granted by Council) the offer of funding should be revoked.
 - The approval of the Council should be obtained where the funding is not part of an already agreed Council project.
 - Where applicable officers should arrange for post project evaluations to be carried out promptly to assess the meeting of the original objectives set out in the letter of offer or Council approval and report as appropriate.

22. GRANT FUNDING FROM EXTERNAL BODIES

- 22.1 It is the responsibility of officers and the relevant Head of Department considering and making applications for external funding to ensure that:

- (a) Key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- (b) Funds are acquired only to meet priorities and objectives approved in the Corporate Plan or which have separately been approved by Council
- (c) The application for funding meets the requirements prescribed in Section 7 of this document.
- (d) Insurance and Value Added Tax (VAT) implications are considered in advance of any application and/or the signing of a letter of offer through liaison and discussions with the Estate Team the Finance Team.
- (e) A business case is completed prior to the application being made which must address issues of affordability.
- (f) Any matched funding requirements are given due consideration (this includes the presentation of proposals to EMT and securing approval from the Governance, Strategy & Resources Committee where additional funding over and above that contained within existing budgets is required) prior to entering into long term agreements and that future revenue budgets reflect these requirements.
- (g) Once approval has been secured from EMT that details of the proposals and relevant projects is forwarded to the Head of Finance ICT & Procurement for information.

23. PETTY CASH & PROCUREMENT CARDS

- 23.1 Strict control must be exercised by officers regarding the use of petty cash and procurement cards. These should not be used if the Council has a contract in place regarding the purchase of the relevant good or service. Petty cash and/or procurement cards must not be used as an alternative to the normal procurement of goods and services within Council.
- 23.2 It is the responsibility of officers to familiarise themselves with live contracts within the Council before utilising petty cash or procurement cards to purchase goods or services.
- 23.3 Petty cash forms should be completed in full, including account codes and a VAT breakdown if applicable, authorised at the appropriate level and include an explanation regarding why the use of petty cash was necessary.
- 23.4 There should be no more 4 petty cash claims each year (i.e. 1 claim per financial quarter) unless prior written approval has been provided by the Finance Team. Requests for additional replenishment of petty cash floats above this level must be submitted by the relevant Head of Department together with an explanation regarding why it is necessary and confirming how long the extension is required for.
- 23.5 There should be at least one recoupmnt per annum and this must be submitted before the financial year-end close down in accordance with the timeline prescribed by the Finance Team.

- 23.6 Receipts for purchases must be obtained and Officers and their respective Heads of Departments are responsible for adhering to this requirement as well as being responsible for the retention and provision of receipts for items purchased from petty cash. Heads of Departments should investigate any discrepancies and take appropriate action where applicable.
- 23.7 The Head of Finance ICT & Procurement shall, after consultation with the Strategic Director or Head of Department, permit the use of petty cash accounts in any department of the Council if satisfied that it would be in the interest of efficient administration.
- 23.8 The Head of Finance ICT & Procurement reserves the right to withdraw the availability of petty cash at any time subject to discussion with the relevant Strategic Director and/or Head of Department.
- 23.9 In exceptional circumstances Strategic Directors and Heads of Departments can request from the Finance Team authorisation to advance sums not exceeding £500 at any one time to meet petty cash outlays. When requesting a petty cash sum, the officer must submit an account and vouchers in respect of any previous petty cash issued.
- 23.10 Petty cash holders must maintain a complete record of all transactions. In no circumstances may cash received from external sources be used as petty cash,
- 23.11 Petty cash and procurement cards must not be used to pay the following:
- (a) sums which fall due for payment periodically, (e.g. rents);
 - (b) travelling expenses or staff costs for Officers or of Members of the Council;
 - (c) payment of salaries and wages;
- 23.11 Each Director may also authorise the use of procurement cards within their directorate and will be responsible for the use of these. Directors should ensure staff adhere to the guidelines within the Procurement Card procedures document issued by the Finance Team – strict compliance regarding the use, authorisation and security of the card is essential as is the timely return of records of expenditure.

24 TREASURY MANAGEMENT

- 24.1 The Head of Finance ICT & Procurement is responsible for seeking approval for, and the subsequent compliance, of the Council's Treasury Management policy, and ensuring the policy meets all statutory requirements.
- 24.2 The Head of Finance ICT & Procurement shall be responsible for ensuring, that the Council's cash holding requirements are sufficiently balanced to meet demands in expenditure and at times of cash surplus are appropriately invested to gain the benefit of additional revenue.
- 24.3 The Head of Finance ICT & Procurement shall be responsible for arranging financing by way of raising loans, or other borrowing arrangements such as leasing, in accordance with the limits approved by the Council.

- 24.4 The Head of Finance ICT & Procurement shall be responsible for the operation and supervision of the Council's bank account including the ordering, custody and issue of all cheques.
- 24.5 Overdraft facilities may be arranged by the Head of Finance ICT & Procurement within the authorised limit approved by the Council's Bankers and the Prudential Indicators approved by the Governance Committee.
- 24.6 The Chief Executive, the Deputy Chief Executive, Strategic Directors and the Head of Finance ICT & Procurement shall be the only authorised signatories to any form of loan application other than documents issued under seal.

25 INSURANCES

- 25.1 The Head of Estates & Asset Management shall affect all insurance cover and shall maintain a register of such insurance.
- 25.2 Each Strategic Director and/or Head of Department shall give prompt notification to the Head of Estates & Asset Management of the extent and nature of all new risks to be insured and of any alterations affecting existing insurable risks.
- 25.3 The Head of Estates & Asset Management shall, prior to each renewal date, furnish Strategic Directors and/or Heads of Departments with a detailed statement of all insurances in force for checking and reviewing the adequacy of the insurance cover.
- 25.4 All claims on the Council's Insurers will be coordinated and controlled through the Council's Insurance Unit. Claims arising under any self-assurance arrangement will be approved by the appropriate officer, as designated by the EMT and/or the Scheme of Delegation.
- 25.5 Any occurrence which may give rise to an insurance claim must be promptly notified to the Insurance Unit.
- 25.6 Heads of Departments will be responsible for ensuring that the necessary Safe Systems of Work are in place, Risk Assessments are carried out and that regular checks are carried out regarding and records held to reflect these.
- 25.7 Heads of Department will be responsible for ensuring that officers adhere to the guidelines and protocol put in place by the Insurance Unit and for ensuring that returns are made promptly so that Council can defend claims.

26 PARTNERSHIPS

- 26.1 When working in partnership with others (e.g. public agencies, private companies, community groups and voluntary organisations), it is the responsibility of officers to:
- (a) ensure they are aware of their responsibilities under the authority's Financial Regulations and the Code of Practice on tenders and contracts and apply these principles;

- (b) ensure that risk management processes are in place to identify and assess all known risks;
 - (c) ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
 - (d) agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences; and
 - (e) communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- 26.2 Where any officer of the Council is aware or suspects that the procedures and practices operated by any organisation that the Council supports are inadequate they should report this to the relevant Head of Department or to the Internal Audit Manager.
- 26.3 The Council operates a financial assistance policy governing the making of grants to external organisations. No officer should make expenditure from their budget allocations where that expenditure could be considered a grant and governed by the financial assistance policy. Officers may support organisations to administer and deliver projects which demonstratively meet Council objectives and support Council projects.

27 PROCEDURES FOR OVERRIDING FINANCIAL REGULATIONS

- 27.1 In circumstances where the interests of the Council conflict with the financial regulations and it is in the interest of the Council to override these regulations the approval of the Chief Executive and/or the Head of Finance is required.

28 REGULATIONS TO REMAIN IN FORCE

- 28.1 The foregoing Financial Regulations shall remain in force until altered by resolution by the Council.