

# **DONCASTER M.B.C.**

# **Financial Procedure Rules**

<b>Financial Procedure Rules</b>
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## **VI FINANCIAL PROCEDURE RULES**

### **INTRODUCTION**

- 1.1 To conduct its business efficiently and operate an appropriate level of public accountability, the Council needs to have sound financial management policies in place and ensure that they are strictly adhered to. The financial procedure rules set out the framework which the Council will use in managing its financial affairs. They set out levels of responsibility and give authority to the Mayor, Cabinet, Members and Officers.
- 1.2 The following are the key principles on which these procedure rules are based. They govern management of financial resources and assets under the Council's direct control, but also extend to the Council's partnerships, joint ventures and companies and any other devolved arrangements in which the Council has an interest. Doncaster Schools have their own financial procedure rules, approved by governors, which are aligned to those of the Council.

#### **Key Principles**

- 2.1 The Mayor, Cabinet and Members have a strategic role in agreeing a medium term budget strategy (the budget and policy framework) which will direct financial resources to deliver the corporate plan priorities and govern financial decision making.
- 2.2 The Managing Director and the Directors, operating as the Corporate Management Team (C.M.T.), will carry out financial management within the budget and policy framework and may take decisions to deploy resources flexibly to meet corporate priorities. It will be the Managing Director who is responsible for the proper exercise of that joint CMT authority and responsibility.
- 2.3 There are certain responsibilities which are reserved to particular officers, such as the Monitoring Officer and Chief Financial Officer. These are due either to statutory requirement or are necessary to achieve consistency in managing the Council's financial affairs (for example managing the debt portfolio and writing off bad debts or approving banking and insurance arrangements).
- 2.4 The Council has a statutory duty to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Council has resolved that the Director of Finance is the responsible officer and must report to Council if a decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful or there has been, or is about to be, an unlawful action resulting in a financial loss to the Council.

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- 2.5 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets, funds and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- 2.6 Financial Services provide expert advice and support to Members, Council Management Team and Service managers, ensuring there is a good level of understanding and training provided. The general principles of financial management operated in the Council follow best practice guidance and aim to ensure that:-

roles and responsibilities are clearly understood;

- there is a system of financial control which ensures that transactions are authorised appropriately, with adequate separation of duties;
- financial transactions are recorded properly, with a clear audit trail;
- clear, up-to-date and accurate position reports are available for the Council's financial standing to be properly monitored by Service Managers, C.M.T. and Cabinet;
- risks are managed on an ongoing basis and, for significant projects with financial impact, risks are registered and managed;
- the Council's key financial systems and processes are documented and business continuity plans in place to maintain effective financial administration at all times;
- awareness of and compliance in spirit and substance with the Council's anti-fraud and corruption policy.

### **Approval and Monitoring of Compliance with Finance Procedure Rules**

- 3.1 The Council will approve Financial Procedure Rules to be used by all members and officers.
- 3.2 The Cabinet is responsible for ensuring that the Financial Procedure Rules are complied with.

### **Status of Finance Procedure Rules**

- 4.1 Financial Procedure Rules apply to every member and employee of the Council and anyone acting on its behalf.
- 4.2 The Finance Procedure Rules should be read in conjunction with other internal regulatory documents, which provide more detailed guidance on specific issues.
- 4.3 The Director of Finance is responsible for issuing advice and guidance to underpin the Financial Procedure Rules that members, officers and others acting on behalf of the authority are required to follow.

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- 4.4 A reference in the Financial Procedure Rules to a Director includes, where appropriate, the Managing Director, Directors, Assistant Directors and Heads of Service.

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### **FINANCIAL PROCEDURE RULE A: FINANCIAL MANAGEMENT - RESPONSIBILITIES**

#### **BUDGET AND POLICY FRAMEWORK**

- A.1 Financial management covers all financial accountabilities in relation to the running of the authority, including those relating to the Budget and Policy Framework. The budget shall mean:-
- (a) the identification and allocation of financial resources for the following financial year(s) by the full Council including:-
- Revenue Budgets;
  - Capital Budgets;
  - The Council Tax base;
  - The Council Tax level;
  - Borrowing requirements;
  - Prudential Indicators;
  - The 3 Year Financial Strategy and Plan;
  - The Level of Uncommitted Reserves.
- (b) any resolution of full Council identified as a budgetary decision causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase above that stated in the approved budget.

#### **RESPONSIBILITIES OF THE FULL COUNCIL**

The full Council is responsible for:

- A.2 Approving the Budget and Policy Framework and Capital Programme, within which the Elected Mayor, Cabinet, Members and Directors and other employees operate.
- A.3 Approving the budget proposed by the Mayor for the following year(s) on a date no later than 10th March, preceding the financial year(s) to which the budget relates.
- A.4 Approving any budgetary decision that causes the total expenditure financed from Council Tax, grants and corporately held reserves to be increased above that approved.
- A.5 Approving the Treasury Management policy statement and an annual Investment strategy for the Council's cash balances.
- A.6 The Council's responsibilities for financial management are delegated within a framework of powers from Council to the Mayor, Deputy Mayor and Officers.

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### RESPONSIBILITIES OF THE ELECTED MAYOR AND CABINET

The Elected Mayor and Cabinet are responsible for:

- A.7 Proposing the Budget and Policy Framework and Capital Programme to the full Council, and for discharging executive functions in accordance with the Budget and Policy Framework agreed by full Council.
- A.8 Approving the Risk Management policy statement and strategy.
- A.9 The Elected Mayor determines the Scheme of Delegation which will govern the framework for financial decision-making and budgetary responsibility, except where these financial procedure rules impose other responsibilities or arrangements. Executive decisions can be delegated by the Elected Mayor, to a committee of Cabinet, an individual cabinet member, a member of staff, or a joint committee. Where the scheme of delegation established by the Mayor is silent as to where responsibility for a budget lies, the budget holder will be the officer with responsibility for the relevant service, policy or project.

### RESPONSIBILITIES OF COMMITTEES

**Elections, Corporate and Finance Audit Committee are responsible for:**

- A.10 Approving the Council's annual Statement of Accounts.
- A.11 Approving the Council's Statement of Internal Control.
- A.12 Considering audit matters for recommendation to Cabinet including the Council's anti-fraud and corruption policy.

**Overview and Scrutiny Management Committee are responsible for:**

- A.13 Scrutinising executive decisions before or after they have been implemented and for holding the Executive to account.
- A.14 Making recommendations on future policy options and for reviewing the general policy, budget and service delivery of the authority.
- A.15 Providing a response within 6 weeks to the Mayor's budget proposal.

### RESPONSIBILITIES OF THE STATUTORY OFFICERS

#### Managing Director

The Managing Director is responsible for:

- A.16 Advising the Mayor on budget strategies as linked to the Corporate Plan and Council Policies, including the preparation of a 3 year financial strategy.



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- A.17 Advising the Mayor in preparing a 3 year capital programme, which
- is consistent with the Council's capital investment strategy;
  - establishes capital budgets for identified projects.
- A.18 Establishing protocols to ensure that those with Executive decision-making powers consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual officer or Member must take account of legal, financial and human resource implications, other internal policies and any cross-cutting issues where relevant.
- A.19 Ensuring that there is a proper scheme of delegation, which clarifies responsibilities from the Mayor downwards and the skills to carry out those responsibilities. This will include developing and maintaining a resource allocation process that ensures due consideration of the Council's Budget and Policy Framework.
- A.20 Establishing arrangements for the ongoing regular review, assessment and assurance of the effectiveness of the Council's internal control arrangements and for annually preparing a Statement of Internal Control to meet the requirements of the Accounts and Audit Regulations 2003.
- A.21 In conjunction with the Director of Finance, to approve urgent settlement of financial claims, or to suspend F.P.R.s, where compliance with normal financial procedure rules would introduce delay likely to be detrimental to the authority;

### Monitoring Officer

The Monitoring Officer is responsible for:

- A.22 Promoting and maintaining high standards of conduct including those of financial administration.
- A.23 Reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet/~~Elections, Corporate and Finance~~Audit Committee.
- A.24 Ensuring that procedures for recording and reporting key decisions are operating effectively and that executive decisions and the reasons for them are made public. He or she must also ensure that all Council members are aware of key decisions made by those with Executive decision-making powers.
- A.25 Advising all councillors and employees about who has authority to take a particular decision.
- A.26 Advising (in conjunction with the Director of Finance), whether a decision is likely to be considered contrary or not wholly in accordance with the Budget and Policy Framework.

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A.27 Decisions that may be 'contrary to the budget' include:-

- causing the total expenditure financed from Council Tax, grants and corporate reserves to increase above that stated in the budget approved by full Council;
- committing expenditure in future years significantly above the current year budget level or as set out in the approved budget strategy.

### **Director of Finance**

A.28 Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to the full Council, Executive and external auditor if the authority or one of its employees:-

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

A.29 Section 114 of the 1988 Act also requires:-

- the Director of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally;
- the Council to provide the Director of Finance with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114 of the 1988 Local Government Finance Act.

A.30 The Director of Finance is responsible for the proper administration of the authority's financial affairs including:-

- providing advice to the political and appointed Executive, Overview and Scrutiny and the full Council on financial and economic factors likely to influence the budget and policy framework. This may also include legal requirements, medium-term planning prospects, available resources, the capital investment strategy and borrowing requirements, spending pressures, best value and other relevant government guidelines;
- reporting on the adequacy of the Council's reserves and the robustness of budgets to the Council meeting, which approves the Mayor's budget and Council Tax proposal.
- setting and monitoring compliance with financial management standards and accounting policies;

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- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- providing quality financial information to decision makers and deciding the form and content of the Council's published Accounts, in accordance with the Code of Practice;
- preparing the revenue and capital budgets;
- treasury management and insurance;
- in exceptional circumstances personally suspending these Financial Procedure Rules, where to do so appears to be in the best interests of the Authority and in its financial interests.

### RESPONSIBILITIES OF DIRECTORS

It is the responsibility of Directors and Budget Holders to:

- A.31 Operate sound financial management of their allocated budget and only commit the Council to expenditure where there is sufficient funding available.
- A.32 Control income and expenditure against approved budgets and to report quarterly to Cabinet on the latest forecast budget position.
- A.33 Delegate authority to manage budgets to an appropriate level of management and thereby create and maintain a budget holder structure. Directors should review the performance of managers in delivering their budget holder role.
- A.34 The Director of ~~Development~~ **Resources, in conjunction with the Director of Finance** is responsible for the management and monitoring of the Capital Programme, and providing advice to the Managing Director on the preparation of the 3 year capital programme.
- A.35 The Director of Resources, in conjunction with the Director of Finance, is responsible for budget strategy, and providing advice to the Managing Director on the Budget and Policy Framework.
- A.36 The Director of Resources, in conjunction with the Director of Finance, will report any non-compliance with Financial Procedure Rules to the ~~Elections, Corporate and Finance~~ **Audit** Committee.

### CABINET MEMBERS (PORTFOLIO HOLDERS) EXERCISING BUDGET RESPONSIBILITY

- A.37 In the event that the Scheme of Delegation should grant specific budget responsibility to Portfolio Holders, they must comply with all the requirements of these Financial Procedure Rules and any related guidance.

### EXECUTIVE DECISION-MAKING RESPONSIBILITIES – KEY DECISIONS

- A.38 The Council's Constitution defines a key decision. The criteria for a key decision include:-

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- those that are likely to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates;
- financially significant to mean in excess of over £100,000.

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### **FINANCIAL PROCEDURE RULE B: FINANCIAL PLANNING AND BUDGETING**

#### **BUDGET STRATEGY**

##### **Budget Preparation and Approval**

- B.1 The budget strategy and financial plans proposed by the Elected Mayor will be considered by Cabinet, and then put forward for approval to the full Council. The full Council may amend the budget strategy or ask the Elected Mayor to reconsider it before approving it, in accordance with and subject to, the requirements of the constitution.
- B.2 The Director of Finance will report on the robustness of budgets and the adequacy of Council reserves to the Council meeting which approves the Mayor's budget and Council Tax proposal.
- B.3 Capital budgets for individual projects will be approved within the framework of a 3 year capital programme. The Director of Finance will advise on the affordability of capital investment plans and propose prudential indicators for the approval of Council.

##### **Revenue Budget Monitoring and Management**

- B.4 Directors and budget holders will control income and expenditure within their area, taking account of financial information provided by the Director of Finance.
- B.5 Directors should report on variances within their own budget responsibility areas and should formulate and promptly implement, action plans in respect of any significant variances. They should also take any action necessary to avoid exceeding their budget allocation and must alert the Director of Finance to any problems at the earliest opportunity.
- B.6 The latest forecast budget position and any changes to approved Directorate revenue budgets will be put forward for approval by the Corporate Management Team as part of a financial management report to Cabinet on a quarterly basis.

##### **Capital Budget Monitoring and Management**

- B.7 Projects, once allocated a capital budget within the approved programme, and which can be delivered within the approved budget are not subject to further 'key decision' reporting.

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- B.8 For any project that involves a capital commitment of £1m or more, the Director of Development Resources will prepare a project report to the Deputy Mayor for approval before a formal commitment is entered into or a contract is signed.
- B.9 The Managing Director will ensure that Corporate Management Team monitor and control expenditure against approved budgets and address any problems of overspending or resource re-allocation.
- B.10 Capital budgets for new projects or changes to the approved capital budgets for projects in the programme will be put forward for approval as part of a report by the Director of Development Resources to Cabinet.
- B.11 The Deputy Mayor may in conjunction with the Director of Development Resources approve any proposed change to the Capital Programme in advance of a report to Cabinet where funding has been agreed with the Director of Finance.
- B.12 The Director of Finance will report any significant deviations from expectations for prudential indicators as part of the quarterly financial management reports to Cabinet. The key objectives of the prudential indicators are to ensure that capital investment plans are affordable, prudent and sustainable.

### Virement

- B.13 Virement is not permitted from certain revenue budget heads as these impact on the Council's ability to fund non-discretionary expenditure. These excluded heads are as follows, or as may be determined from time to time by the Director of Finance:-
- Asset rentals;
  - Recharge budgets for professional and corporate services, Information Services, Health and Safety and Construction Services (unless there is written agreement between the client and the providing Directors).
- B.14 Directors are responsible for agreeing in-year virements within their Directorate revenue budgets. Proposals for virement between Directorates must be approved by the Managing Director (up to £100,000), the Deputy Mayor (£101,000 to £500,000) and the Cabinet (over £500,000).

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### **Income**

- B.15 The Council fees and charges shall be agreed within the framework of the Budget Strategy by the relevant Director in consultation with the Deputy Mayor.

### **Treatment of Year-End Under/Overspends**

- B.16 The Managing Director, with advice from the Director of Finance, is responsible for agreeing and reviewing procedures for carrying forward at year end under and overspendings on budget headings.
- B.17 Carry forwards of any underspends on budgets will be managed on a corporate basis by the Managing Director and Deputy Mayor. Overspending on Directorate budgets will not be allowable.

### **Specific Grants**

- B.18 Most grants will have been included in the budget approved by Council, however, the Council may receive specific grants after the budget for the year has been approved. A plan to use these grants should be proposed by the Managing Director to the Deputy Mayor for approval.

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### **FINANCIAL PROCEDURE RULE C: RISK MANAGEMENT AND CONTROL OF RESOURCES**

#### **INTRODUCTION**

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the authority. This should include the ongoing pro-active participation of all those associated with planning and delivering services.

#### **RISK MANAGEMENT**

- C.2 The Cabinet is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management arrangements. Corporate direction on risk management will be steered by the Corporate Risk Management Steering Group. The Director of Resources is responsible for preparing the authority's risk management policy statement, and for promoting it and the risk management strategy throughout the authority and for co-ordinating information on managed risks.

#### **INSURANCE**

- C.3 The Director of Finance is responsible for ensuring that proper insurance exists where appropriate. Directors should advise the Director of Finance in respect of all insurable risks. The Director of Finance is responsible for advising the Cabinet on proper insurance cover where appropriate.

#### **INTERNAL CONTROL**

- C.4 'Internal control' refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- C.5 Directors are responsible for maintaining adequate internal control arrangements in their service areas. The Audit Manager is responsible for the Internal Audit function and to advise on the Council's internal control arrangements. It is the responsibility of the Managing Director, and all Directors and Members for ensuring that the Audit Manager and the Director of Finance are promptly notified of all suspected and detected frauds and irregularities.



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- C.6 The Managing Director is responsible for establishing arrangements for the ongoing and regular review, assessment and assurance on the effectiveness of the Council's internal control arrangements and for annually preparing an Annual Governance Statement to meet the requirements of the Accounts and Audit Regulations 2003.
- C.7 It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and service performance targets.

### AUDIT REQUIREMENTS

- C.8 The Accounts and Audit Regulations 2003 (and successive revisions) issued by the Secretary of State for the Environment require every local authority to maintain an adequate and effective internal audit of its accounts and supporting systems. The Council's internal audit function will fulfil this requirement, and will do so in accordance with the approved Audit Charter and the C.I.P.F.A. Code of Practice for Internal Audit in Local Government. This also covers their rights of access and their rights to receive explanation as necessary to fulfil these responsibilities.
- C.9 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- C.10 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as H. M. Revenue and Customs and the Audit Commission, who have statutory rights of access.

### PREVENTING FRAUD AND CORRUPTION

- C.11 Directors co-ordinated by the Director of Resources are responsible for the drafting, submission to ~~Elections, Corporate and Finance~~ **Audit** Committee and delivery of a suitable effective corporate anti-fraud and anti-corruption policy and relating strategy. This policy and strategy shall be subject to periodic monitoring and updating with the intention of ensuring that the policy remains relevant. Cabinet will receive reports from time to time on the effectiveness of the policy and strategy. Standards Committee shall also receive periodic reports on the Council's anti-fraud and corruption policy and strategy in order for it to discharge its terms of reference on ethical standards.

### PROPERTY

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C.12 The Director of Legal & Democratic Services shall have the custody of all title deeds under secure arrangements, maintaining a separate register of all such deeds. The Director of Development-Resources will maintain an up-to-date register of all Council land and buildings.

C.13 The Director of Finance shall ensure that a full and accurate register of all Council fixed assets is maintained, for the purpose of calculating asset rentals, in accordance with the relevant Codes of Practice.

C.14 In respect of disposals of land and property:-

- processes followed should be robust and transparent and in accordance with current legislation;
- in all cases of planned disposal of land or property, the Director of Development-Resources, the Director of Legal & Democratic Services and the Director of Finance must be consulted;
- where the estimated disposal value is less than £1,000,000 the Director of Development-Resources, having taken financial and legal advice, may arrange for the disposal of land or property;
- where the estimated disposal value of individual property assets is equal to or greater than £1m, a decision of Cabinet is required;
- in respect of disposal at less than Best Consideration where the estimated disposal value would otherwise have been at less than £250,000, the Director of Development-Resources may arrange for the disposal of land or property;
- in respect of disposal at less than Best Consideration where the estimated disposal value would otherwise have been at or above £250,000, the Director of Development-Resources shall prepare a report to Cabinet, requesting approval to proceed with the disposal in such circumstances where either the use of a specific, or general, disposal of consent is required, or a Qualifying Meeting (as defined in the General Disposal Consent of 1998) is required, before the disposal can be completed, or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable;
- all arrangements for the acquisition and disposal of land and buildings shall be in accordance with Council Asset Management Policy, and be conducted by the Director of Development-Resources, including all negotiations and the preparation and certification of valuation certificates;

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- in the absence of any specific conditions or exemptions agreed by the full Cabinet and these Financial Procedure Rules, the following have authority to undertake a review of property charges. If in each case the revised rent, licence fees, easement or wayleave payment or compensation claim does not exceed £250,000 per annum, the Director of **Development Resources** may approve. If it is over £250,000 per annum, the approval of Cabinet is required.

In respect of the acquisition of land and property:-

- where budget provision for an acquisition exists within the total Council budget, the Director of **Development Resources** may approve a purchase of land or property.

### Stocks, Stores and Equipment

C.15 Directors are responsible for the care, custody and recording of the stocks, stores and equipment in their respective service areas.

C.16 Directors should:-

- hold only stocks, stores or equipment that are required to meet their reasonable requirements;
- review annually the stocks, stores or equipment required for their service areas; and
- review and write-off promptly obsolete items of stocks, stores or equipment.

C.17 Directors shall provide the Director of Finance with the information in relation to stocks, stores or equipment that is required for accounting, costing and financial records.

### TREASURY MANAGEMENT

C.18 The Council will have due regard to all recognised codes of practice and guidance issued relating to its Treasury Management operations. The Council defines its treasury management activities as:-

"The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

C.19 The Council will create and maintain the following:-

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- a Treasury Management policy statement, approved by Full Council, stating the policies and objectives of its treasury management activities;
- suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities; and
- Treasury Management Prudential Indicators as part of the Council's budget and policy framework.

C.20 The Cabinet will receive regular reports on the treasury management activities which will include as a minimum an annual strategy report in advance of the forthcoming financial year and an annual report detailing the actual activity after its close.

C.21 This Council delegates responsibility for all decisions, execution and administration of its treasury management activities to the Director of Finance.

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### **FINANCIAL PROCEDURE RULE D: SYSTEMS AND PROCEDURES**

#### **GENERAL**

- D.1 The Director of Finance is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any proposed changes made by Directors to the existing financial systems or the establishment of new systems must first be approved by the Director of Finance before changes or new systems are implemented. Suitable and appropriate business continuity arrangements should be established, tested and kept up-to-date in respect of all important financial systems.
- D.2 Directors must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Directors must ensure that staff are aware of their responsibilities under Freedom of Information legislation and Regulation of Investigatory Powers Act, and any other Council policies and guidance relating to the use of I.S. systems, or the dissemination of information. Likewise any information system used by Members.

#### **INCOME AND EXPENDITURE**

##### **Scheme of Authorisation**

- D.3 It is the responsibility of Directors to ensure that a proper Scheme of Authorisation has been established within their area that is suitably documented and is operating effectively. The Scheme of Authorisation should identify staff authorised to act on the Director's behalf in income collection and placing orders/raising requisitions and making payments, together with the limits of their authority. These records should be amended promptly where changes in circumstances or personnel take place and reviewed annually to ensure that they are kept up-to-date

##### **Income**

- D.4 Directors are responsible for ensuring that all income due to the Council is identified and collected for the services provided by their Directorate.
- D.5 Directors are responsible for reviewing fees and charges within the framework of the Budget Strategy and agreeing any changes in consultation with the Deputy Mayor.

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D.6 In order to comply with the Money Laundering Regulations 2003, this Council will not accept cash income for the purchase of goods with a value greater than the sterling equivalent of €15,000 (approx. £9,000). This also applies where payment is accepted over a number of instalments and the total value of all instalments exceeds €15,000. If goods are sold exceeding this value, a payment method other than cash is required, for example electronic bank transfer.

D.7 Only the Director of Finance has the legal authority to write-off bad debts and will delegate responsibilities as necessary for smaller items. For larger items, the following arrangements are in place.

- Bad or doubtful debts below £50,000 can be authorised by the Director of Finance;
- The Director of Finance will consult with the Deputy Mayor before authorising the writing-off of debts between £50,000 and £250,000;
- The Director of Finance will consult with Cabinet for the write-off of bad or doubtful debts of £250,000 or over.

Debts written-off over £50,000 will be included in financial management reports to Cabinet.

In all cases, debts will not be written-off unless processes for collection have proved fruitless. All write-offs should be properly recorded and such records retained, with due explanation for non-collection.

### **Banking Arrangements**

D.8 The Director of Finance is responsible for all matters relating to the establishment, varying and closing of bank accounts for the Council and for approving all standing orders, direct debits or other electronic payment methods from the Council's bank accounts. This includes imprest and petty cash accounts and payment cards.

### **Ordering and Paying for Work, Goods and Services**

D.9 The Director of Finance is responsible for approving the form of orders and associated terms and conditions.

D.10 Directors should identify and maintain a list of designated officers to authorise orders.

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D.11 Directors should ensure that the following key controls are complied with:-

- goods and services are ordered by designated officers;
- designated officers ensure that there is uncommitted budget before placing an order;
- goods and services are ordered in accordance with the Council's procurement strategy and contract procedure rules;
- goods and services received are checked to ensure they are in accordance with the order;
- payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards;
- payments are made to the correct person for the correct amount and are properly recorded;
- where payments are made by cheque or electronically these should be made by the Director of Finance;
- appropriate evidence of the transaction and payments documents is retained and stored for the appropriate period as defined by the document retention schedule; and
- expenditure, including V.A.T. is accurately recorded against the appropriate budget and that budgetary provision exists to cover the payment.

### **PAYMENTS TO EMPLOYEES AND MEMBERS**

D.12 The Director of People & Performance Improvement is responsible for all payments of salaries, wages and expenses to staff and members in accordance with approved procedures and rules.

### **TAXATION**

D.13 The Director of Finance is responsible for advising Directors on all taxation issues that affect the authority. The Director of People & Performance Improvement shall advise on matters relating to employee taxation.

D.14 The Director of Finance in conjunction with the Director of People & Performance Improvement is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. Directors shall provide such information, maintain such records and administer taxes in a suitable manner, as the Directors of Finance and People & Performance Improvement require, to fulfil these responsibilities.

## **VI FINANCIAL PROCEDURE RULES**

### **FINANCIAL PROCEDURE RULE E: EXTERNAL ARRANGEMENTS**

#### **INTRODUCTION**

- E.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social, or environmental well-being of its area.

#### **PARTNERSHIPS**

- E.2 The Cabinet is responsible for approving delegation of financial management arrangements relating to, and specifically, agreeing partnerships. Any other specific delegation arrangements in respect of partnerships will be set out in the Scheme of Delegation.

- E.3 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to partnerships that apply throughout the authority and representatives to partnership should exercise these same high standards.

- E.4 The Director of Finance must ensure that accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. Directors must also consider any overall corporate governance issues and shall take account of any legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised and brought to the attention of the respective decision-maker before agreements are entered into with partners and other external bodies and that all significant risks are effectively managed and reported upon.

- E.5 All partnership agreements involving the discharge of D.M.B.C. services and statutory duties by external bodies in exchange for payment shall contain the following clause:-

In order to deliver the Council's statutory responsibilities for internal audit, the Council's Audit Manager shall have all reasonable rights of access to information and persons of the partner body so as to ensure that the Council's internal control arrangements are sound, its financial interests protected and all income due to it and payments made by it can be vouched for and confirmed to be adequate and correct.

- E.6 Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work or partnerships with external bodies.



## **VI FINANCIAL PROCEDURE RULES**

### **EXTERNAL FUNDING**

- E.7 Directors are responsible for ensuring that action plans are in place (including exit strategies) for all external funding for which they approve applications.
- E.8 The Council may receive external funding after the budget for the year has been approved. A plan to use this external funding should be proposed by the Corporate Management Team to the Deputy Mayor for approval.
- E.9 The Director of Finance in consultation with the respective Director, is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts. Directors are responsible for informing the Director of Finance, promptly, about such funding and of any subsequent modifications to timing and amounts of anticipated funding. Where the income is receivable against a grant claim, the respective Director shall provide written confirmation to the Director of Finance that all output and other grant requirements have been properly and fully met and account for any significant variations.

### **WORK FOR THIRD PARTIES**

- E.10 Those with executive decision-making powers are responsible for approving the undertaking of work for third parties or external bodies where the value of the contractual commitment exceeds £100,000 in value. Where the value of such work is below £100,000 the responsible Director may approve such work, in consultation with the Director of Legal & Democratic Services and the Director of Finance. In all cases consideration must be given to the financial, legal, risk and human resources implications of such arrangements both in the short and longer term.

### **GRANTS TO OUTSIDE BODIES**

#### **– WHERE THE COUNCIL IS NOT ACTING AS AN ACCOUNTABLE BODY**

- E.11 The approval of Cabinet is required for all grants and annual assistance to external bodies with a financial value of £50,000 or more. Where the value in total per annum to any one body is below £50,000, the respective Directors may approve such assistance subject to other requirements of these financial procedure rules and related guidance and this approval being formally recorded.
- E.12 Notwithstanding Financial Procedure Rule E.13, the Cabinet may approve a delegated framework for the administration of some classes of grant and assistance over the value of £50,000, subject to such assistance meeting the other requirements of these financial procedure rules.

## VI FINANCIAL PROCEDURE RULES

E.13 Irrespective of where approval responsibility rests, the relevant Director must ensure the Council's interests are protected at all times and must be in a position to provide assurance that the following requirements have been met or will be met before any grant or other assistance is actually made:

- the receiving body has been properly identified with suitable lead parties, its work/purpose is identified, and are bona fide, with suitable trust documents or constitution;
- any conflict of interest have been declared and properly managed;
- any risks to such agreements and the Council's interests are being adequately and appropriately managed on a continuous basis;
- it will be possible to confirm the proper use of the Council's assistance;
- the assistance contributes to the delivery of Council services or achievement of Council goals;
- the extent, purpose and outcomes of the assistance have been properly identified;
- arrangements for the repayment of any loan have been made;
- arrangements to gain repayment/recovery for the value of the assistance are in place in the event of default by the recipient;
- any specific conditions relating to the assistance are identified;
- monitoring arrangements are to be set in place to ensure the assistance is used for the purpose granted;
- arrangements are set in place whereby the recipient will produce his/her financial accounts to a representative of the council so that they can confirm the proper use of the grant/assisted sum and the recording of its receipt in the proper accounts of the body;
- the recipient will provide evidence to the Council demonstrating the proper accounting for and use by the recipient of the assistance, including, for assistance over £1,000 in value, a copy of the annual accounts of the body, access to other accounting records as is deemed necessary and the Director of Finance and representative of the Council are given rights supporting such access to information, documents and evidence;
- a formal legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of the grant or other assistance;

## **VI FINANCIAL PROCEDURE RULES**

- for grants in excess of £5,000, arrangements should be made to monitor the financial status of the recipient in order to ensure that the Council is not providing assistance to a body that is to, or is likely to, terminate for financial reasons and hence be unable to fulfil the purpose for which assistance is being given.

E.14 Full records shall be maintained of all grants and related applications for assistance; they should identify members of staff or members involved in the processing of applications and grants should record the date of approval of any grant or other assistance, together with other relevant transaction information.

### **GRANTS TO OUTSIDE BODIES**

#### **- WHERE THE COUNCIL IS ACTING AS THE ACCOUNTABLE BODY**

E.15 Where grants are given and the Council is acting as a funding conduit or accountable body for a particular grant stream it is equally important that the interests of both the Council and funding body are protected and that the use of such funds does add value to and benefit the local Doncaster community. It is the responsibility of the administering Director to ensure that:-

- Grants are actually used for the intended purpose;
- Grant outcomes are achieved;
- Assets related to such grants can be accounted for;
- All related expenditure is correctly accounted for;
- That the details highlighted in E.13 above are adequately covered;
- Spending and scheme target attainment is adequately monitored; and
- Action is promptly taken where there are concerns over delivery, accounting, or any other aspects of scheme administration and management. This may require the recovering grant sums or the value of assistance given and assets provided by D.M.B.C.

## **VI FINANCIAL PROCEDURE RULES**