

FINANCIAL PROCEDURE RULES

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INTRODUCTION

- 1.1 These **Financial Procedure Rules** form part of the overall control framework within which Doncaster Council operates. They aim to facilitate service delivery by setting out best practice for the administration of all financial matters throughout the Council, ensuring a high quality of financial information and enabling better decision making. They enable the Council to conduct its business efficiently and operate an appropriate level of public accountability.
- 1.2 The Constitution defines the rules governing the procedures of the Council including responsibility for functions, Contract Procedure Rules and these Financial Procedure Rules.
- 1.3 The Constitution defines the framework within which the powers to make decisions, take action etc. are delegated to the appropriate level in the organisation. In particular the Constitution: -
 - requires all Directors to act within the terms of these Rules in the exercise of their delegated powers
 - empowers the Chief Financial Officer (CFO) to act as the Proper Officer under Section 114 of the Local Government Finance Act 1988 (as amended) and the Local Government Act 2003.
 - empowers the CFO to exercise the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972 (as amended).
- 1.4 The Contract Procedure Rules define the correct procedures to be followed when the Council enters into any contractual arrangement and should be read in conjunction with these Rules.
- 1.5 The Finance Manual is a comprehensive document detailing all aspects of financial systems and procedures and is designed for use on a day to day basis by staff involved in any aspect of financial administration. Any new or revised instructions on financial matters issued by the CFO will be incorporated into the Finance Manual.

APPLICATION OF THE RULES

- 2.1 These rules apply across all parts of the Council. They govern management of financial resources and assets under the Council's direct control, but also extend to the Council's partnerships, its subsidiaries, its associates, joint ventures, joint operations and any other arrangements in which the Council has an interest. This is to the extent that they are capable of being imposed by virtue of the Council's control or influence and would not be detrimental to the interests of the Council. Doncaster Schools have their own financial procedure rules, approved by governors, which are aligned to those of the Council.
- 2.2 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.

MAINTAINING THE RULES

- 3.1 The Council operates a system of managerial and financial control whereby the CFO has overall responsibility for the proper management of the finances of the Council as a whole but the responsibility for the day-to-day financial control and administration in Directorates and other corporate project and programme work is devolved to the relevant Director.
- 3.2 The overall responsibilities of the CFO in respect of these rules are therefore to:
- maintain these Rules and submit any additions or changes necessary to Council for approval in consultation with the MO (Monitoring Officer) and Chief Executive;
 - issue explanatory advice and guidance to underpin these Rules as necessary. Where such advice and guidance is issued, Members, officers and others acting on behalf of the Council are required to comply with the general provisions of these Rules;
 - require any officer to take any action deemed necessary (as is proportionate and appropriate) to ensure proper compliance with these Rules;
 - report, where appropriate, any breaches of these Rules to Members;
 - report all waivers of Rules to Members approved by him/her during the course of any financial year which he/she has delegated authority to determine.
- 3.3 Should any uncertainty or dispute arise pursuant to these Rules, the matter must be referred to the CFO for interpretation and/or arbitration.

NON-COMPLIANCE WITH THE RULES

- 4.1 Failure to comply with any part of these Rules may constitute misconduct and lead to formal disciplinary action. Non-compliance will be referred for management action, to be dealt with by the relevant Director in most instances. Serious breaches will be referred to the CFO who may require remedial action to be taken by the Director.

GENERAL PRINCIPLES OF FINANCIAL MANAGEMENT

- 5.1 The financial management staff report to the CFO and provide day to day support to all Directorates. They are able to provide assistance to any member or officer regarding financial management. 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 will be provided to Directors and Cabinet to properly monitor the financial standing of the Council;
 - risks are managed on an ongoing basis and, for significant projects with financial impact, risks are registered and managed;
 - the Council's ERP system and other key financial systems and processes are documented and business continuity plans in place to maintain effective financial administration at all times;

- staff are aware of and comply in spirit and substance with the Council's anti-fraud and corruption policy.

FINANCIAL PROCEDURE RULE A:

FINANCIAL MANAGEMENT - RESPONSIBILITIES

RESPONSIBILITIES OF THE FULL COUNCIL

These are detailed in the Constitution at Article 3; the financial responsibilities are:

- A.1 Setting the Budget and Policy Framework within which the Cabinet will operate.
- A.2 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.3 Approving the Treasury Management policy statement and an annual Investment strategy for the Council's cash balances.

RESPONSIBILITIES OF THE ELECTED MAYOR AND CABINET

These are detailed in the Constitution; the financial responsibilities of the Elected Mayor and Cabinet are:

- A.4 Proposing the Budget and Policy Framework and Capital Programme to Council, and for discharging executive functions in accordance with the Budget and Policy Framework agreed by full Council.
- A.5 Approving the Risk Management policy statement and strategy.
- A.6 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

Audit Committee is responsible for:

- A.7 Approving the Council's Annual Governance Statement.
- A.8 Considering audit matters for recommendation to Cabinet including the Council's anti-fraud and corruption policy.

Overview and Scrutiny Management Committee's financial responsibilities include:

- A.9 Scrutinising executive decisions before or after they have been implemented and for holding the Executive to account.
- A.10 Making recommendations on future policy options and for reviewing the general policy, budget and service delivery of the Council.
- A.11 Providing a response within 6 weeks to the Mayor's budget proposal.

RESPONSIBILITIES OF OFFICERS

- A.12 Officer responsibilities for the overall management of the Council's financial affairs are variously set out by legislation, the provisions of the Council's Constitution and the Council's Scheme of Delegation.
- A.13 Certain legislation requires the Council to designate particular officers as the 'proper officer' for the performance of certain functions. 'Proper Officer' functions include the responsibilities of the Head of Paid Service (HPS), the Monitoring Officer (MO) and Chief Finance Officer (CFO) in managing the overall financial affairs of the Council. Formal recognition is also given to the particular responsibilities and functions of the Chief Internal Auditor (CIA) at the Council in accordance with best practice advice and guidance.

Chief Executive

The Head of Paid Service (HPS) is designated as the Chief Executive. The financial responsibilities of the Chief Executive include:

- A.14 Advising the Mayor on budget strategies as linked to the Corporate Plan and Council Policies, including the preparation of a medium-term financial strategy.
- A.15 Advising the Mayor in preparing a capital programme and establishes capital budgets for identified projects.
- A.16 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.17 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.18 Establishing arrangements for the ongoing regular review, assessment and assurance of the effectiveness of the Council's internal control arrangements and for annually preparing an Annual Governance Statement Monitoring Officer

Monitoring Officer

The Monitoring Officer is responsible for:

- A.19 Promoting and maintaining high standards of conduct including those of financial administration.
- A.20 Reporting any actual or potential breaches of the law or maladministration to Council and/or to the Cabinet.
- A.21 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.22 Advising all councillors and employees about who has authority to take a particular decision.
- A.23 Advising (in conjunction with the CFO), whether a decision is likely to be considered contrary or not wholly in accordance with the Budget and Policy Framework.
- A.24 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 medium term financial plan and budget strategy.

Chief Financial Officer (CFO)

- A.25 The functions and responsibilities of the CFO are directed in the first instance by legislation that imposes statutory duties on the CFO for the proper management, financial administration and stewardship of Council assets and the fiduciary interests of current and future local tax payers. These responsibilities include:
- proper administration of the council's financial affairs, systems and procedures;
 - providing advice to the political and appointed Executive, Overview and Scrutiny and 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, 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, accounting standards and policies;
 - ensuring proper professional practices are adhered to in relation to the standards, performance and development of all finance staff;

- 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 preparing the annual statement of accounts in accordance with CIPFA's Accounting Code of Practice;
- preparing the revenue budget and capital programme;
- treasury management and insurance;
- proper procurement practice;
- in exceptional circumstances personally suspending these Financial Procedure Rules, where to do so appears to be in the best interests of the Council and in its financial interests.

A.26 Section 114 of the Local Government Finance Act 1988 requires the CFO to report to the full Council, Executive and external auditor if the Council or one of its employees:-

- has made, or is about to make, a decision which involves or would involve incurring expenditure which is unlawful;
- has taken, or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council;
- is about to enter an item of account the entry of which is unlawful.

It is the duty of the CFO, in preparing the report to consult with the MO and the Chief Executive as far as practicable

A.27 Section 114 of the 1988 Act also requires:-

- the CFO 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 CFO 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.28 In addition, the CFO (together with the MO) is responsible for advising Members as to whether a decision is likely to be considered contrary or not wholly in accordance with the Budget. Actions that may be contrary to the Budget include:

- a) initiating new policies that may impact on agreed budgetary provisions and resource allocations;
- b) committing expenditure in future years over and above the Council's Budget;
- d) causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- c) incurring interdepartmental transfers above the virement limits set out in these Rules;

A.29 The CFO can choose to delegate day-to-day responsibilities to an appropriate representative(s). Where this is the case the delegation and officer responsibilities must be clearly documented and be kept under regular review by the CFO.

The Chief Internal Auditor (CIA)

- A.30 The CIA is designated by the CFO and plays a key role in providing assurance to the Members, the CFO, the HPS and Council's Management Team about the probity, practical deployment and effectiveness of financial management at the Council.
- A.31 The CIA has rights of access to information and data held by officers or Members of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of internal audit resources at the Council.
- A.32 The CIA is responsible for reporting on any relevant matter of concern to senior management and Members of the Council outside normal line management arrangements to protect the interests of the Council and/or local tax payers.

RESPONSIBILITIES OF DIRECTORS

- A.33 Whilst the CFO has overall responsibility for the finances of the Council, Directors are responsible for ensuring the effective discharge of the day-to-day management of their Directorate finances and/or the finances of any projects or programmes for which they are responsible. It is the responsibility of Directors to make appropriate arrangements for the discharging of their financial responsibilities by Assistant Directors and Managers within their Directorate, delegating authority to manage budgets to an appropriate level of management and thereby creating a budget holder structure. Directors should review the performance of managers in delivering their budget holder role.

Directors, Assistant Directors and Managers responsibilities include:

- A.34 Operating sound financial management of their allocated budget and only commit the Council to expenditure where there is sufficient funding available;
- A.35 Promoting and ensuring compliance with the financial management standards and practices set by the CFO in their Directorates and/or any projects or programmes for which they are responsible;
- A.36 Consulting with the CFO on any matter which is liable to materially affect the resources of the Council. This must be done before any commitment is incurred, or a report made to a Portfolio Holder or to a Committee for decision;
- A.37 Ensuring that Portfolio Holders are advised of the financial implications of all proposals and that these have been agreed by the CFO or his/her nominated representative;
- A.38 Reporting suspected fraud and irregularities to the Police or external agencies in consultation with the CFO;
- A.39 Safeguarding all assets and information used in their day to day activities within the Directorate.

FINANCIAL PROCEDURE RULE B: FINANCIAL PLANNING AND BUDGETING

BUDGET STRATEGY

Budget Preparation and Approval

- B.1 The annual revenue budget (including medium-term financial strategy) proposed by the Elected Mayor will be considered by Cabinet, and then put forward for approval to Council. Council may amend the budget strategy or ask the Elected Mayor to reconsider it before approving it, as detailed in the Constitution (part 4, section 3).
- B.2 The CFO 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 multi-year capital programme. The CFO will advise on the affordability of capital investment plans and propose prudential indicators for the approval of Council.

Revenue Budget Management and Monitoring

- B.4 Directors and budget holders will control income and expenditure within their area, taking account of financial information provided by the CFO.
- B.5 A Budget Holder may only authorise expenditure from budgets under their direct control. Throughout the financial year each Budget Holder shall monitor income (including any grants) and expenditure against those specific budgets for which they are responsible. Budget Holders shall supply the CFO with sufficient information, as and when required, to enable financial projections to be produced.
- B.6 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 CFO to any problems at the earliest opportunity.
- B.7 The latest forecast budget position and any virements for approval will be included in the quarterly report to Cabinet.
- B.8 The CFO is responsible for agreeing the system and methodology of all recharges.

Capital Budget Management and Monitoring

- B.9 Relevant approval is required before a project can commence or commit to capital spend. New additions to the capital programme are approved in either the annual capital budget setting report or the quarterly monitoring report; which must be followed by a more detailed ODR.
- B.10 If approval is required outside these times a project specific report will be needed, approved by CFO and relevant Director, in consultation with the relevant Portfolio Holder, unless key decision rules apply. These will then be included in the next quarterly monitoring report. With the exception that Council approval is required for new capital projects funded by more than £1,000,000 general uncommitted reserves.

- B.11 Projects, once approved and included in the capital programme and which can be delivered within the project's approved budget are not subject to further key decision reporting. The only exception is that any project that involves a capital commitment of £1,000,000 or more requires the completion of an ODR for the approval of the relevant Director and CFO in consultation with the Portfolio Holder (Finance & Corporate Services) before a formal commitment is entered into or a contract signed.
- B.12 Any project expecting to exceed its approved budget must identify sources of funding to cover the additional expenditure. Where no additional funding can be identified, a request for additional resources must be made to the CFO by an ODR approved by the relevant Director before the additional spend is committed. The CFO will then determine if additional resources are available and amend the capital programme if required.
- B.13 The CFO 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.
- B.14 The Chief Executive will ensure that the Leadership team monitor and control expenditure against approved budgets and address any problems of overspending or resource re-allocation.

Virements

- B.15 Virement is the transfer of resources from one budget heading to another, including any earmarked reserves.
- B.16 Virement is not permitted from certain 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 CFO:-
- Depreciation;
 - Corporate Recharges
 - Administration and Building Recharge budgets
- B.17 Directors are responsible for agreeing in-year virements within their Directorate budgets. Proposals for virement between Directorates must be approved by the CFO, up to £100,000, Chief Executive, £100,000 to £250,000, Portfolio Holder (Finance & Corporate Services), £250,000 to £500,000. Proposals for virement between Directorates above £500,000 must be approved by Cabinet.
- B.18 Directors cannot agree virements within their Directorate for budgets funded by:-
- Corporate Capital Resources including prudential borrowing;
 - Earmarked Reserves

Fees and Charges Approval

- B.19 At the annual budget meeting Council will approve all discretionary fees & charges for the forthcoming financial year as proposed by Cabinet.. The proposals will be based on advice from the CFO taking into consideration inflation, market forces and the Council's overall financial position.

- B.20 Any new fees and charges proposed within the financial year will be approved by Cabinet.
- B.21 Some fees and charges are set by legislation and therefore the above paragraphs (B.18 and B.19) do not apply.
- B.22 Any changes not covered by the above paragraphs will be approved by the CFO and reported to Cabinet in the quarterly monitoring report.

Treatment of Year-End Under/Overspends

- B.23 Any under / overspend at the year-end on the Directorate revenue budget will not be carried forward to the following financial year. Cabinet will approve budget carry forward requests, taking advice from the CFO and Chief Executive.
- B.24 Where a Directorate is forecasting an overspend outturn position, alternative resources should be identified and/or budget virements actioned to mitigate the adverse financial position

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 Council. This should include the ongoing pro-active participation of all those associated with planning and delivering services.

RISK MANAGEMENT

- C.2 Cabinet is responsible for approving the Council's risk management policy and to promote a culture of risk management awareness throughout the Council, which is monitored by the Audit Committee.

INSURANCE

- C.3 The CFO is responsible for ensuring that proper insurance exists where appropriate. Directors are responsible for updating and approving insurance schedules for the CFO. Directors are also responsible for providing timely and accurate information to the CFO in relation to any insurance claims. The CFO 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 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.
- C.5 Directors are responsible for maintaining adequate internal control arrangements in their service areas. The CFO is responsible for the Internal Audit function and to advice on the Council's internal control arrangements.
- C.6 The CFO 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 the requirements of the Accounts and Audit Regulations 2003 (as amended).
- 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 2010 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. These require:

- that internal auditors are given access at all reasonable times for requests to access premises, personnel, documents and assets that the auditors consider necessary for the discharge of their official duties.
- that auditors are provided with any information and explanations that they seek in the course of their work.
- audit reports and recommendations are responded to within 30 working days.
- that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of Internal Audit prior to implementation.

C.9 External Auditors shall be appointed to the Council to conduct, and report on, the external audit of the Council in accordance with the relevant statutory code of audit practice.

C.10 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies that have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

C.11 Directors co-ordinated by the CFO are responsible for the drafting, submission to 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. Members of staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

C.12 Directors must notify the CFO immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Director, in consultation with the CFO should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Directors are responsible for reporting suspected fraud and irregularities to the Police or external agencies, in consultation with the CFO.

ASSET MANAGEMENT

C.13 The Council holds tangible assets in the form of property, vehicles, equipment (e.g. blackberries, computers, mobiles), furniture and other items (e.g. share certificates) worth many millions of pounds. It also makes use of other non-tangible assets such as intellectual property. It is essential to the financial health and well-being of the Council that these assets are safeguarded and used efficiently and effectively in supporting the delivery of Council services. All staff are responsible for safeguarding the assets and information used in their day to day activities.

C.14 The Assistant Director of Legal and Democratic Services shall have the custody of all title deeds under secure arrangements, maintaining a separate register of all such deeds. The Property Officer (responsible for the Council's properties) will maintain an up-to-date register of all Council land and buildings.

C.15 The CFO shall ensure that a full and accurate register of all Council fixed assets is maintained, in accordance with good practice standards and the relevant Codes of

Practice. The Property Officer is responsible for arranging the valuation of all land and buildings as necessary to meet the accounting requirements of the CFO;

C.16 In the absence of any specific conditions or exemptions agreed by 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 Property Officer may approve. If it is over £250,000 per annum, the approval of Cabinet is required.

C.17 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 Property Officer, the Assistant Director of Legal and Democratic Services and the CFO must be consulted.
- where the estimated disposal value is less than £1,000,000 the Property Officer, 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 £1,000,000, 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 Property Officer may arrange for the disposal of land or property;
- in respect of disposal at less than the Best Consideration that can reasonably be obtained where the estimated disposal value would otherwise have been at or above £250,000, the Property Officer, shall prepare a report to Cabinet, requesting approval to proceed with the disposal in accordance with the relevant legislation (Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003);
- 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 Property Officer, including all negotiations and the preparation and certification of valuation certificates;

In respect of the acquisition of land and property:-

- where budget provision for an acquisition exists within the total Council budget, the Property Officer may approve a purchase of land or property.

Leasing Agreements

- C.18 The CFO shall undertake the negotiation of terms for, and authorise the leasing of, any assets for the Council.
- C.19 Directors are responsible for adhering to the terms and conditions for assets (excluding property) in their service acquired under a lease agreement, particularly in relation to wear and tear and residual condition of the asset at the end of the leasing period.
- C.20 Any assets subject to a leasing agreement must not be disposed of without the prior consent of the CFO who shall be responsible for agreeing conditions and terminating the lease.

Inventory

- C.21 Directors are responsible for the care, custody and recording of the stocks, stores and equipment in their respective service areas; ensuring that they are kept securely, protected from loss, theft and damage etc.
- C.22 Directors are responsible for:-
- only holding stocks, stores or equipment that are required to meet their reasonable requirements;
 - maintaining local inventories recording adequate descriptions of all furniture, fittings, equipment, plant and machinery above £500 together with all attractive and portable items below this figure; reviewing 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.23 Directors shall provide the CFO with the information in relation to all inventory that is required for accounting, costing and financial records.

TREASURY MANAGEMENT

- C.24 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 organisation's investments and 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.25 The Council will create and maintain the following:-

- a Treasury Management strategy statement, approved by 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.26 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 performance of actual activity six months after the financial year.

C.27 This Council delegates responsibility for all decisions, execution and administration of its treasury management activities to the CFO. The CFO will enter into any borrowing, investment and guarantees on behalf of the Council.

FINANCIAL PROCEDURE RULE D:

SYSTEMS AND PROCEDURES

GENERAL

- D.1 The CFO is responsible for the operation of the Council's Enterprise Resource Planning ('ERP') system, the form of accounts and the supporting financial records.
- D.2 Any new or changes to current systems containing financial transactions must be approved by the CFO prior to procurement and/or implementation. The CFO can request changes to be made to Directorate systems, where they do not provide the necessary financial data required. Suitable and appropriate business continuity arrangements should be established, tested and kept up to-date in respect of all important financial systems.
- D.3 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.T. systems, or the dissemination of information. Likewise any information system used by Members.

INCOME AND EXPENDITURE

Scheme of Authorisation

- D.4 It is the responsibility of Directors, in consultation with the CFO, 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.5 Directors are responsible for ensuring that all income due to the Council is identified and collected for the services provided by their Directorate. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.
- D.6 Directors are responsible for the safeguarding of any income collected prior to banking. All relevant details must be forwarded to the CFO to allocate the income to the correct budgets.
- D.7 Any changes to fees and charges must be in accordance with rule B.18 to B.20.
- D.8 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. £11,000). 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.9 Only the CFO 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 CFO;
- The CFO will consult with the Portfolio Holder (Finance & Corporate Services) before authorising the writing-off of debts between £50,000 and £250,000;
- The CFO 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.10 The CFO 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 debit/credit cards.

Ordering and Paying for Work, Goods and Services

D.11 The CFO is responsible for approving the form of orders and associated terms and conditions.

D.12 Directors should identify and maintain a list of designated officers to authorise orders.

D.13 Directors should ensure that the following key controls are complied with:-

- goods and services are ordered in accordance with the Contract Procedure Rules (CPRs) and by designated officers;
- designated officers ensure that there is uncommitted budget before placing an order;
- goods and services received are checked to ensure they are in accordance with the order;
- there is proper separation of duties between staff responsible for ordering, receiving, checking works, services and goods and authorising invoices for payment;
- payments should not be made unless goods have been received by the Council to the correct price, quantity and quality standards.
- payments in advance must be avoided except where this is the accepted practice for the type of expenditure involved (e.g. leasing payments, travel or conference facility fees), following advice from the CFO.
- 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 CFO;

- appropriate evidence of the transaction and payment documents are 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.14 The CFO is responsible for all payments of salaries, wages and expenses to staff and members in accordance with approved procedures and rules.

TAXATION

D.15 The CFO is responsible for advising Directors on all taxation issues that affect the Council.

D.16 The CFO is responsible for maintaining the Council'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 CFO requires, to fulfil these responsibilities.

TRADING ACCOUNTS

D.17 The CFO is responsible for advising Directors and Members on the establishment of trading accounts and the operation of 'contractor' business units.

D.18 Directors are responsible for observing all statutory requirements, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs are charged and to produce an annual report in support of the final accounts. Directors must ensure the Council's accounting principles are applied in relation to trading accounts.

FINANCIAL PROCEDURE RULE E:

EXTERNAL ARRANGEMENTS

INTRODUCTION

- E.1 The Council 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.
- E.2 All projects involving the voluntary sector must be supported by an appropriate assessment of need, options appraisal, value for money and contain expected outcomes.

PARTNERSHIPS, TRUSTS OR OTHER ORGANISATIONS

- E.3 The Council should be clear about the role and responsibility of officers or members attending or participating in any partnerships, trusts or other organisations as a result of their position within the Council. Cabinet is responsible for approving delegation of financial management arrangements relating to, and specifically, agreeing partnerships. The CFO will create and maintain a register of significant partnerships the Council has representation on and include the representation.
- E.4 The Council representative on any partnership, trust or other organisation must refer all financial decisions to Cabinet, including considering any recommendations that would create a commitment or liability for the Council. Any other specific delegation arrangements in respect of partnerships will be set out in the Scheme of Delegation.
- E.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to partnerships that apply throughout the Council and representatives to partnerships should exercise these same high standards. Representatives should not be put under any actual or perceived undue pressure to carry out a particular course of action.
- E.6 The CFO must ensure that accounting arrangements to be adopted relating to partnerships, joint operations 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.7 All partnership agreements involving the discharge of Council 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 CIA 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.8 Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work or partnerships with external bodies, before financial arrangements are made.

EXTERNAL FUNDING

- E.9 Directors are responsible for ensuring that action plans are in place (including exit strategies) for all external funding within the Directorate.
- E.10 The Council may receive external funding after the budget for the year has been approved. Any new grant received in the financial year in excess of £50,000 unless there are conditions attached, will be classed as a corporate resource unless a business plan prepared by the relevant Director, in consultation with the relevant portfolio holder for Finance & Corporate Services, is approved by the Management Team within reasonable timescales agreed with the CFO.
- E.11 The CFO in consultation with the respective Director, is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Directors are responsible for informing the CFO, promptly, about such funding and of any subsequent modifications to timing and amounts of anticipated funding.
- E.12 Where the income is receivable against a grant claim, the respective Director is responsible for producing the grant claim and shall provide sufficient information to enable the claim to be signed by the CFO where it is appropriate.

WORK FOR THIRD PARTIES

- E.13 Current legislation enables the Council to provide a range of services to other bodies e.g. shared services, joint ventures. Cabinet are responsible for approving the contractual arrangements for work undertaken on behalf of third parties or external bodies where the value of the contractual commitment exceeds £250,000 in value. Where the value of such work is below £250,000 the responsible Director may approve such work, in consultation with the CFO. 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.14 The approval of Cabinet is required for all grants and annual assistance to external bodies with a financial value of £50,000 or more with the exception of Academies, VA schools for capital projects and joint arrangements under sections 75 and 76 of the National Health Service Act 2006. 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.15 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 conflicts 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, including the purpose and outcomes, which contribute to the delivery of Council services or achievement of Council goals;
- 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, including taking security of assets where appropriate;
- appropriate monitoring and performance arrangements, commensurate with the value of grant, are to be set in place to ensure the predetermined expected outcomes and performance of the external organisation are being satisfactorily achieved;
- 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 £5,000 in value, a copy of the annual accounts of the body, access to other accounting records as is deemed necessary and the CFO 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;
- for grants in excess of £10,000, 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.16 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.17 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.15 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 Doncaster Council.

GLOSSARY

In these Rules, unless the context otherwise requires:-

Asset is any asset including material and intellectual property, but excluding any estate or interest in land and buildings, (i.e. 'Property' as defined by these Rules).

Annual Revenue Budget is the Council's revenue spending plans for the year including the level of Council tax.

Bad debt means any debt that is unable to be collected after all reasonable efforts have been exhausted.

Doubtful debts means any debt that is unlikely to be collected after all reasonable efforts have been exhausted.

Budget is a plan expressed in financial terms.

Budget Framework is the overall budget approved by Council this includes the revenue, capital and HRA budget for the medium-term.

Budget Holder is an officer nominated by a Director as being responsible for managing a defined sum of money (i.e. 'budget').

Capital Programme is the sum of all the Council's individual capital projects.

Capital Project is a project which uses capital resources to build, improve, increase the market value or substantially lengthen the useful life of an asset.

Capital Expenditure is to acquire fixed assets that will be of use for more than one year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones.

Council means the Doncaster Council.

Chief Financial Officer (CFO) is appointed by the Council to exercise the powers defined in Section 151 of the Local Government Act 1972. The CFO is designated as the Director of Finance & Corporate Services.

Chief Internal Auditor (CIA) is designated as the Head of Internal Audit. The responsibilities of the CIA are set out in the Code of Governance.

CPR means the Contract Procedure Rules.

Depreciation means the measure of the wearing out, consumption or other reduction, in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Director means the Chief Executive and those Managers that report direct to the Chief Executive.

Directorate refers to the large departments that make up the Council's management structure.

Earmarked Reserves are funds set aside for a specific purpose.

Executive means the body described in Part 1 of the Constitution.

Finance Manual is the detailed financial guidance which will assist users in the applications of these rules.

Leasing Agreement is a contract for the provision of finance to enable goods or services (but not Property) to be obtained and where ownership in any goods does not necessarily pass to the Council at the end of the contract period.

Officer means any employee of the Council or other authorised agent.

Management Team means the group of executive staff comprising the senior management charged with the execution of strategy.

Medium-term Financial Strategy refers to the overview of the Council's revenue position over the next four year period.

Monitoring Officer (MO) is designated as the Assistant Director Legal and Democratic Services.

Partnership means an arrangement where parties agree to cooperate to advance their mutual interests.

Portfolio Holder is the Councillor who, as a member of the Executive, has primary responsibility for a defined area of service(s).

Property refers to any estate or interest in land or buildings.

Property Officer within these rules refers to the Director of Regeneration and Environment with responsibilities for Property.

Reserves means the accumulation of surpluses, deficits and appropriations over past years.

Revenue is income or expenditure, arising from or spent on, day to day activities and short lived commodities or consumables.

Rules means these Financial Procedure Rules.

Services means the provision by a contractor of any services or similar facilities or works for the Council.

Virement is the transfer of resources between or within approved cost centres for both revenue and capital purposes.