

Financial Regulations & Scheme of Delegation for Financial Management

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Part 1 – Financial Regulations

1. Introduction

1.1. Context

These Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs.

The Regulations are organised around seven themes, as follows:

- (i) [Financial planning](#) (see Section 3)
- (ii) [Financial management](#) (see Section 4)
- (iii) [Accounting records and financial systems](#) (see Section 5)
- (iv) [Risk management and internal control](#) (see Section 6)
- (v) [Control of resources](#) (see Section 7)
- (vi) [Income and expenditure](#) (see Section 8)
- (vii) [External arrangements](#) (see Section 9)

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice.

1.2. Financial responsibilities

An overview of the financial responsibilities of the Council, the Cabinet, various Committees, the Chief Executive, the Executive Director for Corporate Services, the Director for Corporate Law and Assurance and other Executive Directors is provided in **Section 2** of the Financial Regulations. Specific responsibilities are explained, in context, throughout the Financial Regulations.

The Executive Director for Corporate Services is the Council's Responsible Finance Officer under Section 151 of the Local Government Act 1972, and is responsible for maintaining a continuous review of the Financial Regulations and for updating them, as necessary, for Council to approve. The Executive Director for Corporate Services is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Cabinet and/or to the Council.

Any consultation required under these Regulations must be managed to ensure that sufficient time is available for proper consideration of the issues raised.

1.3. Advice and guidance to underpin Financial Regulations

The Executive Director for Corporate Services will, from time to time, issue advice, guidance and accounting instruction notes to underpin the Financial Regulations, ensure compliance with specific statutory provisions and reinforce best professional practice. Members, officers and others acting on behalf of the Council are required to comply with such advice and guidance.

1.4. Compliance

All financial and accounting procedures must be carried out in accordance with the Financial Regulations and with any accounting instruction notes and other corporate guidance issued by, or on behalf of, the Executive Director for Corporate Services.

Executive Directors will ensure that their staff are aware of the existence, and content, of the Council's Financial Regulations, accounting instruction notes and other corporate guidance, and ensure compliance with them.

Non-compliance with these Financial Regulations, and with any accounting instruction notes and other corporate guidance issued by the Executive Director for Corporate Services, constitutes a disciplinary matter that will be pursued, as appropriate, in accordance with the [Human Resources Policy Framework](#).

1.5. Scope of the Regulations

The Financial Regulations, including advice, guidance and accounting instruction notes issued to underpin the Financial Regulations, apply to all services of the Council.

Whilst Schools have their own specific Financial Regulations, they will not override or contradict these overarching Regulations. Some specific references are made to schools' operations within these Regulations where particular responsibilities are placed upon Council officers that are not employed within schools, and upon Members of the Council.

1.6. Scheme of Delegation for Financial Management

The Scheme of Delegation for Financial Management, as set out within Part Two of this document, defines how the financial responsibilities set out within the Financial Regulations are reserved or delegated to officers.

2. Financial roles and responsibilities

2.1. Introduction

The roles and responsibilities of Members and Officers are set out within the Council's [Constitution](#). The purpose of the Financial Regulations is to provide an overview of the respective financial roles and responsibilities of Members and Officers within the Council. Specific financial responsibilities are set out in more detail throughout the subsequent sections of the Regulations.

2.2. Council

The Council is responsible for:

- (i) Adopting and changing the [Constitution](#) (*including the Financial Regulations*), which sets out how the Council works, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability to local people.
- (ii) Approving and adopting the policy framework which incorporates the Council's [Corporate Plan](#) and various other plans and strategies, and is developed in line with the Council's Budget and [Code of Corporate Governance](#).
- (iii) Approving the annual budget, which includes:
 - The allocation of financial resources to different services and to capital projects, and the setting of trading activities' financial targets.
 - The level of contingency funds, reserves and balances to be held.
 - The Council Tax base and setting the Council Tax.
 - The Non-Domestic Rates tax base and setting the precept for Business Rates.
 - Decisions relating to the control of the Council's borrowing requirement, including setting of Prudential Indicators which define the parameters for borrowing activity, and the approval of the Council's Minimum Revenue Provision (MRP) policy for the repayment of debt.
 - The annual Treasury Management Strategy.
 - The annual income and charging policy.
 - The annual pay policy statement.
- (iv) Making arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs.
- (v) Making arrangements for approving the statutory annual statement of accounts by dates specified by relevant regulations.

2.3. Cabinet

The Cabinet, under the direction and authority of the Leader, is responsible for:

- (i) The preparation of the Council's policies and budget.
- (ii) Taking decisions on resources and priorities to deliver and implement the Council's policies and budget.
- (iii) Determining overall Council priorities within the Budget and the Policy Framework set by full Council, to keep under review those priorities and to approve specific plans and strategies.

2.4. Overview and Scrutiny Committees

The Overview and Scrutiny committees exercise the function of call-in of decisions made by Cabinet Members which fall within their remit in order to consider whether:

- (i) To refer the decision back to the person who made it; or
- (ii) To refer the matter to the full Council to decide whether to refer the decision back to the person who made it; or
- (iii) To accept that the decision is implemented.

In this context, the Corporate Scrutiny Committee is responsible for scrutinising the financial arrangements and performance of the Council, including considering the budget and accounting processes. It also contributes to the Council's objectives in relation to the overall strategic direction, policies and priorities of the Cabinet and of the Council, including the overall corporate revenue and capital budget strategy, financial resources, precepts and levies.

2.5. Audit Committee

The Audit Committee is responsible for:

- (i) Approving the Council's Annual Statement of Accounts, having due regard to any matters raised by the external auditor.
- (ii) Receiving and considering the Council's Annual Governance Statement, ensuring that it reflects the Council's governance arrangements.
- (iii) Consideration of the External Auditor's Annual Audit Letter and to provide advice and comments on the Letter to the Cabinet and Council, as appropriate.
- (iv) Ensuring that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted.

- (v) Receiving any reports from the External Auditor about the effectiveness of the Council's financial and operational arrangements and monitoring Management's response to the issues raised by External Audit.
- (vi) All matters related to the appointment of the Council's external auditor.
- (vii) Approving the annual Internal Audit plan, and receiving reports from the Council's Internal Auditor on the outcome of audit reviews and investigations and the implementation of recommendations, including the annual report of the Head of Internal Audit.
- (viii) Monitoring the effectiveness of the Council's Financial Regulations, [Procurement Policies and Procedures](#) and strategies for [anti-fraud and corruption](#), [declarations of interest](#), [gifts and hospitality](#), [whistle blowing](#) and [anti-money laundering](#).
- (ix) Considering the Council's arrangements for corporate governance and [risk management policy and strategy](#) and, subject to the role and responsibilities of the Standards Committee, to advise on any action necessary to ensure compliance with best practice.

2.6. Statutory Officers

2.6.1. Head of Paid Service

The **Chief Executive** is the Head of Paid Service and is responsible for the corporate and strategic management of the Council as a whole.

The Chief Executive must report to, and provide information, for the Cabinet, the Council and other Committees, and is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

The Chief Executive is also responsible, together with the [Monitoring Officer](#), for the system of record keeping in relation to all the Council's decisions (see paragraph 2.6.3 below).

The **Deputy Chief Executive and Executive Director for Economic Growth and Infrastructure Commissioning** fulfils the role of Head of Paid Service in the absence of the Chief Executive.

2.6.2. Responsible Finance Officer

Section 151 of the Local Government Act 1972 specifies that every authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. The Council's **Executive Director for Corporate Services** is the designated officer for this purpose. The

Director for Financial Services fulfils the role of Responsible Finance Officer in the absence of the Executive Director for Corporate Services.

The Executive Director for Corporate Services has statutory duties in relation to the financial administration and stewardship of the Council that cannot be overridden. These statutory duties arise from:

- (i) Section 151 of the Local Government Act 1972 which makes the Executive Director for Corporate Services responsible for the proper administration of the Council's financial affairs.
- (ii) Section 114 of the Local Government Finance Act 1988 which places a duty on the Executive Director for Corporate Services to report to all Members of the Council if it is considered that the Council, Cabinet or an employee has made (or is about to make) a decision involving expenditure or loss which is unlawful.
- (iii) Local Government and Housing Act 1989 which requires the Executive Director for Corporate Services to consult with the [Monitoring Officer](#) and the [Head of Paid Service](#) (Chief Executive) before making a Section 114 report to Council.
- (iv) Local Government Act which requires the Executive Director for Corporate Services to make a report to the Council, when it is considering its budget and council tax, that addresses the robustness of the estimates and adequacy of reserves.
- (v) Accounts and Audit Regulations 2011, which require the Executive Director for Corporate Services to ensure that the accounting control systems are observed, that the accounting records are maintained in accordance with proper practices and that they are kept up to date.

In order to fulfil these statutory duties and legislative requirements the Executive Director for Corporate Services will:

- (vi) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them.
- (vii) Determine the accounting records to be kept by the Council.
- (viii) Ensure there is an appropriate framework of budgetary management and control.
- (ix) Monitor performance against the Council's budget and advise upon the corporate financial position.
- (x) Ensure proper professional practices are adhered to and to act as Head of Profession in relation to the standards, performances and development of finance staff throughout the Council; all finance staff will have a direct reporting line to the Executive Director for Corporate Services.
- (xi) Prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the statutory timetable and arrangements specified within the Accounts and Audit Regulations 2011.

- (xii) Make proper arrangements for the audit of the Council's accounts.
- (xiii) Ensure that claims for funds, including grants, are made by the due date and in compliance with the grant terms and conditions.
- (xiv) Make proper arrangements for the overall management of the Council's [Internal Audit](#) function.
- (xv) Manage the [treasury management](#) activities in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Prudential Indicators.
- (xvi) Manage the Pension Fund within the scope of the Local Government Pension Scheme Regulations.

2.6.3. Monitoring Officer

The functions and responsibilities of the Monitoring Officer are carried out by the **Director for Corporate Law and Assurance** and include:

- (i) Maintaining an up-to-date version of the [Constitution](#) and making this widely available.
- (ii) Promoting and maintaining high standards of conduct through the provision of support to the Standards Committee and maintenance of [Officers'](#) and [Members'](#) Codes of Conduct.
- (iii) Reporting, after consultation with the [Head of Paid Service](#) and the [Responsible Finance Officer](#), any actual or potential breaches of the law or mal-administration to the Council and/or to the Cabinet.
- (iv) Ensuring that Cabinet decisions, together with the reasons for those decisions, the relevant officer reports and background papers are made publicly available as soon as possible.
- (v) Advising whether the decisions of Cabinet are in accordance with the budget and policy framework.
- (vi) Provision of advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.

The Corporate Lawyers fulfil the role of the Monitoring Officer in the absence of the Director for Corporate Law and Assurance.

2.7. Executive Directors

Executive Directors have delegated to them responsibility for the management of the finances of their services.

This responsibility must be exercised within the corporate financial management framework determined by the [Executive Director for Corporate Services](#), and includes:

- (i) Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- (ii) Promoting appropriate financial management standards within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the [Executive Director for Corporate Services](#), and ensuring that relevant training is provided to those staff with financial management responsibilities.
- (iii) Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- (iv) Advising Cabinet Members and the [Executive Director for Corporate Services](#) of the financial implications of all proposals.
- (v) Seeking approval, in conjunction with the [Executive Director for Corporate Services](#), on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- (vi) Signing contracts on behalf of the Council (*in accordance with the Council's [Procurement Policies and Procedures](#) and after consultation with the relevant Service Cabinet Member*).
- (vii) Consulting with, and obtaining the approval of, the [Executive Director for Corporate Services](#) before making any changes to accounting records or procedures.
- (viii) Complying with the following principles when allocating accounting duties:
 - Separating the duties of providing information about sums due to or from the Council and calculating, checking (*including reconciling the accounts*) and recording these sums from the duty of collecting or disbursing them.
 - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- (ix) Ensuring that claims for funds (*including grants and 'match funding'*) are made, in accordance with accounting instructions issued by the Executive Director for Corporate Services and the conditions defined by the grant awarding body, by the due date and that appropriate records are maintained.
- (x) Contributing to the development of performance plans in line with statutory requirements.
- (xi) Contributing to the development of corporate and service targets and objectives and performance information.

2.8. Internal Audit

Internal Audit will review, appraise and report upon:

- (i) The extent of compliance with, and effectiveness of, relevant policies, plans and procedures.
- (ii) The adequacy and application of financial and other related management controls.
- (iii) The suitability of financial and other related management data.
- (iv) The extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind from:
 - Fraud and other offences.
 - Waste, extravagance and inefficient administration.
 - Inefficient value for money or other causes.
- (v) Executive Directors' self-assessments of the status of the governance framework, including systems of internal controls in place, for each of their service areas.

Further details on the internal audit function are set out in paragraph **6.6.2**.

3. Financial Planning

3.1. Policy framework

The Council is responsible for agreeing the Council's policy framework and budget. In terms of financial planning, the key elements of the Budget are the:

- (i) Revenue Budget
- (ii) Capital programme
- (iii) Trading activities' financial plans
- (iv) Treasury management, prudential and Minimum Revenue Provision Policy
- (v) Medium term resources strategy
- (vi) Income and charging policy
- (vii) Pay policy

3.2. Corporate Plan

The Corporate Plan sets out the corporate approach to delivering services for the people of Essex and helps ensure greater strategic control on prioritisation, resource allocation and performance monitoring, improvement and efficiency. It provides the framework for resource allocation in terms of the revenue and capital budgets.

3.3. Revenue budget

3.3.1. Revenue income and expenditure

Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council; including salaries, heating and lighting, travelling and office expenses, income raised by charging service users and government grants.

3.3.2. Revenue budget

Budgets (spending plans) ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.

The revenue budget must be constructed so as to ensure that resources are allocated in a way that reflects the service plans and priorities of the Council. The Executive Director for Corporate Services is responsible for developing and maintaining a resource allocation process that ensures this is achieved.

3.3.3. Budget preparation

The Cabinet Member for Finance and the Leader, in conjunction with the Executive Director for Corporate Services, will manage the preparation of the budget on an annual basis for consideration by the Council. The annual budget will include allocations to different services and projects, proposed taxation levels and contingencies.

The Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, will issue detailed guidance and a timetable for production of the budget. Executive Directors will prepare, in consultation with the Executive Director for Corporate Services and the Cabinet Member for Finance, and in accordance with the laid-down guidance and timetable, detailed draft revenue budgets for consideration by the appropriate Cabinet Member.

Detailed budgets, as proposed by Executive Directors, will be subject to challenge and review through a process determined by the Executive Director for Corporate Services. Any proposed changes to service levels as a result of budget plans will be subject to an **Equalities Impact Assessment** as part of the consideration process before approval and implementation. The Council will engage partners in the budget preparation process where possible and appropriate.

The Executive Director for Corporate Services has a statutory duty to report upon the budget proposals presented to Council (see paragraph **2.6.2**). Executive Directors must provide the Executive Director for Corporate Services with any information required to enable the robustness of the budget proposals to be assessed.

The budget and the implied level of taxation will be presented for approval by full Council, following recommendation by the Cabinet. Council Tax and Non-domestic rates must be set by **1st March** in the year prior to the year of taxation.

3.3.4. Format of the budget

The general format of the budget is proposed by Cabinet Members, on the advice of the Executive Director for Corporate Services, and is approved by Council.

The budget format will comply with all legal requirements and reflect the accountabilities of Cabinet Members for service delivery.

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate and sets the level at which funds may be reallocated within budgets (*see paragraph **4.3.3** for further details*).

3.3.5. Maintenance of reserves and balances

Reserves are maintained as a matter of prudence. A general reserve (*i.e. the General Balance*) is maintained as a contingency fund and earmarked reserves are held for specific policy purposes.

For each reserve established, the purpose, usage (*including the timeframe for usage*) and basis of transactions will be clearly articulated. Authorisation to finance expenditure from reserves will require the approval of the Cabinet Member for Finance, upon the advice of the Executive Director for Corporate Services, unless alternative arrangements were agreed when the reserve was established. In the case of balances held by schools, the appropriate Board of Governors will give authorisation.

The Executive Director for Corporate Services will advise upon prudent levels of reserves and balances for the Council, taking into account the degree of risk in the budget for the Council over the medium and longer term.

Under section 114 of the Local Government Finance Act 1988 the Executive Director for Corporate Services must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

3.4. Capital financial planning

3.4.1. Capital expenditure

Expenditure is classified as capital expenditure when:

- It results in the acquisition, construction or the addition of subsequent costs to non-current (*i.e. fixed*) assets that will be held by the Council for use in the production or delivery of services, for rental to others or for administrative purposes and are expected to be used during more than one financial year.
- It is defined by Regulation as capital (*i.e. this will include expenditure that would ordinarily be capitalised except for the fact that the Council has no future direct control or benefit from the resulting assets*).
- It is classified by Government Direction as capital (*i.e. a Government Direction is explicit permission to capitalise expenditure that would not otherwise constitute capital expenditure*).

However, the Council operates a number de-minimis limits which mean that items meeting the capitalisation criteria outlined above may nevertheless be charged to revenue rather than capital, on the grounds of materiality. The limits are specified within the Council’s annual Statement of Accounting Policies and are currently as follows:

De-minimis limits	£
General limit (<i>to be applied where no specific limit is applicable</i>)	10,000
Specific limits	
▪ Schools’ capital projects funded or supported by Formula Capital Grant	2,000
▪ Highways infrastructure	Nil
▪ Land	Nil

Where expenditure meets the capitalisation criteria set out above, and is excess of the Council’s de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (*and vice versa*). Similarly, where specific financing (*e.g. government grant*) is provided to facilitate a project, this will not determine the accounting treatment of the expenditure. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source (*see paragraph 5.1*).

3.4.2. Capital programme

The Cabinet, in conjunction with the Executive Director for Corporate Services, will manage the preparation of a capital programme on an annual basis in accordance with the Council’s capital projects’ governance arrangements and capitalisation criteria.

Proposals for new buildings, extensions, improvements and alterations to buildings or the sale of buildings and land will be assessed by the **Director for Property, Facilities Management and Business Support** to determine whether they fit with the Council’s property strategy.

Any proposal for investment in information technology will be assessed by the **Director for Information Services (CIO)** to ensure that it accords with the Council’s IS strategy.

Each scheme that is added to the Capital Programme is allocated an overall ‘**scheme approval**’ which sets the overall budget for the scheme, and an ‘**annual payments guideline**’ which sets the parameters for expenditure in each of the financial year’s over which the scheme is expected to span. Executive Directors will only proceed with capital projects when there is adequate scheme and payments approval in the capital programme to finance these projects.

3.4.3. Financing of capital expenditure

The Cabinet Member for Finance, in conjunction with the Executive Director for Corporate Services, will determine the financing of the capital programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.

3.5. Leasing and rental arrangements

Leases of land or buildings and other property agreements will only be authorised for completion by the Director for Essex Legal Services, on the Council’s behalf, by the Director for Property, Facilities Management and Business Support. The relevant Finance support will be consulted as part of this process.

Other leasing arrangements (including rental agreements and hire purchase arrangements) will only be entered into with prior approval, as follows:

Type of lease	Approval required
<ul style="list-style-type: none"> ▪ Vehicles, plant and equipment 	Executive Director for Corporate Services
<ul style="list-style-type: none"> ▪ Cars secured through the Car Provision Scheme 	Executive Directors

Prior approval to enter into leases is required to ensure that:

- Leases that constitute credit arrangements are taken into account when the Council determines its borrowing limits;
- Such arrangements represent best value for money and are accounted for appropriately.

3.6. Internal Trading Activities

3.6.1. Definition and framework

The main types of trading activity permitted by the Council include those where:

- Services are provided in a competitive environment where users are given the freedom to buy from elsewhere if they wish;
- Budget holders are free to decide the quantity and type of work to be done on the basis of the prices quoted to them, but not to buy externally.

Cabinet will approve the establishment of all trading activities, in consultation with the Executive Director for Corporate Services.

Trading activities will maintain a separate Income and Expenditure account to which all relevant income is credited, and all related revenue expenditure (*including asset charges and support service and overhead costs*) is charged. Trading activities are required to balance their budget by generating income from the provision of their services.

Trading activities must adhere to Financial Regulations, although are controlled to an overall financial target, rather than against individual expenditure and income headings.

Trading activities must operate within the Council's overall arrangements and rules for personnel and resource management. Cabinet may approve special arrangements in exceptional circumstances, where it can be demonstrated that adherence to these rules and arrangements would lead to the unit becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

3.6.2. Financial targets

Each trading activity must prepare an annual financial plan for approval by the Council as part of the annual budget setting (*see paragraph 3.1, on page 15*), and which defines the expected levels of income and expenditure for the year.

Trading activities must, as a minimum, aim to break-even (*i.e. only incur expenditure that can be financed from the income the activity expects to generate during the year*). It is only permissible to plan for a deficit in exceptional circumstances, and then only if the deficit can be met from the trading activity's own accumulated revenue reserves or, in exceptional circumstances, from an approved contribution from the General Fund.

3.6.3. Trading reserves

Trading activities are permitted to retain the surpluses they generate, provided they can demonstrate that these are necessary for the future business needs of their operations. The Executive Director for Corporate Services will advise Cabinet, after consultation with the relevant Executive Director(s), if the level of cash balances held by a trading activity are in excess of those deemed necessary to meet the business needs of the operation. The Cabinet Member for Finance will then determine whether the excess balances are transferred to the General Fund Balance.

The approval of the Cabinet Member for Finance is required where it is proposed to transfer part of a trading activity's reserves to finance expenditure by a Service, or to make a contribution from a Service to a trading activity.

3.7. Treasury management, prudential and MRP policy

The Executive Director for Corporate Services will propose an annual Treasury Management Strategy, prudential indicators and a policy for the revenue provision for the repayment of debt (*referred to as the 'Minimum Revenue Provision'*) to the Council in advance of the start of the relevant financial year that is consistent with the Council's revenue budget and capital programme proposals.

This Strategy will comply with the CIPFA's Codes of Practice on Treasury Management and the Prudential Framework for Capital Finance, relevant Regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices; it will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

3.8. Medium term resources strategy (MTRS)

The MTRS brings together the key assumptions about financing resources (including council tax, non-domestic rates and revenue support grant) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and thus inform the setting of service financial targets for the annual revenue budget and capital payments guidelines. The setting of financial targets within the available resource envelope is completed with reference to the priorities set within the Corporate Plan.

The [Executive Director for Corporate Resources](#) will ensure that reports are presented to Council, as part of the annual budget setting, upon the medium term budget prospects and the resource constraints set by the Government.

3.9. Income and charging policy

Executive Directors will establish a charging policy for the supply of goods or services and, in consultation with the Executive Director for Corporate Services, review it annually, as part of the corporate planning process. An annual statement on fees and charges will be taken to Cabinet, and then Council, in alignment with the budget setting timetable.

Further detail on income is provided in Section 8.1, which commences on page 52.

3.10. Pay Policy Statement

The pay policy statement will be prepared as required by law. At present it is required to set out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It is also required to address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency. This policy is produced annually or as required by law and is approved by Council, in alignment with the budget setting timetable.

4. Financial Management

4.1. Introduction

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, trading activities' financial plans, capital programme and treasury management.

4.2. Financial management standards

All staff and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

4.3. Revenue budget monitoring and control

4.3.1. Budget management

The Council operates within an annual cash limit, approved when the annual budget is set. To ensure that the Council does not over spend in total, each service is required to manage its own expenditure and income recovery within the cash limited budget allocated to it. Budget management also ensures that once the Council has approved the budget, the resources are used for their intended purposes and are properly accounted for.

4.3.2. Framework for budgetary control

Once the budget is approved by the Council, Executive Directors are authorised to incur expenditure in accordance with the estimates that make up the budget. Executive Directors must however maintain effective budgetary control within their service(s) to ensure that spending is contained within the annual cash limit.

Executive Directors will not commit expenditure that would result in an approved budget being exceeded. Prior approval must be sought to increase the budget either by virement (*see paragraph 4.3.3*) or by a supplementary estimate (*see paragraph 4.3.4*) before additional commitments are made.

Executive Directors may exceptionally incur additional expenditure in an emergency (*see paragraph 8.6 for the approval required to make an emergency payment*). In such situations, retrospective approval must be sought, as soon after the event as possible, to offset the additional expenditure by virement or supplementary estimate.

Executive Directors will:

(i) Ensure that all income and expenditure is properly recorded and accounted for

Executive Directors will ensure that all officers responsible for committing expenditure comply with all relevant guidance, and follow approved certification processes.

(ii) Ensure that an appropriate budget holder structure is in place to ensure that responsibility is assigned for each item of income and expenditure under their control

Budget holders will be accountable for the effective management of the budgets allocated to them to either oversee or directly manage, even where they put delegations in place that enable officers to commit expenditure on their behalf.

(iii) Ensure that individual policy budgets are not over spent

Budgets must be monitored and appropriate corrective action taken where significant variations from the approved budget are forecast (*see paragraphs 4.3.3 and 4.3.4*).

(iv) Exercise discretion in managing the Service's budgets

Discretion will be exercised by, for example, avoiding supporting recurring expenditure from one-off sources, or creating commitments for which future resources have not been identified. Services must plan to fund such commitments from within their own budgets.

(v) Ensure that a monitoring process is in place

A monitoring process is required to review performance and / or service levels in conjunction with the budget and to ensure they are operating effectively.

(vi) Regularly report to the relevant Cabinet member(s)

Such reports will be prepared, in consultation with the Executive Director for Corporate Services, upon the service's projected 'controllable net expenditure' compared with its budget. Cabinet Members must be fully briefed, as part of this process, on any budget pressures and any proposal to address these pressures by virement (*see bullet point (viii) below*).

(vii) Ensure prior approval by the Council or Cabinet (as appropriate) for new proposals

Prior approval of the Council or Cabinet may be required for proposals that create financial commitments in future years or which materially extend or reduce the Council's services, or which initiate new ones.

(viii) Ensure compliance with the Scheme of Virement

The scheme of virement is explained within paragraph 4.3.3.

(ix) Agree with the relevant Executive Director(s) where it appears that a budget proposal, including a virement proposal, may impact on their service area

(x) Ensure that relevant training is delivered to all staff assigned responsibility for budget management

Officers will undertake approved finance training prior to commencement as an operational budget holder and/or as an authorised signatory, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities; refresher training will be undertaken at 24 monthly intervals thereafter.

The Executive Director for Corporate Services will ensure that each budget holder receives or has access to timely information on income and expenditure for each budget, which is sufficiently detailed to enable them and their managers to fulfil their budgetary responsibilities.

The Executive Director for Corporate Services will monitor performance against the Council's budget on an on-going basis, and will advise upon the Council's overall financial position. Specifically, the Executive Director for Corporate Services will prepare financial overview reports for the Cabinet Member for Finance to present to Cabinet on a **quarterly** basis. These financial overview reports will:

- Provide a comparison of the Council's projected income and expenditure and the latest approved budget;
- Include an assessment of the Council's reserves and balances and overall financial position; and
- Seek approval to changes to the approved budget (*including virements between policy budgets, supplementary estimate requests and changes to the scheme and payment approvals for capital projects*).

4.3.3. Scheme of virement

As detailed in paragraph 4.3.2, Executive Directors must ensure that spending remains within the service's overall cash limit, and that spending does not exceed individual policy budget headings. It is however permissible, in certain circumstances, to switch resources between approved budget headings, subject to obtaining the necessary approval. The switching of resources between approved policy budget headings is referred to as a virement.

The virement rules are as follows:

- (i)** No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place.
- (ii)** No virement relating to a specific financial year should be made at the end of the financial year after the date specified within the Executive Director for Corporate Services' timetable for closure of the accounts.

- (iii) Virements are not permitted in relation to asset charges or other budget headings that are deemed to be outside the control of the relevant budget holder, or where a proposal would adversely affect long-term revenue commitments.
- (iv) A virement that is likely to impact on the level of service activity of another budget holder can be implemented only with the agreement of the relevant budget holder(s).
- (v) Amounts that require Member approval must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years.
- (vi) Where a Cabinet Member's approval is required to a virement, this approval will normally be sought via a 'Cabinet Member Action' (*i.e. unless Cabinet approval is required*).
- (vii) When a Cabinet Member is making a decision on an operational matter, any necessary virements must be included as part of that decision.
- (viii) Virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount of virement	Head of Service / Operational budget holder	Director	Executive Director	Executive Director for Corporate Services	Service Cabinet member	Cabinet Member for Finance	Cabinet
Up to £1m (<i>subject to consultation with the Service Cabinet Members</i>)	✓	✓	✓				
In excess of £1m, but less than £5m	✓	✓	✓	✓	✓	✓	
£5m and above	✓	✓	✓	✓	✓	✓	✓

Exceptions to the virement rules are as follows:

- (ix) The virement rules do not apply to the movement of budget between the individual budget headings of an individual trading activity. The approval of the Cabinet Member for Finance is however required to transfer resources between trading activities and the General Fund - see paragraph **3.6.3**.
- (x) Member approval is not required when the virement reflects the implementation of decisions already taken by Members, except where budget is required that was not made explicit when the decision was taken.

- (xi) Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant Head(s) of Finance.
- (xii) Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Head of Finance and/or the Chief Accountant.

4.3.4. Supplementary estimates

In the event that it is not possible to move resources between budget headings to meet a liability, a request may be made to Cabinet (*via the quarterly Financial Overview Reports*), following consultation with the Cabinet Member for Finance and the Executive Director for Corporate Services, for a supplementary estimate (i.e. additional funds).

Supplementary funding can only be requested for one-off purposes although it may be possible to request funding for a project that spans over more than one financial year. Where additional funding is required on an on-going basis, the full year effect must be addressed through the revenue budget setting process.

A request for a supplementary estimate must specify:

- (i) the amount and profile of the proposed expenditure;
- (ii) the source(s) of funding (*which will be advised by the Executive Director for Corporate Services*); and
- (iii) why the supplementary funding is required and whether there are any on-going cost implications.

4.3.5. Treatment of year end balances

(i) Carry forward scheme

In certain circumstances, it is permissible to transfer resources between accounting years (i.e. carry unspent budget forward for use in the following year or fund an over spend in the current year from next year's budget allocation).

The Executive Director for Corporate Services is responsible for agreeing with the Cabinet Member for Finance the procedures for carrying forward under or over spends. The Executive Director for Corporate Services administers the agreed scheme in accordance with the guidelines set by the Cabinet.

Approval to carry forward under spends will not be given prior to consideration by Cabinet of the final outturn position and overall financial position of the Council upon closure of the accounts, as the Council's ability to support the carry forward requests will need to be assessed.

Where supplementary funding (*see paragraph 4.3.4*) has been provided during the year, for the purpose of funding controllable expenditure, the value of the supplementary estimate may be deducted from any amounts a Portfolio may be permitted to carry forward into the following financial year. The Cabinet has discretion to waive this restriction in exceptional circumstances.

Over spends will be carried forward and deducted from the Portfolio's budget in the following year, unless the Cabinet agrees otherwise.

Where a portfolio identifies the need to incur expenditure in the current financial year for which budget provision has been made in the following year's budget, a supplementary estimate can be requested when this is done in a planned way, and in advance of the expenditure being incurred. In this instance the following year's budget will be correspondingly reduced and the current year's increased expenditure will not be categorised as an over spend.

(ii) Trading activities

Internal trading activities' surpluses are carried forward, subject to the considerations outlined in paragraph 3.6.3. Any deficits will be financed by a withdrawal from the relevant Trading Activity's accumulated reserves, or from an approved contribution from the General Fund Balance (*see paragraph 3.6.2*).

(iii) Partnership schemes

The funding of some partnership schemes is ring-fenced (*including the contribution made by the Council*) and is not therefore available for alternative use by the Council. The unspent balances on approved partnership schemes will be carried into an earmarked Partnerships Reserve, which can be drawn upon to finance expenditure by the partnerships in a subsequent year.

(iv) Grant funded schemes

Where revenue grants and contributions are recognised as income in advance of the related expenditure being incurred, the unspent grant will be carried into an earmarked Grants Equalisation reserve, which can be applied, and matched with the related expenditure, in a subsequent year.

(v) Dividends received

Dividends received from subsidiaries of the Council will be credited as corporate income and use of such income will be determined by the Cabinet Member for Finance.

(vi) Individual Schools' budgets

Individual Schools' budgets are ring-fenced in accordance with statutory provisions.

Under spends against individual schools' budgets are appropriated into the Schools' reserve to support expenditure in a later year by the school(s) concerned.

School over spends are financed by a withdrawal from the Schools' reserves accumulated in previous years. Where an unplanned deficit occurs, the governing body must prepare a detailed financial recovery plan, which will be evaluated by the Executive Director for People Commissioning and the Executive Director for Corporate Services. If the deficit exceeds 5% of the school's budget, the plan will be referred to the Service Cabinet Member. Schools will be expected to agree a plan to recover the deficit within a defined period.

4.4. Capital payments monitoring and control

The principles and framework for managing the revenue budget (*as set out within paragraphs 4.3.1 and 4.3.2*) will apply equally with regard to the monitoring and management of individual capital projects (*i.e. named schemes and 'block' approvals*) within their scheme and payment approvals.

The scheme of virement, as set out in paragraph 4.3.3, does not apply to capital expenditure, as approval to capital expenditure is given on a scheme by scheme (*or 'block' approval*) basis, rather than by portfolio. However, in the event that an over spend arises against one scheme or 'block' approval, the relevant service will identify savings against another approved project (or 'block' approval) that will be applied to offset the over spend (*i.e. provided that such an approach is supported by the Executive Director for Corporate Services and the Cabinet Member for Finance, and is approved by Cabinet*).

Where it is anticipated that schemes will be progressed ahead of, or behind, schedule, such that expenditure is expected to vary from the approved payment guideline for the year, Cabinet approval must be sought to re-profile the payment guidelines from one year to the next; this is necessary to enable impact upon capital financing resources to be assessed.

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process referred to in paragraph 3.4.2 (see page 18). Schemes may be added to, or removed from, the capital programme outside of this process with the approval of the Cabinet or with the approval of the Cabinet Member for Finance if the capital cost is less than £1m, if the scheme is subject to financing from Section 106 contributions, if the scheme is financed by external funding or the scheme is urgent

Capital expenditure will be subject to scrutiny in accordance with the Council's capital projects' governance framework.

4.5. Trading activities

Trading activities must manage their income and expenditure to an overall financial target (*see paragraph 3.6.2*); in doing so, trading activities must operate within the Council's framework for budgetary control (*as outlined within paragraph 4.3.2*).

Cabinet approval is required to alter a trading activity's overall financial target (*via the quarterly Financial Overview Reports*). Where the proposed target reflects a worsening position that will result in a loss for the year, the request to amend the financial target must explain how the loss is to be financed and the plans for recovery from this position. Where a surplus is now forecast, above that previously reported, the request to amend the target must explain whether and why the additional surplus is to be retained by the trading account.

5. Accounting records and financial systems

5.1. Accounting records

Maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.

The Executive Director for Corporate Services is responsible for determining the accounting procedures and records for the Council, and for the compilation of all accounts and accounting records.

The Council's accounting records are maintained within its General Ledger. A standard coding convention is maintained within the General Ledger that enables actual and budgeted income and expenditure to be analysed by:

- Category (*i.e. revenue, capital, balance sheet*);
- Type (*e.g. employee costs, premises related expenditure, supplies and services etc.*); and
- Activity (*e.g. passenger transport, country parks etc.*).

This coding convention facilitates the analysis of income and expenditure in a variety of ways (*i.e. according to the political and management structures of the Council, as well as satisfying the Council's statutory reporting requirements*). The integrity of the Council's financial reporting for management and statutory purposes is therefore dependent upon transactions being coded correctly at source.

Executive Directors are responsible for ensuring that their services (*including those delivered through strategic partnerships*) comply with the coding conventions adopted within the General Ledger. This includes adherence to the standard subjective classifications for categories of income and expenditure. The requirement to adhere to this standard classification applies even where expenditure on projects have 'net nil' budgets (*i.e. expenditure is matched with income*).

In the event that application of this standard classification results in under or over spends, appropriate action must be taken to re-align the budgets (*see paragraphs 4.3.3 and 4.3.4*); the guiding principle being that budget provision should follow expenditure and/or income, and not vice versa.

5.2. Annual statement of accounts

The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year, and is responsible for approving and publishing those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations 2011.

The Executive Director for Corporate Services is responsible for selecting suitable accounting policies, and for applying them consistently, to ensure that the Council's annual statement of accounts is prepared in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and other relevant accounting standards and statutory provisions. In addition, the Executive Director for Corporate Services will ensure that the Statement of Accounts is compiled, approved and published in accordance with the statutory timetable specified within the Accounts and Audit Regulations 2011.

The Executive Director for Corporate Services will issue accounting instruction notes on closure of the accounts, including a timetable, annually. All budget holders must comply with these accounting instructions and supply the information requested by the dates specified.

The Executive Director for Corporate Services must sign and date the Statement of Accounts, thereby confirming that the accounts give a 'true and fair' view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.

The Executive Director for Corporate Services is responsible for making proper arrangements for the audit of the Council's accounts.

5.3. Financial Systems

The Executive Director for Corporate Services has responsibility for ensuring that the Council's financial systems (*including any financial elements of non-financial or integrated systems*) are sound, properly maintained and that they are held securely. The Executive Director for Corporate Services will therefore determine the accounting systems, form of accounts and supporting financial records.

Executive Directors must ensure that prior approval is obtained from the Executive Director for Corporate Services and Director for Information Services (CIO) to operate any financial system (including any elements of a non-financial or integrated system relied upon for financial reporting purposes) within or on behalf of their area of responsibility. Prior approval must also be obtained from the Executive Director for Corporate Services and Director for Information Services (CIO) to make changes to any such systems already being operated within a service area. The 'go live' sign-off criteria, as defined by the Director for Information Services (CIO), must be complied with in respect of implementation or amendment to any financial systems (*or non-financial or integrated system relied upon for financial reporting purposes*) operated within, or on behalf of, a Service area. A [S151 Officer Change Request Form](#) must be submitted to the Executive Director for Corporate Services for approval prior to making any changes to such systems.

Systems must be documented and backed up, and disaster recovery and business continuity plans must be maintained to allow information system processing to resume quickly in the event of an interruption. Executive Directors will ensure that an adequate audit trail exists through the computerised system and that audit reviews are being carried out, as necessary.

Where appropriate, computer systems will be registered in accordance with [data protection legislation](#).

Relevant policies and guidelines for computer systems and equipment that are issued by the Director for Information Services (CIO) will be observed.

6. Risk Management and Internal Control

6.1. Introduction

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

6.2. Risk management

Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

It is the overall responsibility of the Audit Committee to approve the Council's [Risk Management Policy and Strategy](#), to review the strategic risk register and to promote a culture of risk management awareness throughout the Council.

The Head of Organisational Risk is responsible for preparing the Council's [Risk Management Policy and Strategy](#), and for promoting it throughout the Council where appropriate. The Head of Organisational Risk will:

- (i) Ensure that procedures are in place to identify, assess and prevent or contain material risks, and also allow for the identification and management of positive opportunities.
- (ii) Regularly review the effectiveness of risk reduction strategies and controls.
- (iii) Engender a positive attitude towards the control of risk.
- (iv) Provide relevant information on risk management initiatives, and training on risk management.
- (v) Ensure that acceptable levels of risk are determined.

The Head of Organisational Risk is also responsible for:

- (vi) Developing risk management controls, including Business Continuity Planning, in conjunction with Executive Directors.
- (vii) Ensuring that the Council has effective business continuity plans for implementation in the event of disaster which results in significant loss or damage to its resources, and threatens its activities.

Executive Directors must have regard to the advice of the Head of Organisational Risk, and adhere to the Council's [Risk Management Policy and Strategy](#). Specifically, Executive Directors must:

- (viii) Take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their services participate.
- (ix) Ensure that risk management is implemented in line with the Council's Risk Management Strategy and the minimum standard for business planning process.
- (x) Appoint a Risk Coordinator and authorise him/her to progress effective risk management that adheres to corporate guidelines.
- (xi) Identify and manage risks and ensure that mitigating actions are regularly reported.
- (xii) Have regard to other specialist officers (*e.g. crime prevention, fire prevention, information governance, health and safety*).
- (xiii) Ensure there are appropriate arrangements within their service area to identify risk issues and take appropriate action to mitigate the effects of them and maximise opportunities. This includes ensuring that the relevant officers are trained to manage risk and where required provide a defence for the Council.
- (xiv) Make sure that consideration is given and appropriate arrangements are made to ensure service delivery by 3rd party providers and delivery vehicles.
- (xv) Ensure that service programme, project and partnership risk registers are compiled, and kept up to date.

6.3. Insurance

The Cabinet is responsible for ensuring that proper insurance arrangements exist. The Executive Director for Corporate Services is responsible for advising the Cabinet on proper insurance cover, and will:

- (i) Effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers, where necessary.
- (ii) Include all appropriate employees of the Council in suitable fidelity guarantee insurance.
- (iii) Offer insurance cover to schools in accordance with arrangements for financing schools.
- (iv) Ensure that provision is made for losses that might result from identified risks.
- (v) Ensure that procedures are in place to investigate claims within required timescales.
- (vi) Be aware of and manage effectively operational risk to the Council.

Executive Directors must comply with all relevant Insurance terms and conditions, to include:

- (vii) Notifying the Executive Director for Corporate Services immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Executive Director for Corporate Services or the Council's insurers.
- (viii) Notifying the Executive Director for Corporate Services promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- (ix) Consulting the Executive Director for Corporate Services and the Director for Corporate Law and Assurance on the terms of any indemnity that the Council is requested to give.
- (x) Ensuring that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

6.4. Internal Control and the governance framework

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its strategic objectives and statutory obligations. Internal controls are devised by management to help ensure 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.

It is the responsibility of the Executive Director for Corporate Services to assist the Council to put in place an appropriate control environment and effective internal controls that adhere with proper practices, and provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

The system of internal control is a significant part of the Council's governance framework. The Executive Director for Corporate Services will compile an Annual Governance Statement each year. The Governance Statement will be compiled with reference to proper practices in relation to governance (*principally the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'*).

The governance framework, control environment and internal controls include:

- (i) Identification and communication of the Council's vision of its purpose and intended outcomes for citizens and service users.
- (ii) Reviewing the Council's vision and its implications for the Council's governance arrangements.

- (iii) Measuring the quality of services for users, and ensuring they are delivered in accordance with the Council's objectives and that they represent the best use of resources.
- (iv) Project management.
- (v) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
- (vi) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.
- (vii) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedural notes/manuals, which clearly define how decisions are taken and the processes and controls required for managing risks.
- (viii) Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- (ix) Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
- (x) Whistle blowing and arrangements for receiving and investigating complaints from the public.
- (xi) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- (xii) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report Governing Partnerships: Bridging the Accountability Gap, and reflecting these in the Council's overall governance arrangements.
- (xiii) Policies, objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action.
- (xiv) Financial and operational control systems and procedures which comprise physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- (xv) An effective internal audit function that is appropriately resourced, and which operates in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

It is the responsibility of Executive Directors to:

- (xvi) 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.

- (xvii) Manage processes to check that controls are adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- (xviii) Communicate responsibilities, codes of conduct and the importance of good governance arrangements to their staff and ensure that they understand the consequences of lack of control and inadequate governance arrangements.
- (xix) Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Executive Director for Corporate Services. Executive Directors should also be responsible, after consultation with the Executive Director for Corporate Services, for removing controls that are unnecessary.
- (xx) Undertake interim and annual self-assessments (i.e. 'Service Assurance Statements') of the status of the governance framework, including systems of internal control for each of their service areas, as directed by the Executive Director for Corporate Services.
- (xxi) Support internal audit in any review being undertaken within their area, and respond to issues raised within audit reports within the agreed timescale.

6.5. Preventing fraud and corruption

6.5.1. Anti-fraud and anti-corruption policy

The Council has an effective [anti-fraud and corruption policy](#) and maintains a culture that will not tolerate fraud or corruption. It is the responsibility of the Executive Director for Corporate Services to maintain the Council's anti-fraud and anti-corruption policy.

Executive Directors must ensure that this policy is adhered to and that all appropriate action is taken. This will include reporting all suspected irregularities to the Head of Internal Audit (see paragraph 6.6.2).

6.5.2. Declaration of Interests

To avoid giving rise to suspicion about the honesty and integrity of the Council or its employees, or giving the impression of corruption or improper behaviour, all interests of a personal and/or financial nature with external bodies or persons who have dealings with the Council, or any other interests which could conflict with an officer's duties, must be declared in accordance with the [Officer Declaration of Interests policy](#).

6.5.3. Gifts and hospitality

Officers must be cautious regarding offers of gifts and hospitality as acceptance can easily give the impression of improper behaviour or favour. The Council's [Officer Gift and Hospitality Policy](#) explains how offers of gifts and hospitality are to be dealt with, including what can be accepted, what cannot be accepted and what must be declared. In accordance with the Gift and Hospitality Policy, Executive Directors must ensure that a Gifts and Hospitality register is established and maintained for the services for which they are responsible.

6.5.4. Whistle blowing

In accordance with the Council's [whistle blowing policy](#), all suspected irregularities must be reported to the Head of Internal Audit (see paragraph 6.6.2). The Head of Internal Audit will report significant matters to the Chief Executive, Cabinet and the Audit Committee.

In addition to the whistle blowing policy the Council's '[Speak up!](#)' Campaign provides further guidance on how employees can raise issues or concerns about inappropriate behaviour.

6.5.5. Standards of conduct

The full responsibilities with regard to standards of conduct for officers are set out in the [Officers' Code of Conduct](#) and the standards for members are set out in the [Members' Code of Conduct](#).

6.5.6. Money laundering

Money laundering is defined as:

- (i) Concealing, disguising, converting, transferring or removing criminal property from the Country.
- (ii) Being concerned in an arrangement which a person knows of, suspects or facilitates the acquisition, retention, use or control of criminal property.

In accordance with the Council's [Anti money laundering policy](#), all suspected attempts to use the Council to launder money must be reported to the Head of Internal Audit who is also the Council's Money Laundering Reporting Officer.

Executive Directors must ensure that their staff understand what money laundering is and of their obligations under the money laundering legislation, so that they can recognise situations that might lead to suspicions of money laundering arising.

When a person knows or suspects that money laundering activity is taking place (or has taken place), or becomes concerned that their involvement in a matter may amount to a prohibited act under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2011, they must disclose this as soon as practicable or risk prosecution.

To mitigate the risks of the Council being used to launder money cash payments in excess of **£10,000** will not be accepted except with the prior approval of the Executive Director of Corporate Services.

6.5.7. Anti-Bribery Policy

In accordance with the Council's [Anti-bribery Policy](#), the detection, prevention and reporting of bribery and other forms of corruption are the responsibility of all those working for Essex County Council or under its control. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. The Bribery Act has been enacted to enable robust action against such activity.

6.5.8. Promoting good governance

The Council's website on [How We Get Things Done](#) provides further information and guidance on the policies used in promoting good governance across the Council. Executive Directors are responsible for ensuring that all members of staff in their services complete mandatory governance training provided via e-learning modules on the Council website. Executive Directors are also responsible for ensuring that new employees undertake the relevant modules of the e-learning training within six weeks of the commencement of their employment, and that all staff refresh their learning every 24 months.

6.6. Audit requirements

6.6.1. External audit

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 and include reviewing and reporting upon:

- (i)** The financial aspects of the Council's corporate governance arrangements.
- (ii)** The Council's financial statements; the external auditor must be satisfied that the Statement of Accounts give a 'true and fair view' of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

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

The External Auditors and other statutory inspectors must be given reasonable access to premises, personnel, documents and assets that it is considered necessary for the purposes of their work. Regard must be given to sensitivity of data though, and if there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the Executive Director for Corporate Services.

Services must respond to external audit and inspection reports in writing, within a timescale agreed by the appropriate Executive Directors and the External Auditor, detailing the action intended to address any recommendations.

6.6.2. Internal Audit

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

The Accounts and Audit Regulations 2011 more specifically require authorities to maintain an adequate and effective system of internal audit of its accounting records and of its internal controls, and to conduct an annual review of the effectiveness of its systems of internal audit. The findings of these annual reviews are considered by the Audit Committee on behalf of the Council as part of the consideration of the system of internal control referred to in paragraph 6.4.

Internal audit is an independent and objective appraisal function, established by the Council for reviewing the systems of internal control and assists the Council's stakeholders on business objectives and related risks and, thereby, contributes strategically to the organisation.

The internal auditors adhere to proper practices in relation to internal control; specifically, the CIPFA Code of Practice on internal audit in local government in the United Kingdom, IIA (Institute of Internal Auditors) and the COSO (Committee of Sponsoring Organisations) risk framework. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The Internal Auditors have the authority to:

- (i)** Access any Council premises, assets, records, documents and correspondence, and control systems.
- (ii)** Receive any information and explanation related to any matter under consideration.
- (iii)** Require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under his or her control.
- (iv)** Access records belonging to third parties (e.g. Contractors) when required.

- (v) Directly access the Chief Executive, the Cabinet, the Audit Committee and Executive Scrutiny Committee.

The Executive Director for Corporate Services and the Audit Committee will approve the annual audit plan prepared by the Head of Internal Audit, which takes account of the characteristics and relative risks of the activities involved. The Executive Director for Corporate Services and the Audit Committee will also ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.

Services must respond to internal audit reports in writing, within a timescale agreed as part of the internal audit methodology detailing the action intended, responsible officer, timescale for implementation and whether the action will require additional resources, to address all agreed recommendations. The relevant Executive Directors must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion. This is validated by the quarterly follow-up process undertaken by internal audit.

The Head of Internal Audit will maintain a record of all reports and allegations of suspected fraud, corruption or other financial irregularity in respect of funds and assets that are the responsibility of the Council, and will ensure that appropriate action is taken to investigate these.

The Head of Internal Audit will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets, in a timely manner before live operation.

7. Control of resources

7.1. Assets

7.1.1. Security of assets

The Council holds assets in the form of property, land, vehicles, equipment, furniture and other items worth many millions of pounds. These assets must be safeguarded and used efficiently in service delivery.

All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's computer and Internet security policies.

The Director for Property, Facilities Management and Business Support, on behalf of the Executive Director for Corporate Services, will undertake the role of 'corporate landlord' and will:

- (i) Ensure the proper security and maintenance of all premises occupied and/or owned by the Council.
- (ii) Hold the title deeds for all Council properties.

Executive Directors will:

- (i) Advise the Director for Property, Facilities Management and Business Support in any case where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed.
- (ii) Ensure that no Council asset is subject to personal use by an employee without proper authority.
- (iii) Ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council.
- (iv) Ensure cash holdings on premises are kept to a minimum.
- (v) Ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the relevant Head of Service and the Head of Internal Audit.

7.1.2. Asset registers

The Executive Director for Corporate Services is responsible for the maintenance of a corporate register of the Council's non-current (i.e. fixed) assets. This register forms the basis of Balance Sheet reporting on all non-current assets held by the Council.

This 'Assets Register' is maintained, in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK and the underlying accounting standards, for all items capitalised in accordance the guidelines set out with paragraph **3.4.1** that are expected to be used and controlled by the Council during more than one financial year; items that the Council has acquired for a prolonged period under the terms of a lease or similar arrangement are also recorded. This means that the 'Assets Register' is maintained for:

- (i) All land held by the Council.
- (ii) Buildings held and being used by the Council for operational purposes, including those held under the terms of a finance lease, and those held for investment purposes, for disposal or deemed to be surplus to current requirements.
- (iii) All highways infrastructure (*e.g. roads, structures, traffic management systems etc.*) that, when acquired, was capitalised in accordance with the guidance set out within paragraph **3.4.1**.
- (iv) All vehicles, plant and equipment (*including IT hardware*) and intangible assets (*mainly IT software*) that, when acquired, were capitalised in accordance with the guidance set out within paragraph **3.4.1**.

Executive Directors will provide the Executive Director for Corporate Services with any information necessary to maintain the Assets Register. This will include confirmation, and the location, of moveable assets, which should be appropriately marked and insured.

Non-current assets that are required to be measured at 'fair value' will be re-valued in accordance with:

- (i) The requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK; and
- (ii) Methodologies and bases for estimation set out in relevant professional standards (*including those of the Royal Institute of Chartered Surveyors (RICS)*).

7.1.3. Use of property other than for direct service delivery

The use of property other than for direct service delivery will be subject to prior agreement of, and in accordance with terms and conditions specified by, the Director for Property, Facilities Management and Business Support.

Prospective occupiers of Council land and buildings are not permitted to take possession or enter the land and buildings until a lease or agreement, in a form approved by the Director for Property, Facilities Management and Business Support, has been put in place.

7.1.4. Property Transactions

In the course of its day to day business, the Council enters into a variety of property agreements, including (but not limited to):

- (i) Freehold sales;
- (ii) Long leasehold disposals;
- (iii) Short leases as tenant and as landlord;
- (iv) Freehold acquisitions;
- (v) Long leasehold acquisitions;
- (vi) Section 106 agreements as landowner;
- (vii) Release of covenants;
- (viii) Compulsory acquisitions and land compensation claims;
- (ix) Taking and granting easements;
- (x) Option Agreements;
- (xi) Lease surrenders and exit agreements (including dilapidations).

Each of these transactions has a financial consequence for the Council. Approval is therefore required to authorise such property transactions for completion as follows:

Value of property transaction (including declaration of land / buildings as surplus to the Council's requirements)	Director for Property, Facilities Management and Business Support	Executive Director for Corporate Services	Cabinet Member for Finance	Cabinet
Up to £250,000	✓			
Greater than £250,000, but less than £500,000	✓	✓		
£500,000 or more, but less than £5m	✓	✓	✓	
£5m or more	✓	✓	✓	✓

These financial thresholds apply to the total value of the transaction reasonably foreseeable at the date of the approval.

Once land and buildings have been declared surplus to requirements, the Director for Property, Facilities Management and Business Support will arrange for the disposal of these assets in accordance with the Council's property strategy and only then when it is in the best interests of the Council and when best value is obtained.

The proceeds from the sale of all land and buildings (*subject to certain statutory limitations*) will not be earmarked for use by a specific service, but will be pooled and applied to finance future capital investment or for any other purpose permitted by Regulation.

The Executive Director for Corporate Services will advise on best practice for disposal of other assets that are deemed surplus to requirements, bearing in mind factors such as environmental issues, security and data protection.

The Director for Information Services (CIO) is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. The Data Protection Act must be a key consideration in the decommissioning of IT equipment.

7.2. Consumable stocks and stores

Executive Directors will make adequate arrangements for the care and custody of consumable stocks and stores held by their services, and will maintain inventory records that document the purchase and usage of these items.

The stock of such items should be maintained at an appropriate level and be subject to a regular independent physical check. Discrepancies must be investigated and pursued to a satisfactory conclusion.

Where stocks and stores are not expensed as purchased, but are held in a ‘control account’ until consumed, the Head of Service (or operational budget holder) must produce a stock certificate at each financial year end, confirming the number and value (*i.e. value represents the lower of cost and net realisable value*) of items held as at 31st March.

Stocks and stores must be removed from (ie. written off) the Council’s financial records when obsolete (*i.e. when they cannot be sold or consumed*) or when no longer held (*i.e. due to theft or other loss*). The minimum levels of approval required to write off stock balances per annum are as follows:

Value of stock to be written off	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for Finance
Up to £50,000	✓			
In excess of £50,000 and up to £100,000	✓	✓		
In excess of £100,000 and up to £250,000	✓	✓	✓	
In excess of £250,000	✓	✓	✓	✓

7.3. Cash

7.3.1. Introduction

All money in the hands of the Council is controlled by the Executive Director for Corporate Services. The Executive Director for Corporate Services is thereby responsible for providing assurances that the Council’s money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

In accordance with the Council's [Anti Money Laundering Policy](#), all suspected attempts to use the Council to launder money must be reported to the Head of Internal Audit who is the Council's Money Laundering Reporting Officer (see paragraph 6.5.6).

7.3.2. Treasury management

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its borrowing and investments. A fundamental aim is to effectively control the risks associated with these activities and to pursue best value, in so far as that is consistent with the effective management of risk.

The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes, and has approved:

- A **Treasury Management Policy Statement**, which sets out the policies and objectives of its treasury management activities; and
- A series of **treasury management practices** (TMP's) which set out the manner in which the Council will seek to achieve its policies and objectives for treasury management.

The Executive Director for Corporate Services is responsible for maintaining the Treasury Management Policy Statement and TMP's, and for recommending any changes to Council for approval.

As noted in paragraph 3.7 (see page 21), the Executive Director for Corporate Services will propose an annual Treasury Management Strategy to the Council in advance of the start of the relevant financial year. This Strategy will comply with CIPFA's Code of Practice on Treasury Management, relevant Regulations and with the Council's own Treasury Management Policy Statement and TMP's; it will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year. The Executive Director for Corporate Services is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategy.

The Executive Director for Corporate Services will report to the Cabinet at regular intervals in each financial year, on treasury management activities undertaken within delegated powers.

All investments of money, and borrowings undertaken, on behalf of the Council will be made in the name of the Council. The Executive Director for Corporate Services will maintain records of such transactions.

7.3.3. Loans to third parties

The following table sets out the circumstances in which loans may be provided to third parties, and the approval required to each type of loan:

Type of loan	Approval required
Season ticket and similar loans made to employees	To be made in accordance with the Council’s HR Guidance .
Monies invested with banks and other financial institutions.	To be undertaken in accordance with the Council’s Annual Treasury Management Strategy (<i>see paragraph 7.3.2 above</i>).
Loans to third parties for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure.	Such a loan would constitute capital expenditure by the Council (<i>and the repayment would constitute a capital receipt</i>) and so would require Capital Programme approval (<i>see paragraphs 3.4.2 and 4.4</i>). The approval of the Executive Director for Corporate Services will be required to make any such loan at a discounted rate of interest.
Loans sought from the Council for other purposes (<i>e.g. where a service is being outsourced and the potential provider seeks an up-front payment to support cash flows</i>).	To only be undertaken with the prior approval of the Executive Director for Corporate Services. The Executive Director for Corporate Services’ approval will also be required to offer such a loan at a discounted rate of interest.

7.3.4. Bank accounts

The opening or closing of any Council bank account will require the prior approval of the Executive Director for Corporate Services.

7.3.5. Imprest accounts

Wherever possible, purchase cards will be used for low value transactions and where there are no mandated procurement contracts in place (*the use of purchase cards is discussed further in section 8.2, which commences on page 55*). However, in the limited circumstances when purchase cards cannot be used, the Executive Director for Corporate Services may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council.

The Executive Director for Corporate Services will:

- (i) Prescribe rules for operating these account;
- (ii) Determine the amount of each imprest account;
- (iii) Will maintain a record of all transactions and cash advances made; and
- (iv) Periodically review the arrangements for the safe custody and control of these advances.

Employees operating an imprest account will:

- (i) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained.
- (ii) Make adequate arrangements for the safe custody of the account.
- (iii) Produce cash and all vouchers to the total value of the imprest amount.
- (iv) Record transactions promptly.
- (v) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.
- (vi) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (vii) Provide the Executive Director for Corporate Services with a certificate of the value of the account held at 31 March each year.

7.3.6. Trust funds and funds held for third parties

All trust funds will, wherever possible, be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities relating to the trust with the Executive Director for Corporate Services, unless the deed provides otherwise.

Trust funds will be operated within any relevant legislation and the specific requirements for each trust.

Where funds are held on behalf of third parties, for their secure administration, written records will be maintained of all transactions.

7.4. Staffing

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

Establishment control provides a vital mechanism to ensure that the Council maintains an effective control over the size and shape of its workforce. Executive Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls, as outlined in the Council's [establishment control policy](#). Executive Directors are responsible for ensuring that positions are only created as new requirements and associated funding emerge, and are deleted or modified as needs and funding change. They will ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

The Executive Director for Corporate Services will advise Executive Directors on areas such as National Insurance and pension contributions, as appropriate.

7.5. Intellectual property

Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment then, as a general rule, they belong to the employer, not the employee.

Executive Directors will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights with regard to intellectual property.

Instances of where intellectual property may be, or has been, created should be referred to the relevant Executive Director(s).

8. Income and Expenditure

8.1. Income

8.1.1. Introduction

Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected, receipted and banked properly.

Wherever possible, income should be collected in advance of supplying goods or services. Such an approach will avoid the time and cost of administering debts, and negates the possibility of a bad debt.

It is the responsibility of Executive Directors to ensure that staff authorised to act on their behalf in respect of income collection are clearly identified.

Executive Directors will supply the Executive Director for Corporate Services with details relating to work done, goods supplied, services rendered or other amounts due, to enable invoices to be raised promptly for sums due to the Council, and to ensure that such amounts are properly recorded as due to the Council.

8.1.2. Charging policies

Executive Directors will establish a charging policy for the supply of goods or services and, in consultation with the Executive Director for Corporate Services, review it annually as part of the corporate planning process. An annual statement on fees and charges will be taken to Cabinet, and then to Council, in alignment with the budget setting timetable.

On an exceptional basis, alternative timeframes will be considered in agreement with the Executive Director for Corporate Services.

8.1.3. Income collection

The Executive Director for Corporate Services will agree the arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

In relation to the collection of income, the Executive Director for Corporate Services and Executive Directors will ensure that:

- (i) All money received by, or on behalf of, the Council is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- (ii) Income is not used to cash personal cheques or other payments.
- (iii) Appropriate details are recorded onto paying-in slips to provide an audit trail.
- (iv) A record is kept of money received directly by employees of the Council.

- (v) The receiving officer signs for the transfer of funds, and the transferor must retain a copy.
- (vi) Wherever possible, at least two employees are present when post is opened so that money received by post is properly identified and recorded; this requirement must be met where post regularly contains money.
- (vii) Money collected and deposited is reconciled to the appropriate bank account on a regular basis.
- (viii) The responsibility for cash collection is separated from that for identifying the amount due and that responsibility for reconciling the amount due is separated from handling of the amount received.
- (ix) Income is only held on premises up to levels approved by the Executive Director for Corporate Services. All such income will be locked away to safeguard against loss or theft, and to ensure the security of cash handling.
- (x) All appropriate income documents are retained and stored for the defined period in accordance with the Council's [document retention policy and schedule](#).
- (xi) The Executive Director for Corporate Services is advised of outstanding income relating to the previous financial year as soon as possible after 31 March, and in line with the timetable for closure of the accounts determined by the Executive Director for Corporate Services.

8.1.4. Debt recovery

Executive Directors will ensure that a clear framework is in place within their areas of responsibility which defines who is empowered to raise a debt on the Council's behalf.

Once debts are raised, Executive Directors have a responsibility to assist the Executive Director for Corporate Services in collecting the debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

8.1.5. Writing off debts

Executive Directors will critically review outstanding debts on a regular basis, in conjunction with the Executive Director for Corporate Services, and take prompt action to write off debts no longer deemed to be recoverable.

No bona fide debt may be cancelled, other than by formal write off. The approval required to write off any debt is as follows:

Approval to write off debts	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for Finance
Up to £50,000	✓			
In excess of £50,000 and up to £100,000	✓	✓		
In excess of £100,000 and up to £250,000	✓	✓	✓	
In excess of £250,000	✓	✓	✓	✓

A record must be maintained for all debts written off. All debt write-offs of up to the **£100,000** threshold must be reported to the Service Cabinet Member.

Where debts have been referred to Essex Legal Services, the Executive Director for Corporate Services will have due regard to their advice when considering action relating to bad debts.

The appropriate accounting adjustments must be made following approval to write-off a debt.

8.1.6. Credit notes

A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, and once it is confirmed that the debt is not payable.

Credit notes will not be issued:

- (i) For irrecoverable debts, as the formal write off procedure should be followed.
- (ii) Where the debtor cannot afford to pay at that time. The debt should remain, and revised payment terms agreed, as appropriate.
- (iii) Where a debt is to be recovered through deductions from payments. In such instances, the deductions made should be offset against the debtor.

Credit notes will be subject to the approval of the Head of Service / operational budget holder.

8.2. Ordering and paying for work, goods and services

8.2.1. Introduction

Public money must be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures help to ensure that services obtain value for money from their purchasing arrangements through the use of established contracts, service level agreements and the use of the Council's systems.

Officers involved with engaging contractors, and/or with purchasing decisions, have a responsibility to declare:

- (i) any links or personal interests that they may have with purchasers, suppliers and/or contractors; and
- (ii) any gifts or hospitality offered by, or received from, purchasers, suppliers and/or contractors.

The necessity to make such declarations arises from the requirements outlined in paragraphs 6.5.2 and 6.5.3.

8.2.2. Ordering works, goods and services

Purchase cards (P-Cards) can be used for:

- (i) Low value transactions for works, goods and services (i.e. *those under £2,000 and where there is not a mandated contract in place*);
- (ii) On-line purchases;
- (iii) One off purchases;
- (iv) Subsistence purchases; and
- (v) Retail purchases (point of sale).

All such transactions must be in accordance with ECC's [Purchase Card Policy](#).

All other works, goods and services must be ordered in accordance with the Council's [Procurement Policies and Procedures](#) (see further guidance in paragraph 8.3.1), and in accordance with the standardisation of supplies and materials (*including the use of mandated contracts*)

Orders for work, goods and services must:

- (i) Be in a form approved by the Executive Director for Corporate Services.
- (ii) Be raised via one of the Council's Purchase-to-Pay systems and issued to the supplier prior to receipt of goods or services or commencement of works. The only exceptions are for periodic payments such as rent or rates and petty cash or purchase card purchases.

- (iii) Not be raised for any personal or private purchases .

Orders for works, goods and services must be raised and authorised by officers designated by the relevant Executive Directors. Executive Directors will ensure that orders are only approved by those authorised to do so, and will maintain a list of designated staff on the [Authorised Signatory Database](#), identifying in each case the limits of their authority. The Authorised Signatory Database underpins and supports the signatory process, as any officer seeking to commit expenditure will be verified against the database to ensure they have the delegated power to do so.

The authoriser of an order must be satisfied that:

- (i) The works, goods and services ordered are appropriate and needed;
- (ii) There is adequate budgetary provision; and
- (iii) Quotations or tenders have been obtained, if necessary, in accordance with the [Procurement Policies and Procedures](#).

8.2.3. Receipt of works, goods and services

Works, goods and services must be checked upon receipt to ensure they are in accordance with the order. Wherever possible, goods should not be received by the person who approved the order.

If the works, goods or services have been obtained using a **Purchase Card**, it is the cardholder's responsibility to ensure that:

- (i) product or service information is provided for every transaction;
- (ii) Budget codes are provided for each transaction;
- (iii) clear, complete and accurate scanned images of receipts are obtained and uploaded onto the **Spendvision** system, including VAT receipts for every transaction (where appropriate).

For further guidance and information, please refer to the ECC [Purchase Card Policy](#).

If ordered via **Marketplace**, the receipt of works, goods and services must be recorded against the original purchase order prior to receipt of an invoice, in order to provide approval to pay for works, goods and services.

8.2.4. Payment of suppliers

The Executive Director for Corporate Services will make payments from the Council's funds upon the receipt of proper original, certified copy or valid electronic VAT invoices that have been checked, coded and certified by the Service, confirming:

- (i) The receipt of goods or services to the correct price, quantity and quality standards.
- (ii) That the invoice has not previously been paid.
- (iii) That expenditure has been properly incurred and is within budget provision.
- (iv) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
- (v) That discounts have been taken where available.
- (vi) The correct accounting treatment of tax.
- (vii) That the invoice is correctly coded.
- (viii) That appropriate entries will be made in accounting records.

If items were ordered via Marketplace the payments will only be made where a valid (Marketplace) purchase order number is quoted on the suppliers' invoice and where confirmation of receipt of the work, goods or services has been provided. Invoices received which do not quote an approved purchase order number are not valid and will be returned to the supplier unpaid.

Payments to creditors will be made as soon as possible within agreed payment terms, in order to avoid late payment charges under the **Late Payment of Commercial Debts (Interest) Act 1998**, as amended by the **Late Payment of Commercial Debts Regulations 2013**.

Any invoice in dispute with a supplier must be clearly identified and processed in accordance with guidance issued by the Executive Director for Corporate Services.

For transactions other than those processed via Marketplace, a different officer from the person checking an invoice must authorise the payment.

It is not permissible to make a payment in advance of the delivery of works, goods or services, or to vary the Council's standard settlement terms, other than with the prior approval of the Executive Director for Corporate Services.

Executive Directors will notify the Executive Director for Corporate Services immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement (see paragraph 4.3.3) or by way of a supplementary estimate (see paragraph 4.3.4).

The normal methods of payment by the Council shall be by:

- (i) BACS payments direct into suppliers' bank accounts;
- (ii) Purchase Card (*in accordance with the Council's [Purchase Card Policy](#)*).

In exceptional circumstances, where suppliers are unable to accept payment via BACS, cheques will be issued by the Executive Director for Corporate Services. The use of direct debits to make payments will require the prior agreement of the Executive Director for Corporate Services.

All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's [document retention policy and schedule](#).

Executive Directors must advise the Executive Director for Corporate Services, at the end of each financial year, of outstanding expenditure relating to the financial year just ended, in line with the timetable for closure of the accounts determined by the Executive Director for Corporate Services.

8.2.5. Contracts for construction and alterations to buildings / civil engineering works

The systems and procedures for dealing with the financial aspects of contracts for construction and alterations to buildings and for civil engineering works must be agreed with the Executive Director for Corporate Services. This will include the systems and procedures for the certification of interim and final payments, checking, recording and authorising payments, for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

8.3. Contracts

8.3.1. Procurement

The way goods and services must be procured is laid down in the Council's [Procurement Policies and Procedures](#). These Procedures identify the approach that must be taken, dependent on the anticipated value of a contract over its whole life and the associated level of risk to the Council.

The [Procurement Policies and Procedures](#) provide a framework that must be followed every time anyone procures goods, work and services on behalf of the Council. Failure to comply with these procedures could expose the Council to unnecessary risk, legal challenge and/or reputational damage; adherence to the Procedures is therefore a mandatory requirement.

Where a third party is procuring goods, work or services on behalf of the Council then the relevant officer(s) must ensure that the third party is aware of and complies with the Council's procurement procedures.

Master copies of contracts must be held within the central location for the retention of contracts within the Records Office. All new contracts must also be recorded in the corporate contracts register in accordance with the [Procurement Policies and Procedures](#).

8.3.2. Monitoring of performance

All contracts should include applicable performance indicators. Contract managers are responsible for monitoring achievement against the performance indicators and invoking service credits where applicable. In addition, contract managers should regularly review contractors' performance to identify error and/or mis-representation.

Best value principles should underpin the Council's approach to procurement and Executive Directors have a responsibility to ensure, and be able to demonstrate, value for money in all their procurement activities.

8.3.3. Financial appraisal of tenderers

All potential tenderers for contracts meeting the Council's medium and high risk criteria (*as defined within the Council's [procurement policies and procedures](#)*) will complete the Council's standard pre-qualification questionnaire.

In some cases, contracts falling below the financial threshold for 'medium' risk contracts may nevertheless be considered as 'medium' risk. In such circumstances, a pre-qualification questionnaire will need to be completed. Further guidance is available in the [Procurement Policies and Procedures](#).

The financial appraisal of the relevant organisations will be undertaken in accordance with the methodology determined by the Executive Director for Corporate Services.

8.4. Payments to Employees and Members

8.4.1. Salaries

Staff appointments will be made in accordance with the Council's [Recruitment Guidance](#) and approved establishments, grades and scales of pay. As noted in paragraph 7.4, on page 51, Executive Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls, as outlined in the Council's [establishment control policy](#).

The Executive Director for Corporate Services will be notified of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Executive Director for Corporate Services.

All appropriate payroll documents must be retained and stored for the defined period in accordance with the Council's [document retention policy and schedule](#).

The Executive Director for Corporate Services is responsible for all payments of salaries and overtime to staff (*with the exception of those schools that have the delegated power to procure their payroll function from elsewhere*). The Executive Director for Corporate Services will therefore:

- (i) Arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date.
- (ii) Record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.

The Executive Director for Corporate Services is responsible for ensuring there are adequate arrangements for administering pension matters on a day-to-day basis.

Executive Directors must ensure that effective systems and procedures are operated, so that:

- (i) Payments are only made to bona fide employees.
- (ii) Payments are only made where there is a valid entitlement.
- (iii) Conditions and contracts of employment are correctly applied.
- (iv) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

Executive Directors will ensure that they maintain a list of staff designated to authorise appointments, terminations and other variations that may affect the pay or pension of an employee or former employee; this list will be maintained on the [Authorised Signatory Database](#), identifying in each case the limits of their authority.

The Executive Director for Corporate Services and Executive Director for Strategy, Transformation and Commissioning Support will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

8.4.2. Expenses and allowances

The Executive Director for Corporate Services is responsible for the payment of expense claims by staff in accordance with the Council's [travel and subsistence policy](#), and will therefore:

- (i) Make arrangements for paying all authorised travel and subsistence claims.
- (ii) Ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs.

The Executive Director for Corporate Services is also responsible for the payment of Members' travel or other allowances, and for ensuring that such taxable allowances are accounted for, recorded and returned, where appropriate to HM Revenue and Customs.

Members expenses must be claimed in accordance with the provisions set out in the [Members Allowance Scheme](#) and the following process approved by Full Council:

- (iii) All claims are submitted via e payroll to the Governance Team for review and checking against the Allowance Scheme, ensuring that claims are for approved duties and receipts are provided for all expenses, including fuel VAT receipts where mileage is claimed (unless the Councillor is registered for VAT).
- (iv) Any resulting queries are referred back to the Councillor for clarification.
- (v) Providing claims are submitted in accordance with the Allowance Scheme, those submitted by Cabinet Members and the Chairman and Vice-Chairman of the Council are forwarded to the Executive Director for Corporate Services for approval; all others are approved by the Governance Team.

Certification of travel and subsistence claims is taken to mean that journeys were authorised and expenses properly and necessarily incurred for business purposes, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Further guidance can be obtained from the [Travel and Subsistence Policy](#).

Details of any employee benefits in kind must be notified to the Executive Director for Corporate Services to enable full and complete reporting within the income tax self-assessment system.

Due consideration should be given to tax implications, ensuring that advice is sought and the Executive Director for Corporate Services is informed where appropriate.

8.4.3. Ex-gratia payments

Ex-gratia payments are one-off payments made to an employee or former employee as a gesture of goodwill, and not because there is a legal or contractual obligation to do so. They include compromise and other payments made for loss of office.

Ex-gratia payments can be made to employees or former employees subject to obtaining the following approval (as a minimum):

Minimum approval required to make ex-gratia payments	Head of Service or operational budget holder	Director	Executive Director	Executive Director for Corporate Services
Up to £5,000	✓			
In excess of £5,000 and up to £10,000	✓	✓		
In excess of £10,000 and up to £50,000	✓	✓	✓	
In excess of £50,000	✓	✓	✓	✓

The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.

8.5. Taxation

The Executive Director for Corporate Services is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence its own activities, or indirectly, as a consequence of service delivery through external partners.

To enable the Executive Director for Corporate Services to fulfil the requirements of this role, Executive Directors will:

- (i) Ensure that the Executive Director for Corporate Services is consulted on all proposals that may alter or affect the Council’s tax liability, including proposals to implement alternative service delivery models (as outlined in section 9.1, which commences on page 65).

- (ii) Ensure that the [VAT guidance](#) issued by the Executive Director for Corporate Services is complied with (*i.e. to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed*).
- (iii) Ensure that, where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary **construction industry tax scheme** requirements (*as advised by the Executive Director for Corporate Services*).
- (iv) Ensure that the Executive Director for Corporate Service’s guidance [fee payments](#) to consultants, individuals or partners is complied with.

The Executive Director for Corporate Services will maintain the Council’s tax records, make all tax payments, receive tax credits and submit tax returns by their due date, as appropriate.

8.6. Emergency Payments

Emergency payments are those arising from legal cases, civil emergencies or natural disasters such as flooding. They relate to unforeseen circumstances where budget provision has not been made and the payment cannot be covered within the relevant service’s existing budget.

Emergency payments can only be made in extenuating circumstances with the following approval (as a minimum):

Minimum approval required to make an emergency payment	Executive Director	Any one of the following:			Cabinet Member for Finance
		Chief Executive	Deputy Chief Executive	Executive Director for Corporate Services	
Up to £250,000	✓				
In excess of £250,000 and up to £1m	✓	✓	✓	✓	
In excess of £1m	✓	✓	✓	✓	✓

Details of emergency payments made within the financial year will be reported retrospectively to the Cabinet.

Executive Directors must notify the Executive Director for Corporate Services as soon as practicable of any emergency payment made without the Executive Director for Corporate Services’ approval.

8.7. Transparency

To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value. Monthly payment transactions made via p-card, employee expenses and accounts payable are available to download via the Council's [ECC Spending Information](#) website.

9. External Arrangements

9.1. Alternative delivery models

9.1.1. Introduction

Services may be commissioned from retained services within the Council or via an alternative delivery models. There are various types of alternative delivery model, including:

- (i) **Local Authority Trading Company (LATC)** - separate legal entities established and owned by the Council that trade for profit with both public and private bodies.
- (ii) **Joint Ventures** - set up as separate corporate entities joining two or more parties for the purpose of executing a business undertaking. They are able to trade for profit if set up as separate corporate entity.
- (iii) **Charitable Company** - a corporate entity which is regulated by the Charities Commission; surpluses are reinvested into the company.
- (iv) **Co-operative** - trades for the mutual benefit of members and is owned and operated by its members.
- (v) **Outsourcing** - contractual arrangement between the Council and a private provider for the delivery of an agreed service, which involves the transfer of Council staff to the private provider. The outsourced provider can charge its customers and make a profit.
- (vi) **Licensing** - contractual arrangement between the Council and a private provider using the Council's intellectual property or infrastructure. For these arrangements the licensee is able to generate a profit, which can be paid to the Council
- (vii) **Social Enterprises** - businesses trading for social and environmental purposes.
- (viii) **Payment by results** – payments for the provision of services are dependent upon performance outcomes.
- (ix) **Pooling of budgets** – pooling of resources with other public sector bodies as a means of facilitating joint working in the provision of services.

This list is not intended to be exhaustive, but is provided to illustrate the range and diversity of alternative service delivery models. Any intention to commission services through such a model must only be pursued in compliance with the decision making process outlined in paragraph 9.1.2 below.

9.1.2. Business Cases for alternative delivery vehicles

Any proposal to commission services via an alternative delivery vehicle must be developed through the Council's business case governance framework and using the [business case template](#), to ensure that there is a robust planning and decision-making process in place.

In the event that it is proposed to establish a local authority owned company, the Council's [Company Compliance Protocol](#) must also be adhered to.

The Business Case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.

Executive Directors are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision making process, and that specialist advice is sought and obtained from the following key stakeholders across the Council, at all each stage in the development of the business case:

(i) Executive Director for Strategy, Transformation and Commissioning

- Director for Transformation;
- Director for Commissioning Support;
- Director for Human Resources; and
- Commercial Director.

(ii) Executive Director for Corporate Services

- Director for Financial Services (*including financial and tax advice*);
- Director for Essex Pension Fund;
- Director for Corporate Law and Assurance (*including legal, internal audit and risk advice*);
- Director for Corporate Operations (*including payroll, payment and income collection advice*); and
- Director for Property, Facilities Management and Business Support.

Executive Directors are also responsible for ensuring that Cabinet approval is obtained before any contract negotiations are entered into, and that all agreements and arrangements are properly documented.

The Cabinet is responsible for approving the Council's participation in all significant partnerships / joint working arrangements with other local public, private, voluntary and community sector organisations.

Executive Directors, following advice from the Executive Director for Strategy, Transformation and Commissioning Support and the Executive Director for Corporate Services, will advise the Cabinet on the key elements of arrangements for commissioning services via an alternative delivery model, including:

- (i)** The financial roles and responsibilities of the Council with respect to monitoring of the alternative delivery model provider.

- (ii) Appraisal of financial and non-financial risks, together with mitigation plans. The reputational impact of failure to deliver services should be considered, with clear plans on how this would be addressed.
- (iii) A comprehensive list of all the financial commitments the Council will enter into as a result of adopting the alternative service delivery model.
- (iv) The governance arrangements for decision making, and how these will be carried out to ensure that the services provided remain aligned to those of the Council.
- (v) Performance measurement arrangements.
- (vi) Exit arrangements, and what would be done to ensure services continue to be delivered in the event of non-delivery by the service provider.
- (vii) The financial implication (including taxation issues) arising as a consequence of the proposed alternative delivery model.
- (viii) Transfer of Council assets to the proposed delivery vehicle, and arrangements for safeguarding their title and use.
- (ix) Whether equality, sustainability, recruitment and employment practices, data handling and protection, freedom of information principles, standards and behaviour and arrangements for engaging with citizens and service users are aligned to the Council's legal requirements and policies.
- (x) Audit requirements (both internal and external) and arrangements for the Council's auditors, where relevant, to have access to information.
- (xi) Arrangements for providing information required for the Council's Statement of Accounts to the Executive Director for Corporate Services.
- (xii) In the event that the proposal is for a local authority trading company, a dividend policy should be agreed that sets out the process by which decisions will be taken regarding the retention or distribution of profits.
- (xiii) Pensions advice.

Where it is proposed to establish a local authority trading company, the new company will use the Council's support service functions, and use the Council's property (and its facilities management services) for the delivery of services on behalf of the Council, unless and until otherwise agreed by the Executive Director for Corporate Services and the Executive Director for Strategy, Transformation and Commissioning (i.e. as applicable).

9.2. Partnerships

9.2.1. Context

Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Council's Procurement Policies and Procedures (*see paragraph 8.3.1, which commences on page 58*).

9.2.2. Forming of partnerships

The approval of both the Executive Director for Corporate Services and the Director for Corporate Law and Assurance must be obtained prior to the Council entering into any partnership agreement. The approval of the Executive Director for Corporate Services must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. This is to ensure that the:

- (i) Legal status and financial viability of the arrangement are clearly established and that they are acceptable.
- (ii) Council's financial commitment to the partnership is quantified and that this can be accommodated within the existing budget provision.
- (iii) Financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective.
- (iv) The Council is not exposed to undue financial, legal or reputation risk as a consequence of its involvement in the partnership.
- (v) Council's own financial accounting and reporting requirements can be satisfied.

A partnership agreement must be produced that documents each of these matters, and the arrangements for dispute resolution and for exiting the arrangement.

The Cabinet is responsible for approving delegations and frameworks for all partnerships.

Executive Directors will ensure that:

- (i) The approval of the Executive Director for Corporate Services and the Director for Corporate Law and Assurance is obtained prior to entering into a partnership agreement.

- (ii) An appraisal is undertaken which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.
- (iii) The partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.
- (iv) The proposed financial contribution by the Council to the partnership can be met from existing budget provision.
- (v) Cabinet approval is secured for all delegations and frameworks for the proposed partnership.

9.2.3. Delegation of budget to a partnership

Approval is required to enter into any arrangement (whether or not the arrangement is binding on the parties) where money is normally spent in accordance with the wishes of a group of individuals or organisations, as follows:

Minimum approval required to delegate budget to a partnership	Director	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for finance	Cabinet
Up to £100,000	✓					
In excess of £100,000 and up to £250,000	✓	✓				
In excess of £250,000 and up to £500,000	✓	✓	✓			
In excess of £500,000 and up to £5m	✓	✓	✓	✓	✓	
In excess of £5m	✓	✓	✓	✓	✓	✓

9.2.4. Financial administration

Where the Council is the ‘accountable body’, these Financial Regulations apply to decisions relating to the expenditure of that money. All expenditure must be authorised by an appropriate ECC officer, or by someone else who has a statutory power to authorise expenditure. Executive Directors are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to the partnership that apply throughout the Council.

Whenever any such arrangements are made there must be a written document which clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership. The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money.

Executive Directors must provide information on the partnership arrangements to the Executive Director for Corporate Services, in order that the appropriate disclosures can be made within the Council's annual Statement of Accounts.

9.2.5. Documenting and recording of partnership agreements

Executive Directors must ensure that all partnership agreements and arrangements are properly documented, and that all money for which the Council is accountable is spent via a written contract with the recipient (even if the recipient is a party to the arrangements) and that a register of those contracts must be maintained in accordance with procedures specified by the Executive Director for Corporate Services.

9.2.6. Representing the Council

Executive Directors will ensure that the Council has full oversight of the operation of the arrangements. This will usually be by officer support and by representation on the 'partnership board' by Members of the Council.

Executive Directors will ensure that appropriate officer input is provided to support Members in this role, and that all decisions made by the Council are discharged as permitted within the Scheme of Delegation that forms part of the Council's Constitution.

9.3. External Funding

9.3.1. Funding conditions

External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that:

- (i)** They are compatible with the aims and objectives of the Council;
- (ii)** The necessary procedures are in place to meet funding conditions and reporting requirements; and
- (iii)** Appropriate budget provision is available if 'match funding' is required.

All bids for external funding bids must go through the Head of Investments and Funding in compliance with the Council's [bids process](#).

9.3.2. Accounting for external funding

The Executive Director for Corporate Services, in conjunction with Executive Directors must, as appropriate, ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts. This will include ensuring that claims for funding are made by the due date, and in accordance with the funding conditions and the [accounting instruction notes on Grants](#) issued by the Executive Director for Corporate Services.

9.3.3. External funding claims

The Executive Director for Corporate Services and Executive Directors must, as appropriate, satisfy audit requirements in respect of external funding claims. This includes maintaining appropriate records that accord with the funding conditions, and making these available to the auditors as required.

9.3.4. Third party expenditure

Sometimes, grant funding awarded to the Council may be passed to an organisation falling outside of the direct responsibility of the Council. The Council will however remain accountable for the grant funding and, as such, will be responsible for ensuring that all of the terms of the grant are met.

The Executive Director in receipt of the grant must ensure that effective monitoring procedures are in place to provide assurances over the eligibility of expenditure incurred by the third party. Upon audit, if the eligibility of third party expenditure cannot be proven by the Council, the Council will itself be required to return the grant funding to the awarding body.

9.4. Work by the Council for Third Parties

9.4.1. Approval to contractual arrangements

Work can only be undertaken for third parties where the Council has the legal powers to undertake the work. Where such legal powers exist, Executive Directors are responsible for:

- (i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- (ii) Ensuring that the appropriate expertise exists to fulfil the contract.
- (iii) Ensuring that no contract adversely impacts upon the services provided by the Council.

9.4.2. Financial aspects of third party contracts

With regard to the financial aspects of third party contracts, Executive Directors will:

- (iv) comply with any guidance issued by the Executive Director for Corporate Services and will ensure that the appropriate insurance arrangements are made.
- (v) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.
- (vi) Ensure that the Council is not exposed to the risk of bad debts.

9.4.3. Documenting and recording contracts

All contracts will be properly documented, and a register will be maintained of those contracts. Executive Directors will provide information on the contractual arrangements to the Executive Director for Corporate Services, in order that the appropriate disclosures can be made within the Council's annual statement of accounts.

10. Financial Limits

10.1. General

Throughout these Regulations, there are various financial limits. These limits have been brought together in this section, for ease of reference. The following tables summarise the minimum level of approval required on each matter; in the event that an officer at the specified level is unable to take a decision for any reason then the decision may be taken at a higher level in the organisation. This section is intended to set limits out in one place but it applies subject to any limitations set out elsewhere in Financial Regulations

10.2. Revenue budget virements

Virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount of virement	Head of Service / Operational budget holder	Director	Executive Director	Executive Director for Corporate Services	Service Cabinet member	Cabinet Member for Finance	Cabinet
Up to £1m (<i>subject to consultation with the Service Cabinet Members</i>)	✓	✓	✓				
In excess of £1m, but less than £5m	✓	✓	✓	✓	✓	✓	
£5m and above	✓	✓	✓	✓	✓	✓	✓

10.3. Capital expenditure

The Council applies various de-minimis limits below which items that meet the definition of capital expenditure will be charged to revenue rather than capital on the grounds of materiality. The limits are as follows:

De-minimis limits	£
General limit (to be applied where no specific limit is applicable)	10,000
Specific limits	
<ul style="list-style-type: none"> ▪ Schools’ capital projects funded or supported by Formula Capital Grants 	2,000

De-minimis limits	£
▪ Highways infrastructure	Nil
▪ Land	Nil

10.4. Property transactions

The approval required for property transactions is as follows:

Value of property transaction (including declaration of land / buildings as surplus to the Council's requirements)	Director for Property, Facilities Management and Business Support	Executive Director for Corporate Services	Cabinet Member for Finance	Cabinet
Up to £250,000	✓			
Greater than £250,000, but less than £500,000	✓	✓		
£500,000 or more, but less than £5m	✓	✓	✓	
£5m or more	✓	✓	✓	✓

10.5. Write off of inventory

The approval required to write off inventory balances per annum is as follows:

Value of stock to be written off	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for Finance
Up to £50,000	✓			
In excess of £50,000 and up to £100,000	✓	✓		
In excess of £100,000 and up to £250,000	✓	✓	✓	
In excess of £250,000	✓	✓	✓	✓

10.6. Acceptance of cash payments

The acceptance of cash payments of greater than **£10,000** is prohibited, other than with the prior approval of the Executive Director for Corporate Services.

10.7. Bad debts

The approval required to write off bad debts is as follows:

Minimum approval to write off debts	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for Finance
Up to £50,000	✓			
In excess of £50,000 and up to £100,000	✓	✓		
In excess of £100,000 and up to £250,000	✓	✓	✓	
In excess of £250,000	✓	✓	✓	✓

All debt write-offs of up to the **£100,000** threshold must be reported to the Service Cabinet Member.

10.8. Ex-gratia payments

The approval required to make ex-gratia payments to staff is summarised as follows:

Minimum approval to make ex-gratia and termination payments	Head of Service	Director	Executive Director	Executive Director for Corporate Services
Up to £5,000	✓			
In excess of £5,000 and up to £10,000	✓	✓		
In excess of £10,000 and up to £50,000	✓	✓	✓	
In excess of £50,000	✓	✓	✓	✓

10.9. Emergency Payments

The following approval is required to make emergency payments:

Minimum approval required to make an emergency payment	Executive Director	Any one of the following:			Cabinet Member for Finance
		Chief Executive	Deputy Chief Executive	Executive Director for Corporate Services	
Up to £250,000	✓				
In excess of £250,000 and up to £1m	✓	✓	✓	✓	
In excess of £1m	✓	✓	✓	✓	✓

10.10. Delegation of budget to a partnership

Approval is required to delegate budgets to a partnership as follows:

Minimum approval required to delegate budget to a partnership	Head of Service	Executive Director	Executive Director for Corporate Services	Service Cabinet Member	Cabinet Member for Finance	Cabinet
Up to £100,000	✓					
In excess of £100,000 and up to £250,000	✓	✓				
In excess of £250,000 and up to £500,000	✓	✓	✓			
In excess of £500,000 and up to £5m	✓	✓	✓	✓	✓	
In excess of £5m	✓	✓	✓	✓	✓	✓

11. Other key policies and documents

11.1. Introduction

The Financial Regulations should be read and used in conjunction with the Council's other policy documents and guidance. For ease of reference, links to the key documents and guidance are listed below:

11.2. Human Resources

- [HR Guidance - Working Here](#)
- [Officers' Code of Conduct](#)
- [Travel and subsistence policy](#)
- [Recruitment Guidance](#)
- [Establishment control policy](#)

11.3. Information handling

- [Corporate retention policy and schedule](#)
- [Policy for information management and security](#)
- [Standards on Data Protection](#)
- [Standard for payment card security](#)

11.4. Procurement

- [Marketplace](#)
- [Procurement Policies and Procedures](#)
- [VAT Manual](#)

11.5. Project governance

- [Programme and Project Governance](#)
- [Business case template](#)

11.6. Regulatory framework

- [Anti-bribery Policy](#)
- [Anti fraud and corruption policy](#)
- [Anti money laundering policy](#)
- [Business continuity](#)
- [Company Compliance Protocol](#)
- [Constitution](#)
- [Declaration of Interests Policy](#)
- [Fraud response plan for managers](#)
- [Gifts and hospitality](#)
- [Risk Management Policy and Strategy](#)
- [Whistle blowing policy](#)
- [Property Rules of Engagement](#)

Part 2 – Scheme of Delegation for Financial Management

Scheme of Delegation for Financial Management

1. Introduction

The purpose of the Financial Regulations is to set out the Council's financial policies and framework for managing the Council's financial affairs. The Regulations seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions and best professional practice. All financial and accounting procedures and delegations must therefore be carried out in accordance with the Regulations and other corporate guidance.

The purpose of this document is to set out how non-executive decisions are reserved or are delegated to officers within the Council.

2. Principles of Delegation

2.1 Introduction

The Financial Regulations are organised around seven themes of financial management as follows:

- (i) [Financial planning](#) (Section 3)
- (ii) [Financial management](#) (Section 4)
- (iii) [Accounting records and financial systems](#) (Section 5)
- (iv) [Risk Management and Internal Control](#) (Section 6)
- (v) [Control of resources](#) (Section 7)
- (vi) [Income and expenditure](#) (Section 8)
- (vii) [External arrangements](#) (Section 9)

For each of these themes, delegation arrangements are needed that support the efficient running of the Council, through appropriate allocation of tasks and responsibilities, and that contribute to an effective internal controls framework. This latter point is assessed on an annual basis through the self-assessment process that Executive Directors are asked to undertake and reported in the Annual Governance Statement.

The specific components of the internal controls framework are:

- Preventative controls (*i.e. segregation of duties, authorisation procedures, physical custody, access limitations*);
- Detective controls (*i.e. arithmetical and accounting checks, consistency checks, continuity checks*); and
- Directive controls (*i.e. written policies and procedures, reporting lines, supervision and management and training*).

Scheme of Delegation for Financial Management

Compliance with Financial Regulations and the Scheme of Delegation for Financial Management not only enhances the Council's control environment but also protects employees against allegations of mismanagement, fraud and unprofessional conduct.

2.2 Powers for delegation

The Council operates a system of devolved financial management which is enshrined within its Constitution which states that any exercise of delegated powers shall be subject to:

- any statutory restrictions;
- Council Procedure Rules;
- Financial Procedure Rules;
- Procurement Policies and Procedures.

In exercising delegated powers:

- Cabinet Members and Officers shall not go beyond the provision made in the revenue or capital budgets for their service except to the extent permitted by financial procedure rules and procurement policies and procedures.
- The delegated authority to Officers includes management of the human and material resources made available for the service areas and the functions concerned.
- In each case the delegated authority excludes the determination of policy, exceptions to policy and budgets by the Cabinet Member or Officer concerned.

Decisions which an officer takes under delegated powers must:

- Only implement a policy or decision previously approved or taken by the Cabinet or Cabinet Member;
- Facilitate or be conducive or incidental to the implementation of a policy or decision previously taken by the Cabinet or Cabinet Member; or
- Relate to the management of the human, material and financial resources made available for the functions for which they are responsible.

Officers do not have the power to:

- Make changes to policies relating to fees, charges or concessions;
- Make decisions on the use of permanent savings in a budget;
- Approve the making of an order for the compulsory acquisition of land; or
- Approve the acquisition of land in advance of requirements.

Scheme of Delegation for Financial Management

This framework reflects the Financial Regulations and allocates responsibilities to Executive Directors as follows:

- Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- Promoting the financial management standards set by the Executive Director for Corporate Services within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the Executive Director for Corporate Services, and ensuring that appropriate training is provided to those staff with financial management responsibilities.
- Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- Advising Cabinet Members of the financial implications of all proposals and ensuring that the financial implications have been agreed by the Executive Director for Corporate Services.
- Seeking approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Signing contracts on behalf of the Council (in accordance with the Council's Procurement Policies and Procedures).
- Consulting with, and obtaining the approval of, the Executive Director for Corporate Services before making any changes to accounting records or procedures.
- Complying with the following principles when allocating accounting duties:
 - Separating the duties of (i) providing information about sums due to or from the Council and calculating, checking (including reconciliations) and recording these sums, from (ii) the duty of collecting or disbursing them.
 - Employees with the duty of examining or checking the accounts of financial transactions must not themselves be engaged in these transactions.
- Ensuring that claims for funds, including grants and 'match funding', are made by the due date and that appropriate records are maintained, according to funding conditions.
- Contributing to the development of performance plans in line with statutory requirements.
- Contributing to the development of corporate and service targets, objectives and performance information.

3. Delegations

Matter	Threshold	Delegation to	Ref to Fin Regs
3.1 Financial Planning			Section 3
Preparation of detailed draft revenue budgets, for consideration by the appropriate Cabinet Member, in consultation with the Executive Director for Corporate Services, and in accordance with the laid-down guidance and timetable.		All of the following: <ul style="list-style-type: none"> ▪ Heads of Service / Operational Budget Holder ▪ Directors; and ▪ Executive Directors 	3.3.3
Provision of any information for the Executive Director for Corporate Services to enable the robustness of the budget proposals to be assessed.		Executive Directors	3.3.3
Preparation, using the Council's generic templates, of business cases for all capital investment proposals that are strictly aligned to the Council's policies and project objectives and meet the scrutiny of the relevant board, as defined by the Council's Capital Projects' Management Governance.		All of the following: <ul style="list-style-type: none"> ▪ Project Managers ▪ Heads of Service / Operational Budget Holder; ▪ Directors; and ▪ Executive Directors 	3.4.2
Application of appropriate project management techniques to deliver capital project benefits as set out within the business case on time and within budget.		All of the following: <ul style="list-style-type: none"> ▪ Project Managers ▪ Heads of Service / Operational Budget Holder; ▪ Directors; and ▪ Executive Directors 	3.4.2
Granting and terminating of leases of land or buildings and other property agreements.		Director for Property, Facilities Management and Business Support	3.5

Matter	Threshold	Delegation to	Ref to Fin Regs
Granting and terminating leasing arrangements for vehicles, plant and equipment.	<i>Leases with rental of:</i>	<i>In consultation with Executive Director for Corporate Services:</i>	3.5
	Up to £10,000 p.a.	▪ Heads of Service / Operational Budget Holder	
	In excess of £10,000 p.a.	▪ Directors	
Preparation of annual financial plans for all internal trading activities.		Directors for internal trading accounts	3.6.2
3.2 Financial Management			Section 4
Incur expenditure in accordance with the estimates that make up the budget and not commit expenditure that would result in an approved budget being exceeded.	<i>At individual budget level</i>	Head of Service / Operational budget holder	4.3.2
	<i>At service level</i>	Director	
	<i>At aggregate level (i.e. when bringing together all of the areas for which the Executive Director is responsible)</i>	Executive Directors	
Properly record and account for all income and expenditure, following relevant guidance and certification procedures.		Head of Service / Operational budget holder / Capital Project Manager	4.3.2
Ensure that an appropriate budget holder is in place to ensure that responsibility is assigned for each item of income and expenditure under their control.		Executive Directors	4.3.2
Have in place an effective monitoring process to review performance levels / levels of service in conjunction with the budget.		Executive Directors	4.3.2
Report to the relevant Cabinet member upon the service's projected expenditure (revenue and capital) compared with its budget. Cabinet members must be fully briefed, as part of this		Executive Directors in consultation with Executive Director for Corporate Services	4.3.2

Matter	Threshold	Delegation to	Ref to Fin Regs
process on any budget pressures and proposals for addressing these pressures.			
Agree with the relevant Director where it appears that a budget proposal, including a <u>virement</u> proposal, may impact on another service area.		Executive Directors	4.3.2 and 4.3.3
Increase the budget by virement to effect a change in policy or priorities.	Up to £1m	All of the following: <ul style="list-style-type: none"> • Heads of Service / Operational Budget Holder • Directors; and • Executive Directors 	4.3.3
	In excess of £1m, but less than £5m	All of the above, plus: <ul style="list-style-type: none"> • Executive Director for Corporate Services • Cabinet Member for Finance 	
	£5m and above	Cabinet (<i>after consultation with all of the above</i>)	
Increase the budget, by supplementary estimate, following consultation with financial, legal and procurement (<i>and others, as appropriate</i>), prior to submitting the request for funding. The application must explain the purpose for which funding is being requested, the source of funding and the implications for the current and future years.		Decision reserved for Cabinet, after consultation with each of the following: <ul style="list-style-type: none"> • Executive Director • Executive Director for Corporate Services • Cabinet Member for Finance. 	4.3.4
Submit all requests for carrying forward unspent budget from one year to the next to the Executive Director for Corporate Services.		Executive Directors	4.3.5
Incur expenditure up to the amount allocated for each scheme in		Capital Project Manager	4.4

Matter	Threshold	Delegation to	Ref to Fin Regs
the approved Capital Programme, and in accordance with the payment approvals for that project in the current year.			
Apply the under spend against one capital project to offset an over spend against another approved scheme in the capital programme.		Decision reserved for Cabinet, after consultation with each of the following: <ul style="list-style-type: none"> ▪ Executive Director ▪ Executive Director for Corporate Services ▪ Service Cabinet Member ▪ Cabinet Member for Finance. 	4.4
Re-profile the payment guidelines for an approved capital project from one financial year to another.		Decision reserved for Cabinet, after consultation with each of the following: <ul style="list-style-type: none"> ▪ Executive Director ▪ Executive Director for Corporate Services ▪ Service Cabinet Member ▪ Cabinet Member for Finance. 	4.4
Adding a new scheme to the capital programme outside of the annual budget setting process; the addition of new schemes must follow the Council's capital projects' governance framework and capital financing resources must be secured.		Decision reserved for Cabinet, after consultation with each of the following: <ul style="list-style-type: none"> ▪ Executive Director ▪ Executive Director for Corporate Services ▪ Service Cabinet Member ▪ Cabinet Member for Finance. 	4.4
Alter (i.e. increase or decrease) the approved financial target for a trading account, explaining the implications of the revision.		Decision reserved for Cabinet, after consultation with each of the following: <ul style="list-style-type: none"> ▪ Director for Trading Activity 	4.5

Matter	Threshold	Delegation to	Ref to Fin Regs
		<ul style="list-style-type: none"> ▪ Executive Director ▪ Executive Director for Corporate Services ▪ Service Cabinet Member ▪ Cabinet Member for Finance. 	
3.3 Accounting records and financial systems			SECTION 5
Comply with the Council's General Ledger coding conventions. This includes adherence to the standard subjective classifications for categories of income and expenditure.		All of the following: <ul style="list-style-type: none"> ▪ Heads of Service / Operational Budget Holders ▪ Directors; and ▪ Executive Directors 	5.1
Comply with accounting instructions issued by the Executive Director for Corporate Services for closure of the accounts and provide information requested, by the dates specified.		All of the following: <ul style="list-style-type: none"> ▪ Heads of Service / Operational Budget Holders ▪ Directors; and ▪ Executive Directors 	5.2
Obtain the prior approval of the Executive Director for Corporate Services and Director for Information Services (CIO) to operate a financial system (<i>incl. any element of a non-financial or integrated system relied upon for financial reporting purposes</i>) within or on behalf of a service.		Executive Directors	5.3
Obtain the prior approval of the Executive Director for Corporate Services and Director for Information Services (CIO) to make change to a financial system (<i>incl. any element of a non-financial or integrated system relied upon for financial reporting purposes</i>) that is operated within or on behalf of a service.		Executive Directors and/or system owners	5.3

Matter	Threshold	Delegation to	Ref to Fin Regs
Document and back up financial systems and financial modules of non-financial systems to allow information system processing to resume quickly in the event of an interruption.		Executive Directors and/or system owners	5.3
Ensure that an adequate audit trail exists through financial systems and financial modules of non-financial systems.		Executive Directors and/or system owners	5.3
Register computer systems as appropriate in accordance with <u>data protection legislation</u> .		Executive Directors	5.3
Observe relevant policies and guidelines for computer systems that are issued by the Director for Information Services (CIO).		System owners	5.3
3.4 Risk Management and Control			Section 6
Ensure that risk management is implemented in line with the Council's Risk Management Strategy (including for partnerships) and ensure there are appropriate arrangements to identify and mitigate risks and maximise opportunities.		Executive Directors	6.2
Appoint a service Risk Co-ordinator and ensure that relevant officer receives appropriate training.		Executive Directors	6.2
Ensure that appropriate risk management arrangements are in place to ensure service delivery by third party providers.		Executive Directors	6.2
Notify the Executive Director for Corporate Services immediately of any loss, liability or damage that may lead to a claim against the Council.		Heads of Service / Operational Budget Holders	6.3
Notify the Executive Director for Corporate Services promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.		Heads of Service / Operational Budget Holders	6.3

Matter	Threshold	Delegation to	Ref to Fin Regs
Consult the Executive Director for Corporate Services and the Director for Corporate Law and Assurance on the terms of any indemnity that the Council is requested to give.		Executive Directors	6.3
Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.		Heads of Service / Operational Budget Holder	6.3
Establish sound arrangements for planning, appraising, authorising and controlling operations in order to achieve continuous improvement, economy, efficiency and effectiveness.		Executive Directors	6.4
Manage processes to check that established controls are being adhered to and evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.		Executive Directors	6.4
Communicate responsibilities, codes of conduct and the importance of good governance arrangements to staff and ensure they understand the consequences of lack of control and inadequate governance arrangements.		Executive Directors	6.4
Review existing controls in the light of changes affecting the Council. Establish and implement new ones in line with guidance from the Executive Director for Corporate Services and remove controls that are unnecessary.		Executive Directors	6.4
Undertake interim and annual self-assessments of the status of the governance framework, including systems of internal control for each of their service areas, as directed by the Executive Director		Executive Directors	6.4

Matter	Threshold	Delegation to	Ref to Fin Regs
for Corporate Services.			
Support internal audit in any review being undertaken within their area, and respond to issues raised within audit reports within the agreed timescale		Executive Directors	6.4
Ensure that the anti-fraud and corruption policy is followed and that all appropriate action is taken. This will include reporting all suspected irregularities to the Head of Internal Audit.		Executive Directors	6.5.1
Maintain a Register of Interests within each service area in which any hospitality or gifts offered or received, and any interests of a personal nature with external bodies or persons who have (or could have) dealings with the Council, are recorded.		Executive Directors	6.5.2
Investigate and deal swiftly with those in breach, or fail to meet the standards defined within the Officers' Code of Conduct.		All of the following: <ul style="list-style-type: none"> ▪ Executive Directors ▪ Directors ▪ Heads of Service / Operational Budget Holder 	6.5.5
Ensure that staff understand what money laundering means and of their obligations under money laundering legislation.		Executive Directors	6.5.6
Ensure that corporate governance training is refreshed every 24 months.		Executive Directors	6.5.8
Ensure that internal and external audit and other inspection reports are responded to within the agreed timescale and that the responses detail the actions intended to address any recommendations, the officer(s) responsible for these actions and the timescales for implementation.		Executive Directors	6.6.1 and 6.6.2

Matter	Threshold	Delegation to	Ref to Fin Regs
3.5 Control of Resources			Section 7
Advise the Director for Property, Facilities Management and Business Support in any case where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed.		Executive Directors	7.1.1
Ensure that no Council asset is subject to personal use by an employee without proper authority.		Executive Directors	7.1.1
Ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council.			7.1.1
Ensure cash holdings on premises are kept to a minimum.		Executive Directors	7.1.1
Ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; report loss of such keys to the Head of Internal Audit		Executive Directors	7.1.1
Provide the Executive Director for Corporate Services with any information necessary to maintain the Assets Register. This will include confirmation, and the location, of moveable assets, which should be appropriately marked and insured.		Executive Directors	7.1.2
The use of property other than for direct service delivery.		Director for Property, Facilities Management and Business Support	7.1.3
Undertake property transactions (including declaring land and buildings as surplus to the Council's requirements)	Up to £250,000	Director for Property, Facilities Management and Business Support	7.1.4
	Greater than £250,000, but less than £500,000	All of the following: <ul style="list-style-type: none"> Director for Property, Facilities Management and Business Support 	

Matter	Threshold	Delegation to	Ref to Fin Regs
		<ul style="list-style-type: none"> Executive Director for Corporate Services 	
	£500,000 or more, but less than £5m	All of the above plus: <ul style="list-style-type: none"> Cabinet Member for Finance 	
	£5m or more	Cabinet (following consultation with all of the above)	
Make adequate arrangements for the care and custody of consumable stocks and stores held by their services.		Executive Director	7.2
Produce a stock certificate at each financial year end, confirming the number and value (i.e. value represents the lower of cost and net realisable value) of items held as at 31st March.		Heads of Service / Operational Budget Holder	7.2
Write off of stocks and stores when it is no longer held or obsolete:	Up to £50,000	Executive Director	7.2
	In excess of £50,000 and up to £100,000	All of the following: <ul style="list-style-type: none"> Executive Director; and Executive Director for Corporate Services. 	
	In excess of £100,000 and up to £250,000	All of the above, plus: <ul style="list-style-type: none"> Service Cabinet Member. 	
	In excess of £250,000	All of the above plus: <ul style="list-style-type: none"> Cabinet Member for Finance. 	
Maintain the Council's Treasury Management Policy Statement and Treasury Management Practices (TMP's).		Executive Director for Corporate Services	7.3.2
Propose an annual Treasury Management Strategy to the Council which sets the parameters for investment and borrowing activity during the forthcoming financial year.		Executive Director for Corporate Services	7.3.2

Matter	Threshold	Delegation to	Ref to Fin Regs
Ensure that borrowing and investment activities are undertaken in accordance with the parameters and limits set by the Council.		<ul style="list-style-type: none"> ▪ Executive Director for Corporate Services; ▪ Director for Financial Services; and ▪ Chief Accountant. 	7.3.2
Day to day management of the Council's treasury management activities, ensuring that temporarily surplus funds are invested until next needed or that funds are borrowed to cover temporary shortfalls of cash.		<ul style="list-style-type: none"> ▪ Chief Accountant; and ▪ Authorised dealing officers. 	7.3.2
Maintenance of records of investment and borrowing transactions undertaken on the Council's behalf.		<ul style="list-style-type: none"> ▪ Chief Accountant; and ▪ Authorised dealing officers. 	7.3.2
Report to the Cabinet at regular intervals in each financial year, on treasury management activities undertaken within delegated powers.		Executive Director for Corporate Services	7.3.2
Giving of loans, for whatever purpose, at a discounted or concessionary rate of interest.		Executive Director for Corporate Services	7.3.3
Giving of loans to a third party for a purpose other than to support capital expenditure (e.g. where a service is being outsourced and the potential provider seeks an up-front payment to support cash flows).		Executive Director for Corporate Services	7.3.3
The opening or closing of any Council bank account (including a petty cash imprest account).		Executive Director for Corporate Services	7.3.4 and 7.3.5
Operation of a petty cash imprest account.		Nominated Petty Cash Account Holders	7.3.5
Authorisation of petty cash disbursements per item		Heads of Service / Operational Budget Holders	7.3.5
Ensure that staffing positions are only created as new requirements and associated funding emerge, and are deleted or		Executive Directors	7.4

Matter	Threshold	Delegation to	Ref to Fin Regs
modified as needs and funding change.			
Provision of advice on National Insurance and pension contributions, as appropriate.		Executive Director for Corporate Services	7.4
Ensure that their staff are not carrying out private work in Council time and that staff are aware of the Council's rights with regard to intellectual property.		Executive Directors	7.5
3.6 Income and Expenditure			Section 8
Establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it annually as part of the corporate budget planning process.		Executive Directors	8.1.2
Ensure there is an appropriate control arrangement in place relating to cash handling		Executive Directors	8.1.3
Ensure that a framework is in place that defines who is able to raise a debt on the Council's behalf		Executive Directors	8.1.4
Write off of a debt	Up to £50,000	Heads of Service / Operational Budget Holders to initiate the action and notify central finance, for approval by the Executive Director.	8.1.5
	In excess of £50,000 and up to £100,000	Executive Director for Corporate Services (<i>i.e. in addition to the above</i>)	
	In excess of £100,000 and up to £250,000	Service Cabinet Member (<i>i.e. in addition to all of the above</i>)	
	In excess of £250,000	Cabinet Member for Finance (<i>i.e. in addition to all of the above</i>)	

Matter	Threshold	Delegation to	Ref to Fin Regs
Issue a credit note to correct a factual inaccuracy or error in the calculation or billing of a debt.		Subject to the approval of the Head of Service / Operational Budget Holder.	8.1.6
Place orders for works, goods and services in accordance with the Council's Procurement Policies and Procedures and raise these in a form approved by the Executive Director for Corporate Services.		Head of Service / operational budget holder	8.2.2
Authority to authorise orders from Information Services' online catalogue	Orders for items individually up to £100	• Self-certification by person raising order	8.2.2
	Orders for item individually in excess of £100	• Head of Service / Operational Budget Holder	8.2.2
Procure Goods and Services by use of a Purchase Card.		Nominated Government Purchase Card Holder	8.2.2
Check goods and services upon receipt to ensure they are in accordance with the order.		Operational budget holders	8.2.3
Update the Spendvision system in respect of all work, goods or services obtained using a Purchase Card.		Purchase Card holder	8.2.3
Record receipt of goods on the Council's e-procurement (purchase to pay) system.		Operational budget holders or official receipting point	8.2.3
Authorisation to make a payment in advance of delivery of works, goods or services.		Executive Director for Corporate Services	8.2.4
Notify the Executive Director for Corporate Services immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.		Executive Directors	8.2.4
Quotation, tendering and contract procedures <i>(Limits derived from the Council's Procurement Policies and Procedures)</i>	Estimated contract value:		8.3.1
	<i>Up to relevant Public</i>	Head of Service / Operational Budget Holder	

Matter	Threshold	Delegation to	Ref to Fin Regs
	<i>Contracts Regulations (2006) threshold</i>		
	<i>In excess of relevant Public Contracts Regulations (2006) threshold and up to £500,000</i>	Directors	
	<i>In excess of £500,000</i>	<ul style="list-style-type: none"> Executive Directors 	
Negotiation and signing of contracts <i>(see Council's Procurement Policies and Procedures for further guidance)</i>	<i>Up to EU threshold</i>	<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.3.1
	<i>Above EU threshold</i>	<ul style="list-style-type: none"> Executive Director and nonimated Procurement Authority 	
Waiving of quotation and tender requirements <i>(see Council's Procurement Policies and Procedures for further guidance)</i>		<ul style="list-style-type: none"> Commercial Director 	8.3.1
Opening tenders and quotations <i>(see Council's Procurement Policies and Procedures for further guidance)</i>		<ul style="list-style-type: none"> Executive Director; and Commerical Director 	8.3.1
Approving expenditure greater than the tender price <i>(see Council's Procurement Policies and Procedures for further guidance)</i>	<i>Up to 10% or £50,000 (whichever is higher)</i>	<ul style="list-style-type: none"> Executive Director; and Executive Director for Corporate Services 	8.3.1
	<i>Greater than 10% or £50,000</i>	<ul style="list-style-type: none"> Executive Director for Corporate Services; and Service Cabinet Member 	8.3.1
Orders exceeding a 12 month period <i>(see Council's Procurement Policies and Procedures for further guidance)</i>		<ul style="list-style-type: none"> Executive Directors 	8.3.1
Authority to fill a funded post on the establishment with permanent or temporary staff		<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.4.1
Authority to appoint staff to a post <u>not</u> on the formal		<ul style="list-style-type: none"> Executive Director 	8.4.1

Matter	Threshold	Delegation to	Ref to Fin Regs
establishment			
Changes in remuneration, other than pay awards, agreements of general application and Performance Related Pay		• Director	8.4.1
Authority to approve standing data forms effecting pay, new starters, variations and leavers		• Head of Service / Operational Budget Holder	8.4.1
Authority to authorise overtime		• Head of Service / Operational Budget Holder	8.4.1
Approval of Performance Related Pay Assessment		• Director	8.4.1
Approval of annual leave and time off in lieu		• Line Manager	8.4.1
Annual Leave carry forward within thresholds		• Line Manager	8.4.1
Annual Leave carry forward outside threshold		• Executive Director	8.4.1
Compassionate and special leave (<i>up to 5 days for each</i>) and leave without pay		• Head of Service / Operational Budget Holder	8.4.1
Maternity / Paternity / Adoption leave paid and unpaid		• Line manager	8.4.1
Extension of sick leave on half pay and return to work part-time on full pay to assist recovery		• Head of Service / Operational Budget Holder	8.4.1
Extension of sick leave on full pay		• Director	8.4.1
Ensure that adequate and effective systems and procedures are operated in respect of payments to employees and contractors		• Director	8.4.1
Authorise the payment, to relevant government agencies and other bodies, of amounts either deducted from salaries, or related to officers' remuneration.		• Executive Director for Corporate Services; or • Director for Corporate Operations	8.4.1
Authority to authorise expense claims (incl. travel and subsistence)	Claims of up to £100 (or 200 miles)	• Self-certification by claimant	8.4.2

Matter	Threshold	Delegation to	Ref to Fin Regs
	Claims in excess of £100 (or 200 miles) and up to £1,000 (or 2,000 miles)	<ul style="list-style-type: none"> Line manager 	8.4.2
	Claims in excess of £1,000 (or 1,000 miles)	<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.4.2
Make ex-gratia payments to staff	Up to £5,000	<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.4.3
	In excess of £5,000 and up to £10,000	<ul style="list-style-type: none"> Director 	
	In excess of £10,000 and up to £50,000	<ul style="list-style-type: none"> Executive Director 	
	In excess of £50,000	<ul style="list-style-type: none"> Executive Director for Corporate Services 	
Ensure that the Executive Director for Corporate Services is consulted on all proposals that may alter or affect the Council's tax liability.		<p>All of the following, as appropriate:</p> <ul style="list-style-type: none"> Executive Director Director Head of Service / Operational Budget Holder 	8.5
Ensure compliance with the VAT guidance issued by the Executive Director for Corporate Services		<p>All of the following, as appropriate:</p> <ul style="list-style-type: none"> Executive Director Director Head of Service / Operational Budget Holder 	8.5
Ensure that, where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary construction industry tax scheme requirements.		<p>All of the following, as appropriate:</p> <ul style="list-style-type: none"> Executive Director Director 	8.5

Matter	Threshold	Delegation to	Ref to Fin Regs
		<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	
Ensure that the Executive Director for Corporate Services' guidance on fee payments to consultants is complied with.		All of the following, as appropriate: <ul style="list-style-type: none"> Executive Director Director Head of Service / Operational Budget Holder 	8.5
Authorisation of Emergency Payments with the appropriate supporting documentation	Up to £250,000	Executive Director	8.6
	In excess of £250,000 and up to £1m	Executive Director Plus any one of the following: <ul style="list-style-type: none"> Chief Executive Deputy Chief Executive Executive Director for Corporate Services 	
	In excess of £1m	All of the above plus: <ul style="list-style-type: none"> Cabinet Member for Finance. 	
3.7 External Arrangements			
Ensure compliance with the Council's Company Compliance Protocol .		Executive Directors	9.1.1
Ensure that the Council's governance framework is followed through all stages of the development of business cases proposing alternative delivery models and that specialist advice is sought at each key stage of development.		Executive Directors	9.1.1
Ensure that Cabinet approval is obtained before any contract negotiations for an alternative delivery model are entered into, and that all agreements and arrangements are properly		Executive Directors	9.1.2

Matter	Threshold	Delegation to	Ref to Fin Regs
documented.			
Ensure that Cabinet are advised on all key elements of arrangements for commissioning services via an alternative delivery model.		Executive Directors	9.1.2
Ensure that the approval of the Executive Director for Corporate Services and Director for Corporate Law and Assurance is obtained prior to entering into a partnership agreement.		Executive Directors	9.2.2
Ensure that the approval of the Executive Director for Corporate Services is obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership.		Executive Directors	9.2.2
All partnership agreements and arrangements are documented, and a register of those contracts must be maintained.		Executive Director	9.2.2
Undertake a risk management appraisal of proposed new partnership arrangements for the Executive Director for Corporate Services that demonstrates that the risks associated with the arrangement are minimal and/or can be mitigated.		Executive Directors	9.2.2
Ensure that partnership agreements and arrangements do not impact adversely upon the services provided by the Council or upon its finances.		Executive Directors	9.2.2
Ensure that there is sufficient budget provision to meet any agreed financial contribution to a partnership.		Heads of Service / Operational Budget Holder	9.2.2
Ensure that Cabinet approval is secured for all delegations and frameworks for a partnership.		Executive Director	9.2.2
Delegation of funding to a partnership (i.e. allocation of funding to a partnership where the members of the partnership will	Up to £100,000	Head of Service / Operational Budget Holder	9.2.3
	In excess of £100,000 and	• Head of Service / Operational Budget Holder;	

Matter	Threshold	Delegation to	Ref to Fin Regs
collectively determine how that funding is to be utilised).	up to £250,000	and <ul style="list-style-type: none"> ▪ Executive Director 	
	In excess of £250,000 and up to £500,000	All of the above plus: <ul style="list-style-type: none"> ▪ Executive Director for Corporate Services 	
	In excess of £500,000 and up to £5m	All of the above plus: <ul style="list-style-type: none"> ▪ Service Cabinet Member ▪ Cabinet Member for Finance 	
	In excess of £5m	<ul style="list-style-type: none"> ▪ Cabinet (after consultation with all of the above) 	
Promote the Council's high standards of financial administration to a partnership that the Council has delegated funding to.		<ul style="list-style-type: none"> ▪ Executive Directors 	9.2.4
Provide information on partnership arrangements to the Executive Director for Corporate Services in order that appropriate disclosure can be made within the Council's Annual Statement of Accounts.		<ul style="list-style-type: none"> ▪ Head of Service / Operational Budget Holder; ▪ Director; and/or ▪ Executive Director 	9.2.4
Ensure that all partnership agreements and arrangements are properly documented.		<ul style="list-style-type: none"> ▪ Executive Director 	9.2.5
Ensure that all bids for external funding go through the Director for Financial Services (Head of Investments and Funding)		<ul style="list-style-type: none"> ▪ Head of Service / Operational Budget Holder; ▪ Director; and ▪ Executive Director 	9.3.1
Ensure that all appropriate records are maintained in respect of grant and other funding, and that claims are prepared by the due date, in accordance with the funding conditions and in compliance with accounting instruction notes on Grants issued by the Executive Director for Corporate Services.		<ul style="list-style-type: none"> ▪ Head of Service / Operational Budget Holder; ▪ Director; and ▪ Executive Director 	9.3.3

Matter	Threshold	Delegation to	Ref to Fin Regs
Where grant funding is passed to an organisation falling outside of the direct responsibility of the Council, ensure that effective monitoring procedures are in place to provide assurances over the eligibility of expenditure incurred by the third party.		<ul style="list-style-type: none"> Head of Service / Operational Budget Holder; Director; and Executive Director 	9.3.4
Approval to undertake work for third parties (incl. ensuring that appropriate expertise and capacity exists to fulfil the contract and that appropriate contractual and charging arrangements are in place).		<ul style="list-style-type: none"> Executive Director 	9.4
3.8 Pension Fund Arrangements			
Approve the Annual Statement of Investment Principles.		Investment Steering Committee	N/A
Appoint Investment Managers, Custodian and advisors.		Investment Steering Committee	N/A
Set the investment parameters within which the investment managers can operate.		Investment Steering Committee	N/A
Approve the asset allocation benchmark for the fund.		Investment Steering Committee	N/A
Exercise the powers and duties of administering authority of the Essex Pension Fund.		Essex Pension Fund Board	N/A
To manage the Pension Fund including the power to seek professional advice and to devolve day to day handling of the fund to professional advisors within the scope of the Pension's Regulations.			N/A
Authorisation of: <ul style="list-style-type: none"> custody agreements and variations Investment advisor agreements and variations Partnership agreements and variations 		Director for Essex Pension Fund (<i>subject to Investment Steering Committee approval of the original appointment</i>)	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
<ul style="list-style-type: none"> Investment applications and related documentation 			
<p>Authorisation of :</p> <ul style="list-style-type: none"> Investment management agreements and variations Payment of capital calls on approved investments Instructions to the custodian to transfer funds and open/close accounts Applications to sovereign states and administrative areas Tax returns, applications and claims Appointment of tax consultants, actuaries and other specialist advisers and consultants The payment of invoices for services supplied to the Pension Fund and refunds of contributions Instructions to the fund actuary 		Director for Essex Pension Fund	N/A
3.9 Insurance arrangements			
<p>Authorisation of:</p> <ul style="list-style-type: none"> payment of invoices for services supplied by insurance brokers; payment of insurance premium invoices; instructions to Insurance Fund Actuary; appointment of consultants, actuaries and other specialist advisors. 	Up to £20,000	<p>Any of the following:</p> <ul style="list-style-type: none"> Health Safety and Risk Manager ISIS Risk Manager Business Continuity Risk Manager Risk Advisor 	N/A
	In excess of £20,000	<p>Either of the following:</p> <ul style="list-style-type: none"> Strategic Risk Manager Risk and Insurance Manager 	N/A
Settling of insurance claims against the Council.	Up to £20,000	Any of the following:	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
		<ul style="list-style-type: none"> ▪ Health, Safety & Risk Manager; ▪ ISIS Risk Manager; ▪ Business Continuity Risk Manager; ▪ Team Manager (Essex Legal Services); ▪ Solicitor (Essex Legal Services), ▪ Risk Advisor 	
	In excess of £20,000	Either of the following: <ul style="list-style-type: none"> ▪ Strategic Risk Manager; ▪ Risk & Insurance Manager 	N/A
Funding of risk management activities to schools and services	Up to £10,000	Any of the following: <ul style="list-style-type: none"> ▪ Health, Safety & Risk Manager; ▪ ISIS Risk Manager; ▪ Business Continuity Risk Manager; ▪ Risk Advisor; ▪ Strategic Risk Manager; ▪ Risk & Insurance Manager 	N/A

3.10 Summary of Financial Delegated Authority levels

Generic level reference	Title	Allocated cost centres	Purchasing				Budget			Write offs		Other		Payroll		
			Authorise orders & invoices	Raise orders	Approve orders from the online IT catalogue	Approve credit notes	Authorise emergency payments	Revenue virements changing policies	Supplementary estimates	Changes to Capital Programme	Write off of bad debts	Write off of stock	Disposal of assets	Delegation of budget to a partnership	Expense and allowance claims	Ex-gratia payments
	Cabinet Member for Finance	All					Over £1m	Up to £10m	✓	✓	Over £0.25m	Over £0.25m	Up to £1m	Up to £10m		
	Service Cabinet member	All related to services within Portfolio									Up to £0.25m	Up to £0.25m				
L1	Chief Executive	All	Over £2.5m				Up to £1m									
L2	Executive Director for Corporate Services	All	Over £2.5m				Up to £1m	✓	✓	Up to £100,000	Up to £100,000	Up to £0.25m	Up to £1m		In excess of £50,000	
L2	Deputy Chief Executive	All	Up to £2.5m							Up to £50,000	Up to £50,000		Up to £0.5m		Up to £50,000	
L2	Executive Directors	All related to areas of responsibility	Up to £2.5m				Up to £0.25m			Up to £50,000	Up to £50,000		Up to £0.5m		Up to £50,000	
L3	Directors	As defined by Exec Director	Up to £1m												Up to £10,000	
L3	Director for Property, Facilities Management and Business Support	As defined by Exec Director	Up to £1m									Up to £50,000			Up to £10,000	
L4	Heads of Service (HoS) (when designated as the Operational budget holder)	As defined by Director	Up to £0.5m		Over £100	✓							Up to £0.25m	Over £1,000	Up to £5,000	

Scheme of Delegation for Financial Management

Generic level reference	Title	Allocated cost centres	Purchasing					Budget			Write offs		Other		Payroll	
			Authorise orders & invoices	Raise orders	Approve orders from the online IT catalogue	Approve credit notes	Authorise emergency payments	Revenue virements changing policies	Supplementary estimates	Changes to Capital Programme	Write off of bad debts	Write off of stock	Disposal of assets	Delegation of budget to a partnership	Expense and allowance claims	Ex-gratia payments
L5	Officers with delegated authority to act on Operational Budget Holder's behalf	<i>As defined by HoS / Operational Budget Holder</i>	Up to £150,000			✓									Claims in excess of £100 and up to £1,000	
L6	All other officers	<i>As defined by HoS</i>		✓	Up to £100											

Scheme of Delegation for Financial Management

4. Guidance on roles and responsibilities

4.1 Introduction

The Council operates a system of devolved financial management which, in practice, means certain responsibilities are devolved to services, as follows:

- Ensuring that there is stewardship of public resources;
- Ensuring that statutory and regulatory standards are met;
- Ensuring value for money;
- Identifying, evaluating and managing risk;
- Supporting good decision making through the provision of financial information and advice to decision makers;
- Analysis of service activity costs and trends to feed into performance information;
- Aligning resource allocations with business objectives;
- Maximising income sources without being diverted from business priorities.

It is therefore important that there is clarity over roles and responsibilities within these areas of activity.

4.2 Budget Holders

The operation of financial management across the Council is carried out within a framework of budget holders, supported by Corporate Services.

The term 'budget holder' is used to cover a range of responsibilities and accountabilities starting from the Executive Director, who will oversee the overall delivery of a range of services, down to the operational budget holder who will be accountable for the day to running of a service and the management of the associated budget.

The default position is that the Director will be the operational budget holder. However, the Director may designate a Head of Service, or another officer, as the operational budget holder, where that officer has responsibility for a service area with a budget of at least **£1m**. Budgets of less than **£1m** are not permitted to be delegated without the approval of the Executive Director of Corporate Services.

There will usually be a series of delegations operating in support of the operational budget holder, whereby those with delegated authority are able to commit funds on the budget holder's behalf (*i.e. within parameters agreed by the operational budget holder*).

The role of each of these levels of 'budget holder', across the main themes in Financial Regulations, is summarised in the following pages.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
Financial Planning	<ul style="list-style-type: none"> Provides the overall strategic direction, and oversees the preparation of the budget, for their set of services. 	<ul style="list-style-type: none"> Ensures that new initiatives and legislative requirements are considered as appropriate. Prepares the detailed revenue and capital budgets, reflecting the strategic direction set by the Executive Director / Director. 	
Financial Management	<ul style="list-style-type: none"> Assigns budget holder responsibility and ensures there are appropriate budgetary control processes in place. Receives regular reports on performance against budget from Directors. Where appropriate, approves virements within the financial limits set out with Financial Regulations, or seeks additional funding if necessary. Ensures budget provision is in place for any new policies. 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget. Records income and expenditure properly and maintains appropriate commitment records to aid with budget management. Prepares reports, with finance support on performance against budget. Where appropriate, approves virements within the financial limits set out with Financial Regulations, or refers to the Executive Director for action, Reviews regularly the value for 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		<p>money of the service delivery arrangements.</p>	
<p>Accounting records and Financial Systems</p>	<ul style="list-style-type: none"> • Ensure Executive Director for Corporate Services’ approval is obtained to operate or change a financial system (or any financial element of a non-financial system). • Ensure that systems are backed up and disaster recovery and business continuity plans are maintained to allow information system processing to resume quickly in the event of interruption. • Ensure adequate audit trail exists through computerised systems. 	<ul style="list-style-type: none"> • Ensures compliance with proper accounting guidance and practice by following advice and guidance from finance. 	<ul style="list-style-type: none"> • Complies with proper accounting practices and guidance issued from finance.
<p>Risk Management and Control</p>	<ul style="list-style-type: none"> • Takes overall ownership of risk within their service areas, ensuring risk management is implemented in line with the overall risk management strategy. • Reviews risks in their service areas and progress on mitigating 	<ul style="list-style-type: none"> • Ensures risk management within their area is implemented in line with the strategy. • Reviews service risks and progress on mitigating actions at regular management meetings. • Notifies the Executive Director for Corporate Services 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>actions at regular management meetings.</p> <ul style="list-style-type: none"> • Consults the Executive Director for Corporate Services and the Monitoring Officer on the terms of any indemnity. • Establishes 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. • Undertakes an annual self-assessment of the status of the systems of internal control within their service areas, as directed by the Executive Director for Corporate Services. • Supports Internal Audit in any review being undertaken within their area, nominates a sponsor responsible for taking forward audit issues, and responds to 	<p>immediately of any loss, liability or damage that may lead to a claim against the Council.</p> <ul style="list-style-type: none"> • Notifies the Executive Director for Corporate Services promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. • Responds to internal audit reports in writing, within a timescale agreed detailing the action intended to address any recommendations, and monitors implementation of agreed actions • Maintains a Hospitality Register and a Register of Interests within each service in which the acceptance of any hospitality or gifts is recorded 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>issues raised within audit reports within the agreed timescale</p> <ul style="list-style-type: none"> Ensures that the anti-fraud and corruption policy is followed and that any appropriate action is taken. 		
Control of resources	<ul style="list-style-type: none"> Ensures there are appropriate control procedures in place with regard to assets, stock and stores 	<ul style="list-style-type: none"> Ensures the proper security of all buildings, vehicles, equipment, furniture, stock, stores and other property belonging to the Council and consults with the Director for Property, Facilities Management and Business Support in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Ensures that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of such keys must be reported to the Head of Internal Audit. Provides the Executive Director for Corporate Services with the 	<ul style="list-style-type: none"> Employees operating an imprest account will make adequate arrangements for the safe custody of the account as set out in paragraph 7.3.4 of the Financial Regulations

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		<p>information required to maintain the asset register in relation to vehicles, plant and equipment (including IT)</p> <ul style="list-style-type: none"> • Maintains inventories of all furniture, fittings, equipment, plant and machinery, and carries out an annual check of all items on the inventory. 	
Income and Expenditure	<ul style="list-style-type: none"> • Establishes a charging policy for the supply of goods or services, and reviews it regularly, in line with corporate policies and annual budget setting timetables. • Ensures there are adequate arrangements and delegations in place for ordering, authorising and receipting of goods and services. • Maintains an up to date list of those staff who can order, authorise and receipt goods and services, and identifies in each case, any limits to an individual's 	<ul style="list-style-type: none"> • Implements the charging policies. • Acts in accordance with the delegated limits applied to ordering, authorisation and receipt of goods and services. • Has regard to value for money when considering procurement activities. • Establishes and initiates appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly. • Notifies the Executive Director for Corporate Services 	<ul style="list-style-type: none"> • Raises invoices according to the agreed charging policies. • Places orders for goods and services in accordance with the Council's Procurement Policies and Procedures (<i>and on the Council's e-procurement purchase to pay system</i>). • Checks goods and services upon receipt to ensure they are in accordance with the order (<i>wherever possible, goods should not be received by the person who approved the order</i>). • Records the receipt of goods on the Council's e-procurement

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>authority.</p> <ul style="list-style-type: none"> • Ensures there is an appropriate control arrangement in place relating to cash handling. • Provides an up-to-date list of the names of officers authorised to sign records to the Head of Human Resources, together with specimen signatures, • Ensures that appropriate arrangements are made for meeting the competitive requirements set out in the Financial Regulations. 	<p>immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.</p> <ul style="list-style-type: none"> • Ensures that adequate and effective systems and procedures are operated for payments to employees and for goods and services. 	<p>purchase to pay system in order to provide an approval to pay for goods and services received by the authority.</p> <ul style="list-style-type: none"> • Ensures that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases and expenses complies with HM Revenue and Customs regulations. • Follows the guidance on VAT issued by the Executive Director for Corporate Services.
External arrangements	<ul style="list-style-type: none"> • Ensures partnership arrangements meet corporate policies and strategies for working with other bodies. • Ensures partnerships are governed by formal documented agreements. • Undertakes a risk management appraisal of proposed new partnership arrangement. • Ensures information on the 	<ul style="list-style-type: none"> • Monitors partnership arrangements to ensure they are operating according to agreements. • Measures the performance of partnerships to ensure that the overall arrangements represent best value for the people of Essex. • Ensures that all funding notified by external bodies is received 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>partnership arrangements is provided to the Executive Director for Corporate Services, so that the appropriate disclosures can be made within the Council’s annual statement of accounts.</p> <ul style="list-style-type: none"> · Approves the contractual arrangements for any work undertaken for third parties or external bodies. 	<p>and properly recorded in the Council’s accounts.</p>	

Scheme of Delegation for Financial Management

4.3 Finance support

The Council's system of devolved financial management means that services take decisions on their budgets, supported by Financial Services. The organisational model for finance is one that seeks to minimise transactional resource through the use of technology, allowing for a focus on value-added support to budget holders, backed up by specialist financial analysts and technical accountants where appropriate and when needed.

There is a Head of Finance assigned to each Executive Director, acting as key liaison point between the services covered by the Executive Director and Finance; the Senior Financial Analyst (Capital) undertakes this role in respect of capital projects. The Heads of Finance and the Senior Financial Analyst (Capital) report to the Director for Financial Services, who in turn reports to the Executive Director for Corporate Services. They are required to report regularly on any issues relating to possible non-compliance with any financial rules or agreed practices and on any financial pressures which may result in a failure to meet the budgets.

5. Authorised Signatory Process

In order to facilitate compliance with the Financial Regulations and Scheme of Delegation for Financial Management (SoDFM), the Council has an authorised signatory process. All posts have been assessed by their Executive Director to determine the extent of their delegated authority. Generally this is aligned to the management hierarchy, as follows:

- Chief Executive assigned to level **one**;
- Executive Director assigned to level **two**;
- Directors to level **three**;
- Heads of Service (when designated as the Operational Budget Holder) to level **four**;
- Officers with delegated authority to act on behalf of an operational budget holder to level **five**.
- All other staff to level **six**.

All staff within posts deemed to have delegated authority at levels one to five are required to complete an authorised signatory form. This sets out the extent of the individual's authority, requires them to confirm the cost centres they have authority against and requires them to provide a specimen signature. By signing this form, managers are confirming that they will abide by the rules and regulations set out both within the Financial Regulations and the SoDFM.

Details from this form, along with a scanned copy of the signature, are recorded in the Council's Authorised Signatory Database. This Database is then used to confirm that persons authorising transactions have the appropriate authority to do so. As such, the Database may also be used by Internal and External Audit to support their testing of the Council's internal controls framework.