



Rutland County Council

PART 9 OF THE CONSTITUTION FINANCIAL PROCEDURE RULES

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1. INTRODUCTION AND STATUTORY REQUIREMENTS

General guidance

- 1.1 Finance Procedure Rules (FPRs) exist to regulate the way in which the Council manages its financial affairs. This is a necessary discipline in any organisation and particularly in the public sector where there are expectations for the proper use and management of public money and where there is legislation which determines the purposes for which the Council can incur expenditure.
- 1.2 Under Section 151 of the 1972 Local Government Act, the Council has a specific statutory responsibility, through the Chief Finance Officer (CFO), for the “.....proper administration of its financial affairs”. At Rutland, the Strategic Director for Resources is the designated CFO.
- 1.3 Essentially these rules set out the framework of responsibilities and requirements across the whole range of the Council's financial affairs and in doing so their content inevitably covers a range of audiences of Council employees.
- 1.4 All employees, at whatever level in the Council, should be aware of FPRs, and Directors in particular should have a good knowledge of the detail.
- 1.5 The rules cover a number of areas and these are listed in the contents. In the event that circumstances are not covered in these rules, the Chief Finance Officer and Monitoring Officer will advise as to the appropriate course of action.
- 1.6 Within these rules, the term Director is used but includes the Chief Executive and Deputy Directors.
- 1.7 These Finance Procedure Rules must be adhered to at all times. All Directors are accountable to the Chief Finance Officer for compliance with these Rules. The Chief Finance Officer is, in turn, accountable to the Council. All Officers with delegated responsibility for undertaking financial duties are accountable to their Director for compliance with these Rules.
- 1.8 Should a material unauthorised breach of these Rules come to light then it must be reported immediately to the Chief Finance Officer.
- 1.9 These Rules assign responsibilities to Directors and to the Chief Finance Officer, and generally do not assign responsibilities to individual nominated post holders (except, occasionally, where it is helpful to do so). The Chief Finance Officer and Directors may delegate responsibilities assigned to them under these Rules. In particular, the Chief Finance Officer may delegate responsibilities to Finance staff.

Statutory requirements

Section 114 Local Government Finance Act 1988

- 1.10 Section 114 of the Local Government Finance Act 1988 imposes certain duties on the Chief Finance Officer. The Chief Finance Officer shall make a report under this section if the Authority, Members or officers or a Joint Committee on which the Authority is represented:
- a) has made or is about to make a decision which involves or which would involve the Authority incurring expenditure which is unlawful;
 - b) 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 Authority; or
 - c) is about to enter an item of account, the entry of which is unlawful.
- 1.11 The Chief Finance Officer shall make a report under this section if it appears that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 1.12 In making a report under this section, the Chief Finance Officer shall consult, as far as is practicable, with the Head of Paid Service and the Monitoring Officer.
- 1.13 Where the Chief Finance Officer makes a report under this section it shall be sent to:
- a) the external auditor;
 - b) each member of the Authority.
- 1.14 The Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the subject of the report prior to that meeting taking place. The external auditor shall be informed of the date of the meeting and of any decisions made at the meeting.

Section 5 Local Government and Housing Act 1989

- 1.15 Section 5 of the Local Government and Housing Act 1989 requires every Authority to designate an officer as the Monitoring Officer.
- 1.16 It is the duty of the Monitoring Officer to report to the Council if it appears to him or her that any proposal, decision or omission by the Authority (or by any Committee, Sub-Committee or Officer of the Authority) has given rise to, or is likely to, or would give rise to:

- a) a contravention by the Authority (or a decision making body of the Council, or Member or Officer) of any enactment or rule of law or of any Code of Practice made, or approved by, or under any enactment; or
- b) any such maladministration or injustice as is mentioned in Part III of the Local Government Act 1974.

1.17 Where the Monitoring Officer makes a report under this section it shall be sent to:

- a) the external auditor;
- b) each member of the Authority.

1.18 The Monitoring Officer shall consult with the Head of the Paid Service and the Chief Financial Officer before making such a report.

Section 27 Accounts and Audit Regulations 2011

1.19 The Audit and Risk Committee shall receive and consider the external auditor's annual audit letter on the completion of the Council's accounts. It shall be the responsibility of the Audit and Risk Committee to ensure that any audit recommendations in the report are followed up and that the annual audit letter is published.

2. FINANCIAL MANAGEMENT

2.1 The Council is responsible for setting the overall financial framework and approving the financial procedure rules which govern how the Council operates, and appointing an appropriately qualified Chief Finance Officer to oversee the Council's financial administration.

2.2 The Cabinet is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources. The Cabinet's duties include recommending to Council policies on the overall control, monitoring, planning and allocation of its financial resources.

2.3 The Chief Finance Officer as the Council's financial adviser shall:

- a) report to Cabinet and Council on resource availability, generation and allocation, financial policies and keep the Cabinet informed with respect to the Council's finances and financial performance;
- b) advise Cabinet and Council on maintaining adequate levels of reserves;
- c) advise Cabinet and all democratic meetings of the financial implications of proposals submitted to them;

- d) approve all accounting procedures, records and systems of the Council and its officers; and
- e) report the facts immediately to the Cabinet where it appears likely during the year that a material variation in a service's expenditure or income is likely to occur.

2.4 Directors shall be responsible for:

- a) the financial administration of their Directorates, in compliance with these Financial Procedure Rules and ensuring that records and systems are properly maintained;
- b) the monitoring and control of expenditure and income against their capital and revenue budgets;
- c) taking necessary action to avoid exceeding their budget allocation and promptly notifying the Chief Finance Officer of any significant forecast variations.

2.5 Directors shall:

- a) prior to their introduction, agree with the Chief Finance Officer any new financial systems or amendments to existing financial systems;
- b) provide all information required by the Chief Finance Officer and allow the Chief Finance Officer access to all information, records and documents that he requires, before submitting them for approval to elected members;
- c) allow the Chief Finance Officer adequate opportunity to provide written comments for inclusion in any report which has financial implications;
- d) inform the Chief Finance Officer when officers intend to meet representatives of Government Departments or outside bodies on matters which may involve current or future financial or economic proposals and be given the opportunity of being represented or advised of the outcome of the proposals as the Chief Finance Officer considers necessary;
- e) consult the Chief Finance Officer on any matter which is likely to affect the finances or financial systems of the Council before any commitment is incurred or before a report is submitted to Cabinet, Council or to a Scrutiny Committee;
- f) inform the Chief Finance Officer of service developments or amendments to existing services which involve additional expenditure or loss of income and prepare a report for Cabinet approval if applicable.

These reports shall include a statement of the financial implications prepared in conjunction with and approved by the Chief Finance Officer;

- g) be responsible for accountability and the efficient use of all resources within their Directorates.

2.6 Budget Holders shall be responsible for:

- a) monitoring and control of expenditure and income against their capital and revenue budgets and complying with corporate monitoring and reporting timetables;
- b) taking necessary action to avoid exceeding their budget allocation;
- c) authorising/certifying financial transactions relevant to their level of responsibility;
- d) promptly notifying the relevant Director and Chief Finance Officer of any significant forecast variations.

3. FINANCIAL SYSTEMS

Accounting Systems

- 3.1 The Chief Finance Officer is responsible for the provision of a corporate system for the preparation of the Council's accounts and for monitoring expenditure and income. This is currently provided by means of the Council's Financial System, which is Agresso.
- 3.2 Directors are responsible for ensuring Agresso accurately records the financial transactions of their functions, and for complying with any guidance issued by the Chief Finance Officer.
- 3.3 Directors shall ensure that transactions are recorded in a manner which complies with proper accounting practices, enables returns to be made to taxation authorities, and complies with other legal requirements. The Chief Finance Officer shall give whatever guidance is necessary to ensure that this obligation can be fulfilled.
- 3.4 Directors shall use Agresso as the prime means of monitoring expenditure and income in their services and for comparing spending against budget, except where the Chief Finance Officer advises or agrees that alternative arrangements can apply. Directors shall keep such subsidiary information and records as are necessary to effectively monitor expenditure, income and commitments, and to support returns made to the taxation authorities.
- 3.5 The following principles shall be observed in the allocation of accounting

duties:

- a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
- b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- c) The Chief Finance Officer shall make such recommendations to the Cabinet regarding the accounting system and financial operation of any Directorate as deemed necessary.

All Financial Systems

- 3.5 Directors may not make changes to financial systems without the agreement of the Chief Finance Officer.
- 3.6 Proposals for changes in staffing and organisational arrangements relating to the operation of financial systems (e.g. introduction of a new payment mechanism for supplies) shall also be agreed with the Chief Finance Officer prior to implementation. The Chief Finance Officer may waive these requirements for consultation in circumstances where he or she is satisfied that change will not prejudice the proper administration of the Council's financial affairs.
- 3.7 Each Director shall be responsible for the effective operation of financial systems to the extent that they are operated or controlled within their services and shall ensure proper security and confidentiality including adherence to the requirements of Data Protection and other information legislation.
- 3.8 Each Director shall monitor the effectiveness of financial systems in his or her supported services and shall in particular ensure that financial systems discharge the Chief Finance Officer's duty to ensure that there is proper administration of the Council's financial affairs. Where Directors believe that systems are ineffective, they shall report the matter to the Chief Finance Officer who will report the findings to Cabinet and Audit and Risk at the earliest opportunity.
- 3.9 On an annual basis Directors will be asked to confirm the effective operation of Finance systems in their area in preparation for the completion of the Annual Governance Statement.

4. REVENUE BUDGETS

Setting a Budget

- 4.1 The Council shall set the Council tax level and approve a budget each year by 11th March. The Cabinet will recommend a budget to Council. The recommended budget from Cabinet to Council shall, as a minimum, contain:
- a) the proposed council tax requirement;
 - b) the proposed use of reserves and appropriate level for the General Fund reserve;
 - c) the proposed band D council tax;
 - d) spending plans for directorates including functional budget ceilings within which Directors must work;
 - e) a view of the medium term financial position;
 - f) an analysis of financial risks that might impact on the budget; and
 - g) the results of consultation.

For the purposes of these rules, the budget includes spending plans for each Directorate, functional budget ceilings, corporate financing costs and the resources available by means of General Fund and earmarked reserves.

- 4.2 Directors, in consultation with the Chief Finance Officer and the respective Portfolio holders, shall prepare draft revenue budgets in a format approved by, and to a timetable specified by the Chief Finance Officer.
- 4.3 Budget proposals shall be submitted to Members, accompanied by a report of the Chief Finance Officer. This report shall:
- a) identify proposed developments and any savings;
 - b) report to Cabinet on resource availability, generation and allocation, financial policies and keep the Cabinet informed with respect to the Council's finances and financial performance;
 - c) advise Cabinet and Council on maintaining adequate levels of reserves.
- 4.4 The Chief Finance Officer shall report, for consideration not later than 31st December in each year, to the Cabinet on draft budgets for the following financial year to be subject to consultation. After the completion of the consultation period the Chief Finance Officer shall report for consideration by Cabinet not later than 28th February in each year on draft budgets for approval by the Council.
- 4.5 The Chief Finance Officer shall ensure that a detailed budget is correctly recorded on Agresso, as soon as practicable after the budget is approved by the Council.

Emergency expenditure

- 4.6 In the case of a 'major incident' as defined in the Emergency Plan, the Chief Finance Officer may determine that alternative arrangements to those in Finance Procedure Rules shall apply. In particular, the Chief Finance Officer in conjunction with the Chief Executive may: (a) establish different rules for financial systems and financial administration to the extent necessary to meet the requirements of the emergency; (b) establish a budget for the emergency, over and above the approved budget; (c) determine which officers may commit the emergency budget, and any rules to apply in managing the budget; (d) authorise any capital expenditure required as a consequence of the emergency.

Incurring Expenditure and Virements

- 4.7 Directors are responsible for working within their Directorate budget and the functional budget ceilings set by Council. Directors are authorised to incur expenditure on services for which there is approved budget provision i.e. there is capacity within their functional budget ceiling. Finance and Contract Procedure Rules must be complied with when expenditure is incurred.
- 4.8 Directors are authorised to vire sums within functional budgets without limit, providing such virement does not give rise to a change of Council policy. This means for example that a stationery budget may be converted to a travel budget within the same function.
- 4.9 Directors are authorised to vire money between any two functional budgets within their directorate budgets to a maximum limit of £25k, provided such virement does not give rise to a change of Council policy or the overall Directorate budget is not overspent as a whole.
- 4.10 The Chief Executive and Chief Finance officer are authorised, at the request of Directors, to vire up to £100k between any two functional budgets (e.g. leisure services to housing services) within a directorate or across directorates provided that the virement does not give rise to a change in Council policy and the overall Directorate budget (or both if it is a transfer) is not overspent as a whole. In approving such transfers, officer will have regard to the overall budget position of the Council. Virements may not be approved if the achievement of under spends in some functions is integral to meeting overspends in other areas.
- 4.11 Virements between functional budgets undertaken by Directors or approved by Chief Executive/ Chief Finance Officer must be reported to Cabinet at the next available quarter.
- 4.12 Where Directors wish to access in-year funding received (this excludes additional revenue income achieved above budget generated from fees and charges) which is not ring fenced, e.g. a grant received after the budget has

been approved for which the Council has some flexibility over its use, then a formal request must be made to Council via Cabinet setting out:

- A. The reason for the request
- B. The amount requested
- C. The implications of the request being refused

4.13 Where the Council receives ring-fenced grant income, other than that identified in the approved budget, an additional budget will be created and Directors be allowed to incur expenditure in line with the conditions of grant. Cabinet or Council approval is not required as the Council has no discretion how funds are used.

4.14 Where Directors wish to increase a functional budget by over £100k OR they anticipate that the overall Directorate budget is likely to be overspent (there is no de-minimis level) they must seek approval in advance from Cabinet or Council for a virement to cover any increase. The request must include:

- A. The reason for the request
- B. The amount requested
- C. The implications of the request being refused
- D. The particular source of funding being requested if applicable
- E. A description of attempts made to identify savings to offset the request for extra funds

4.15 Cabinet can approve virements in any functional budget of up to £250k in any one year to a cumulative value of £500k across all functions. Changes above £500k must be approved by Council on a recommendation from Cabinet. In approving requests, Cabinet or Council may agree the use of earmarked reserves, use the General Fund or make virements between directorates.

4.16 Cabinet or Council will decide whether functional budgets can be increased. Requests may be:

- A. Agreed unconditionally
- B. Agreed with conditions – for example that the overall Directorate must remain underspent or savings must be found elsewhere;
- C. Refused – outright or subject to further work

4.17 At the end of any quarter or earlier if appropriate, Directors may identify (given the Council's statutory requirements to deliver certain services and to respond at short notice to demand increases) that their Directorate budget is forecast to be overspent OR a particular Functional budget is forecast to be overspent by £25k. In either case, a formal report must be made to Cabinet (or Council if the overspend is in excess of £500k) setting out:

- A. The reason for the overspend in each function where budgets are

£25k over OR the reason for the Directorate overspend where no functional budget is £25k overspent

- B. Whether additional budget is being requested with supporting rationale. In the final outturn report, explanations should focus on steps taken to avoid or mitigate the overspend rather than a request for additional resources
- C. Steps being taken to address overspends and restore the Directorate expenditure plans to be within budget
- D. The particular source of funding being requested if applicable
- E. A description of attempts made to identify savings to offset the request for extra funds

- 4.18 Where Directors have reported on issues in one quarter, e.g. a Directorate or functional budget is overspent, then an update should be provided in subsequent quarters.
- 4.19 Directors are responsible, in consultation with their Portfolio Holder and Monitoring Officer if necessary, for determining whether a proposed virement would give rise to a change of Council policy. If this is deemed to be the case then the Monitoring Officer will advise as to whether Cabinet or Council approval is required.
- 4.20 Movement of money between functional budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services. E.g. transfer of services from one directorate to another.
- 4.21 The Chief Finance Officer may also vire money between functional budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision. This includes for example the allocation of pay contingency to individual budgets when the pay negotiations are complete or reapportionment of overhead costs.
- 4.22 Nothing above requires any director to spend up to the budget ceiling for any service.
- 4.23 The Financial Procedure Rules allow Directors to use under spends within functional budgets to deliver functional objectives and priorities. If Directors plan to use an under spend in a given year to fund recurring expenditure (this is not allowed in respect of permanent staffing) but are of the view that this expenditure cannot be contained within the following years indicative budget (current budget plus inflation) then permission must be sought from Cabinet to increase the budget for the following year before any expenditure is incurred.
- 4.24 Where budgeted expenditure is to be met by grant income, Directors are responsible for complying with the conditions of grant. This includes making arrangements for the appropriate retention of documents, including clear

working papers, for audit purposes

Controlling Expenditure and Income

- 4.25 Each Director is responsible for:
- a) managing the cost of each of services within their directorate budget and within functional ceilings;
 - b) ensuring, as far as possible, that their directorate budget is not overspent in total;
 - c) taking action to control expenditure.
- 4.26 Each Director is responsible for ensuring that there is a nominated budget manager responsible for controlling each cost centre budget and each functional budget within their departmental budget.
- 4.27 When nominating budget managers, Directors shall align budgetary accountability with managerial responsibility for use of resources as closely as possible.
- 4.28 Budget managers are responsible for ensuring that the budget for which they are responsible is not overspent (or under-recovered) and are accountable to their directors (through normal line management arrangements) in this regard.

Reserves

- 4.15 The Council's budget management framework allows for the creation of earmarked reserves to meet specific purposes.
- 4.16 Earmarked reserves may be created or dissolved by Council. In creating a reserve, the purpose of the reserve must be clear and a maximum limit for the reserve must be set.
- 4.17 Cabinet is authorised to approve transfers from earmarked reserves without limits on the basis that use of the reserve is consistent with its original purpose.
- 4.18 The Cabinet can determine whether any additions/reductions should be made to earmarked reserves as long as the maximum limit in any one reserve is not exceeded.
- 4.27 Where Directors wish to access earmarked reserves for any reason a formal request must be made to Cabinet setting out:
- A. The reason for the request
 - B. The amount requested

C. The implications of the request being refused

- 4.19 The Council shall have a budget carry forward reserve. The Cabinet will approve whether any under spent resources shall be transferred to the carry forward reserve if it is determined that those resources are required for the same purpose in future years.

Monitoring Expenditure

- 4.20 Each Director shall report progress on the implementation of his/her budget to the Chief Finance Officer, in such manner and to such timescales specified for the purposes of financial monitoring.
- 4.21 The Chief Finance Officer shall report quarterly on progress of the achievement of the budget to Cabinet and Scrutiny Committees.
- 4.22 Cabinet will review the Council's financial performance at quarterly intervals, or more frequently if required, and will give clear direction on actions to be taken in relation to any forecast variations from the approved budget. Cabinet shall hold directors to account for their management and use of resources and may seek explanatory information from directors as it sees fit.
- 4.23 Each Scrutiny Committee will consider the financial performance for the portfolios within their remit and raise any matters of concern with, or make recommendations to, Cabinet. Scrutiny Committee may seek further explanation from any Director as it sees fit, or refer any matter to the Cabinet for its consideration.

Reporting the Outturn

- 4.37 The Chief Finance Officer shall report the revenue outturn to the Cabinet and to Scrutiny Committees as soon as practicable after the end of the financial year.
- 4.38 Each Director shall supply such information and explanations to the Chief Finance Officer as is requested for the purpose of this report.
- 4.39 The Cabinet shall hold Directors to account for their management and use of resources during the course of the year and may seek further information from Directors as it sees fit.

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5. CAPITAL BUDGET

Setting a budget

- 5.1 The Chief Finance Officer is responsible for recommending a capital programme to the Cabinet each year. He/she may recommend the programme as a whole, or authorise individual directors to recommend parts of the programme.
- 5.2 Each scheme within the capital programme shall be appraised in line with procedures set out by the Chief Finance Officer and approval sought from Cabinet, Council or individual Directors in accordance with agreed delegated limits.
- 5.3 Details of each scheme within the approved capital programme shall be appraised by Directors or any other group set up for this purpose prior to being submitted to Cabinet, Council or Directors for approval before any expenditure is incurred. The appraisal shall include:
- a) the purpose and objective of the project;
 - b) alternative methods of achieving the outcome, if possible;
 - c) whether approval is sought for design, and/or land acquisition or construction;
 - d) the estimated capital cost (including fees) at outturn prices and projected phasing of expenditure;
 - e) scheme specific project officers;
 - f) initial and on-going revenue implications;
 - g) key dates;
 - h) external finance e.g. capital grant, developer's contribution, borrowing; and
 - i) potential for the generation of capital resources through receipts etc.
- 5.4 The capital programme may consist of:
- a) appraised schemes for which specific sums of money are provided based on cost estimates;
 - b) provisional funding for schemes yet to be developed in detail but for which outline proposals will be given e.g. Highways capital programme; or
 - c) a combination of the two.

For all schemes, the capital programme will set out how they will be funded. Funding will either that held by the Council, that expected to be received in the future or further borrowing.

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- 5.5 The Cabinet shall recommend a capital programme to Council prior to the beginning of each year. The programme may be for one or more years. The Council shall approve the capital programme. In approving the Capital programme, Council will allow Cabinet to determine the details of specific schemes to be delivered (if they are not fully appraised at the time of approval) unless they specify otherwise irrespective of value.
- 5.6 When submitting a capital programme to the Cabinet, the Chief Finance Officer (or Directors as the case may be) shall identify the following:
- a) Details of approved projects and their basis of funding;
 - b) Details of funding available for unapproved projects;
 - c) The revenue consequences of any borrowing;
 - d) The revenue consequences of any schemes apart from the cost of borrowing;
 - e) The extent to which borrowing is affordable, sustainable and prudent with reference to such indicators as the Chief Finance Officer believes appropriate;
 - f) The extent of any pre-commitment of capital resources in years beyond the plan;
 - g) Where directors are authorised to commit expenditure on a scheme, the title of the director

Additions and Amendments to Capital Programme by Directors

- 5.7 Any proposal to amend the capital programme (which includes the resources allocated to schemes and resources available but not allocated at the time the budget is approved) by including a new project, increasing the project budget, deleting an approved project or changing how projects are funded shall require the formal approval of the Cabinet (there are no limits to the number of schemes that may be added) unless any one of the following applies:
- a) the total cost of the new Scheme is above £1m;
 - b) changes involve using new resources (e.g. new borrowing, capital receipts or revenue) not listed in the original programme;
 - c) Council have set out any special provisions at the time of approving the programme; and
 - d) Cabinet has delegated any of its authority to Directors or other groups.

Incurring expenditure

- 5.8 The approved capital programme shall specify the authority given to Directors and the Cabinet to commit expenditure.

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- 5.9 No expenditure may be incurred on a scheme funded by grant or third party contributions without written confirmation of these resources.

Controlling expenditure

- 5.10 Once Directors have been authorised to incur expenditure, they are responsible for ensuring that each scheme is completed on time, in accordance with its objectives and within the approved capital programme provision.
- 5.11 Where the original estimate appears, at any stage of the project, likely to be exceeded by 10% where the project cost is greater than £250,000, or by 10% in other cases (but subject to a de minimis level of £30,000), or where any avoidable variations or discretionary charges are to be incurred.

Capital outturn

- 5.12 Council/Cabinet determine how capital projects will be funded on advice from the Chief Finance Officer. There may be exceptional circumstances whereby it is financially beneficial to the Medium Term Financial Plan and thereby the Revenue Account to change how projects are funded (e.g. to avoid borrowing costs) if the financial context has altered when preparing the outturn. The Chief Finance Officer in preparing the outturn will seek approval of any changes from Cabinet or Council if changes involve using new funds are not listed in the original programme.

Directors shall report the facts immediately to the Cabinet and appropriate Scrutiny Committee.

Capital Monitoring

- 5.13 Directors are responsible for ensuring that there are proper arrangements within their service areas for monitoring physical and financial progress of capital schemes.
- 5.14 The Chief Finance Officer shall periodically report progress on the capital programme and the outturn position to the Cabinet and Scrutiny Committees. Directors shall supply such information as may be required for the preparation of this report.
- 5.15 Scrutiny may seek further information on the performance of individual schemes from directors or refer matters to the Cabinet for further consideration as they see fit.
- 5.16 Upon completion of all capital schemes, the Director responsible shall ordinarily report to Cabinet on the outcome of the scheme in the financial monitoring reports unless Cabinet request a specific report. Such a report

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could include:

- a) whether the purpose and objective of the project were achieved;
- b) whether the scheme was completed in accordance with the original timetable;
- c) the final capital cost (including fees) compared to the original estimate;
- d) the on-going revenue implications.

For Highways capital projects, the Director will include a commentary on the outcome of prior year projects when seeking approval of the new capital programme.

Carry forward of resources

- 5.17 Any resources unspent at the end of the financial year on approved schemes will be carried forward to future years unless the Cabinet determines otherwise, after consideration of the outturn position.

Capital receipts

- 5.18 The Director for Places (Development and Economy) is responsible for achieving capital receipts required to finance the capital programme.
- 5.19 The Director for Places (Development and Economy) shall report the capital receipts received in the year to the Cabinet and Scrutiny Committees as part of quarterly monitoring reports.

6. GRANTS AND OTHER EXTERNAL FUNDING

- 6.1 The Council may be asked to bid for external funding or be informed that funding is being made available to it subject to conditions. This section governs the approval process in each case recognising the expediency with which decisions have to be made.
- 6.2 Any expression of interest for funding (which does not commit the Council to formally bid for funding) can be made by any Director in consultation with the relevant Portfolio Holder.
- 6.3 Any applications for grant funding or other external funding above £50,000 must be approved by the Chief Finance Officer and then Cabinet unless the timetable for bidding will not allow. In these cases the Leader, Portfolio Holder Finance and Chief Finance Officer must approve any bids. The report to Cabinet shall set out:
- a) The purpose and objective of the project;
 - b) How projects fits in with the Council's objectives;
 - c) Details of funding/grant being sought;

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- d) Any financial contribution required from the Council either in terms of match funding or other costs;
 - e) Any ongoing revenue or capital implications;
 - f) Any known conditions of funding;
 - g) Key dates and milestones.
- 6.4 All applications for grant income/external funding below £50,000 must be signed by a Director and the Chief Finance Officer and undertaken with relevant Portfolio Holder approval
- 6.5 The certification of expenditure in support of a grant claim may only be authorised by the Chief Finance Officer or his/her nominee. Directors should maintain adequate records to demonstrate use of grant/funding and to be able to demonstrate adherence to any other conditions of grant.
- 6.6 If the Council receives grant funding from Government or other sources, then acceptance of the terms of conditions is the responsibility of Cabinet (where the amount exceeds £1m acceptance will be for Council) unless, in the cases of emergency/short notice, the Council would be at risk of losing funding OR the amount of funding is less than £500k. In these cases, the Chief Executive, Leader/Portfolio Holder for Finance and Chief Finance Officer may agree to the acceptance of terms and conditions but must report back to Cabinet at the next available opportunity.

7. ACCOUNTS

- 7.1 The Chief Finance Officer shall be responsible for the accounts of the Council and all accounting records and systems shall be subject to his or her approval and control. All changes to financial and accounting systems must be approved by the Director for Resources.
- 7.2 Accounting procedures will reflect recommended professional practices and follow accounting principles as determined by the Chief Finance Officer. Accounting procedures shall be reviewed as necessary by the Chief Finance Officer in consultation with the relevant Director to ensure they provide the information required by both without duplication of records.
- 7.3 The Chief Finance Officer shall annually prepare and publish in appropriate formats in accordance with CIPFA guidance and relevant legislation, a Statement of Accounts (SoA) by 30th June following the end of the financial year and make these available to the public.
- 7.4 The Audit and Risk Committee shall approve the SoA by 30th September each year.
- 7.5 Financial records shall not be disposed of other than in accordance with arrangements approved by the Chief Finance Officer.

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- 7.6 Directors shall provide all relevant information deemed necessary to compile the Council's final accounts in accordance with guidance issued by the Chief Finance Officer.

8. FINANCIAL ADMINISTRATION – EXPENDITURE AND INCOME

In the following section, references are made to the use of Agresso. Where Agresso is not used, alternative arrangements must be approved by the Chief Finance Officer.

Authorised Officers

- 8.1 Directors shall authorise appropriate officers to undertake the following duties;
- a) Raise purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, for works, supplies or services to the extent that contractual arrangements already exist, as described below;
 - b) Certify, on Agresso unless approved otherwise by the Chief Finance Officer, the receipt of works, supplies or services;
 - c) Approve purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, or other orders, both those for work procured by approved procuring officers, where the person authorising will need to ensure that the order complies with Contract Procedure Rules, and those that relate to existing contractual arrangements;
 - d) Approve personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates; and
 - e) Certification for cheques, BACs authorisation, CHAPs authorisation and grant claims.
- 8.2 Only officers authorised to procure under arrangements contained within Contract Procedure Rules are entitled to test the market or purchase from select lists. No other officer is entitled to obtain quotations or run a tendering exercise.
- 8.3 Directors shall ensure that approved officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Authorised officers are accountable to their Directors for the exercise of these functions. Authorised limits for different officers are set out below. The authorisation levels apply only to cost centres for which Authorised Officers have been given access.

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Amount	Authorised officer
< £50,000	Budget Manager
£50,000.01p - £100,000	Head of Service or equivalent
£100,000.01p - unlimited	Director/Deputy

- 8.4 Directors shall ensure that arrangements are made for effective separation of duties when designating approved officers as enforced through Agresso, in order to provide adequate internal check over all transactions, and comply with any guidance given by the Chief Finance Officer.
- 8.5 Directors shall ensure that the arrangements for approved officers are consistent with the budgetary control framework for their area and that in particular cost centre managers' ability to manage their budgets is safeguarded.
- 8.6 Directors shall ensure in conjunction with the Chief Finance Officer that the list of authorised officer and approval levels on Agresso remains accurate.
- 8.7 References to **Authorised Officers** in the rest of this section of Financial Procedure Rules shall be read in the context of the above.

Orders for Works, Supplies and Services

- 8.8 The Chief Finance Officer is responsible for providing a corporate system for raising purchase requisitions and creating official orders (Agresso).
- 8.9 This system shall be used for all official orders, except in emergencies, or in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.
- 8.10 Official orders shall be issued for all purchases, excluding the following items:
- a) Purchases through petty cash and imprest accounts;
 - b) Recurring charges such as gas, electricity and telephone charges and other charges for which a payments register or other method of recording/monitoring payments is more appropriate than an order.
- 8.11 Purchase requisitions shall only be raised and approved by authorised officers. This approval process shall be used to create an official order. Budget provision must exist for all requisitions and orders.
- 8.12 In those exceptional circumstances in which the corporate system is not used, Directors shall only obtain official order forms in accordance with arrangements approved by the Chief Finance Officer and shall be responsible

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for their control and use.

- 8.13 Where urgent orders are given orally, they shall be confirmed immediately by an official order.
- 8.14 Official orders should be specific, e.g. they should state quantity, weight, size, grade, quality, and where practicable, price. Where supplies are ordered under contract, it is particularly important that the order and contract have the same specification of supplies required.
- 8.15 Orders shall be raised with approved suppliers only. Officers shall notify Exchequer Services of new suppliers using a form specified by the Chief Finance Officer. Exchequer Services will maintain supplier accounts including processing changes of supplier details on receipt of authorised information received from suppliers. Exchequer Services will undertake checks on supplier information as specified by the Chief Finance Officer.

Payments for Works, Supplies and Services

- 8.16 Payment for works, supplies and services may only be made:
- a) On receipt of an invoice or contract certificate which satisfies VAT regulations;
 - b) Where liability for payment by the Council is clearly established; and
 - c) To approved suppliers.
- 8.17 No payment for works, supplies or services shall be made unless the works, supplies or services have been certified as received by an authorised officer. This certification will be done using Agresso.
- 8.18 The Chief Finance Officer is responsible for providing a corporate system for the payment of accounts (Agresso). Directors shall use this system for all payments except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.
- 8.19 Authorised officers shall ensure that payments for works, supplies or services are not made unless:
- a) Works, supplies or services have been supplied in accordance with an official order, and the amount invoiced is correctly payable. The official order number should be quoted on the invoice.
 - b) Payment is in respect of a service regularly supplied (e.g. gas and

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electricity), and the amount invoiced is properly payable; or

- c) Payment is made for works, supplies or services under contract, and the amount is properly payable under the terms of that contract.

Salaries and other payments to employees

8.20 The Chief Finance Officer is responsible for approving a corporate payroll system for recording payroll data and for generating payments to employees. The Chief Finance Officer is also responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and that deductions due are made and properly accounted for.

8.21 Directors shall use the corporate payroll system for all payments to employees.

8.22 Where payments are made for services in which the relevant taxation authorities deem that a contractor is “employed” by the Council, Directors are responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and deductions due are made and properly accounted for.

8.23 Except where employees are responsible for providing data directly themselves, Directors are responsible for ensuring that all information affecting an employee’s entitlement to pay, or rate of pay, and all other information required for the smooth operation of the corporate payroll, shall be notified to Human Resources (HR) and/or Payroll.

8.24 This shall be done by means of direct input to the corporate payroll system or by means of a form, in either case following procedures approved by the Chief Finance Officer. In either case, Directors shall make arrangements for data supplied to be verified and authorised by an authorised officer. In particular the following shall be notified:

- a) Appointments, resignations, dismissals, suspensions, secondments and transfers;
- b) Changes to standing data held on the payroll system;
- c) Absences from duty for sickness or other reason, apart from approved leave;
- d) Car loan approvals;
- e) Changes in remuneration, other than normal increments, pay awards and any agreements generally reached, and notified separately to the Chief Finance Officer; and
- f) Information necessary to maintain records of service for superannuation, Income Tax, National Insurance and related purposes.

8.25 All time records or other paper documents affecting entitlement to salaries and
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wages on any specific occasion shall be in a form approved by the Chief Finance Officer and shall be processed in accordance with procedures specified by the Chief Finance Officer.

- 8.26 These documents shall be signed by the employee and certified as correct by an authorised officer.
- 8.27 All claims for payment of travelling and subsistence allowances, removal expenses and the like shall be submitted directly to Agresso or in an approved form to the Chief Finance Officer for payment and be certified as correct by an authorised officer.
- 8.28 All claims for the payment of Councillors' allowances and expenses shall be submitted directly to Agresso or in a form specified by the Chief Finance Officer which complies with statutory requirements, and certified as correct by an authorised officer. Alternatively, the Chief Finance Officer may require such documents to be submitted electronically.
- 8.29 Any other benefits provided to employees, in particular benefits in kind rather than in cash, but also including such things as payments received by staff for elections, may/will also be taxable and/or liable to National Insurance contributions, and may also be subject to a deduction from pay. The responsibility for identifying any liabilities in this respect is with each Director who should seek advice from the Chief Finance Officer where appropriate.
- 8.30 Whilst it is the Council's responsibility to ensure that salaries are correctly paid and that any deductions are appropriate, staff members have a responsibility to check that the salary they receive is correct and to report back any errors or queries. If it is identified that any under or over payments have been made, the Council will seek to make good any under payments or recover overpayments irrespective of whether these have been authorised. In the event that overpayments have been made, staff members may be subject to disciplinary action if it is identified that overpayments should have been identified.

Income

- 8.31 The Chief Finance Officer is responsible for the general control, supervision and collection of all money due to the Council and shall maintain adequate arrangements for the proper recording and accounting of all sums due to the Council. In this section income means all cash, cheques, or other forms of payment including credit/debit cards.
- 8.32 The method of collection and form of records relating to income maintained by each Directorate shall be agreed in advance with the Chief Finance Officer.
- 8.33 Scales of charges for services, except where fixed by statute, must be reviewed annually, or more frequently if required, by the relevant Director and agreed

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with the Chief Finance Officer before being submitted to Cabinet for approval. Directors must ensure that review of fees charges is undertaken with any legislation and that the basis of any charge, e.g. cost recovery, is set out in any report. The only exception to the above relates to charges for commercial activities e.g. business unit rents. In this case the Director responsible may vary charges to respond to market conditions and/or other factors.

Credit Income

- 8.34 The Chief Finance Officer is responsible for approving a corporate invoicing system (Agresso). Directors shall use this system for all credit income except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, meet with the requirements of the appropriate taxation authorities.
- 8.35 Directors are responsible for ensuring that all debts due to the Council are promptly and accurately raised and either collected in money (or other forms of immediate payment) or invoiced.
- 8.36 The Chief Finance Officer is responsible for collecting all income invoiced via the corporate invoicing system.
- 8.37 Directors shall advise the Chief Finance Officer of any new sources of income which are exempt from VAT, and of material change to existing sources of income which are exempt from VAT.

Cash and cheques

- 8.38 Officers responsible for the collection of income shall ensure that money collected is recorded and banked without undue delay.
- 8.39 Subject to the following rules, all receipt forms, tickets and other types of controlled stationery by which income is acknowledged shall be ordered and supplied by the Chief Finance Officer; and Directors shall be responsible for the safe custody of such documents.
- 8.40 Receipts and other forms of controlled stationery which are specific to a particular function may be ordered and controlled by the appropriate Director, in accordance with arrangements approved by the Chief Finance Officer.
- 8.41 All cash received must be acknowledged at once by the issue of an official receipt or ticket, or an entry on a payment card provided for the purpose and all chargeable VAT must be analysed and accounted for. No officer or agent of the Council shall give a receipt for cash received on behalf of the Council in any form other than an official receipt. No acknowledgement need be given for payment by cheque, however, unless requested by the debtor.

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- 8.42 All money received must be accounted for and paid into an approved bank account, either directly, or via Finance on the day of the receipt, or as soon as practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (i.e. ensuring insurance value limits are not exceeded).
- 8.43 An officer may on no account borrow any money temporarily for their own use, nor should they, except in the case of expenses they incur whilst travelling on Council business, make payments on behalf of the Council from their own pocket. Arrangements may be made with the Chief Finance Officer for an officer who is handling small sums to bank less frequently.
- 8.44 An officer is responsible for the safe custody of any money she or he has received until it has been balanced and banked or handed over to another officer for banking. If the money is handed over to another officer, a receipt should be obtained from the officer receiving it. If the money is in a sealed container, the officer should obtain a receipt for the container.
- 8.45 Whilst money is in their custody, officers should, at no time, leave it unattended unless it is locked in a safe place, to which the officer alone has access, and which fulfils insurance requirements.
- 8.46 All officers who pay money into any of the Council's bank accounts shall list the amount of every cheque on the paying-in slip and the counterfoil or duplicate, together with some reference, such as an account number, which will connect the payment with the debt; or failing this, the name and address of the debtor.
- 8.47 Cash received by officers on behalf of the Council shall not be used to cash postal orders, personal or other cheques.
- 8.48 The Chief Finance Officer is responsible for approving all systems for the processing of payments by debit, credit and top up payment cards.

Write-Off of Debts

- 8.49 No debt properly due to the Council shall be discharged otherwise than by payment in full, credit note (in the case of error or where a service order has not been fulfilled) or write-off.
- 8.50 Subject to conditions set out below, all debts which a Director or the Chief Finance Officer has been unable to recover at reasonable effort and expense and for which normal recovery processes have been exhausted, shall be referred without delay to Legal Services.
- 8.51 Debts may be written off as follows:
- a) By the Finance Manager and Revenues/Benefits Manager for debts up to £100;

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- b) By the Chief Finance Officer for debts up to £2,500; and
- c) By the Cabinet for debts above £2,500.

However, if either the individual amount or the total of (several) amounts for the same debtor is greater than £2,500, Cabinet's approval for write off is required. Cabinet shall be advised at the earliest available opportunity when such a debt level is reached. Debts shall not be written off at different times in order to circumvent Cabinet's approval.

- 8.52 In the event that there is reason to believe that the cause of any debt being irrecoverable is attributable to fraud, theft, irregularity or the negligence of an employee, the Director shall refer the matter to the Head of Audit (HoA).
- 8.53 The debt shall not be written off until any necessary investigative or other action has been agreed by the Director and the HoA.

Monitoring of Income Collection

- 8.54 The Chief Finance Officer shall report at least once a year to the Cabinet on progress with the collection of the Council's income, with particular reference to the arrears outstanding in respect of each main class of income, debts written-off, action being taken to recover or reduce those arrears and the status of deferred payment agreements

Banking Arrangements

- 8.55 In this section, the Council's **main bank accounts** are all bank accounts maintained by the Council other than those operated solely for specific establishments or purposes.
- 8.56 The Chief Finance Officer is responsible for operating the Council's main bank accounts but may delegate day-to-day operation to other officers.
- 8.57 The Chief Finance Officer is responsible for ensuring that regular and complete reconciliations are carried out, for all the main bank accounts, of balances held to financial records maintained.
- 8.58 All cheques (except imprest account cheques) for the Council's main bank accounts shall be produced directly from Agresso in a format approved by the Chief Finance Officer, who shall make proper arrangements for the preparation and despatch of the cheques, and for the custody of blank cheques.
- 8.59 Imprest cheques shall be ordered and controlled by the Chief Finance Officer who shall make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of the cheques. Directors shall ensure that for all other Council bank accounts cheques are held, prepared, signed and despatched in a form approved by the Chief Finance Officer.

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- 8.60 All cheques drawn on the Council's main bank accounts shall bear the pre-printed signature of an authorised Director or the Chief Finance Officer or, in the case of imprest cheques, be signed by the Chief Finance Officer or signatory authorised by him or her. Cheques drawn on any other Council bank accounts should be signed by an authorised officer.
- 8.61 The Chief Finance Officer is responsible for ensuring that all payments made from the main bank accounts by way of Clearing House Automated Payments (CHAPs) and Bankers Automated Credits (BACs) transactions are properly controlled and suitably authorised.
- 8.62 The Chief Finance Officer is responsible for sanctioning the issue of Corporate Credit Cards to staff and for reconciling expenditure incurred to the main bank accounts. Directors are responsible for ensuring that staff use the cards in accordance with procedures issued, including the provision of valid receipts to support the expenditure incurred. Where Corporate Credit Cards are not used in accordance with stipulated procedures then the Chief Finance Officer may withdraw the arrangement.

Stock

- 8.63 Directors may hold stocks of consumable items; materials; and equipment for use in the maintenance of assets under their control and the provision of services. They are responsible for the receipt, custody and issue of stock items for their functions and for maintaining suitable records which comply with any guidance given by the Chief Finance Officer.
- 8.64 Directors shall ensure that stock items are effectively safeguarded from loss, theft or damage.
- 8.65 Directors shall arrange for a periodic stock-take to be undertaken for any stock held in excess of £1,000 independently of the employees responsible for the custody of those stocks, such that the existence and value of all items are checked at least once a year. The write-off of deficiencies or adjustments related to individual stock items may be authorised as follows:
- a) By the relevant Director for write-offs which do not exceed £500, subject to an overall limit equivalent to 5% of total opening stock; and
 - b) By the Chief Finance Officer for write-offs in excess of £500 subject to periodically reporting the write-offs to the Cabinet.
- 8.66 The value of stocks held at 31st March each year shall be certified by an authorised officer and supplied to the Chief Finance Officer in such form and at such time as may be decided by the Chief Finance Officer.
- 8.67 Surplus and obsolete stocks must be disposed of by Directors on the best terms possible.

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- 8.68 Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).
- 8.69 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.
- 8.70 Any disposals shall be recorded by Directors concerned and records maintained.

Cash Advances, Petty Cash Floats and Imprest Accounts

- 8.71 The Chief Finance Officer may provide cash advances in the form of a petty cash cheque which may be cashed at a bank, to employees for such amounts as are considered necessary by Directors for the purpose of meeting expenses. Directors are responsible for ensuring that employees promptly return any unused advances together with valid receipts to support monies expended, to the appropriate distribution point. Where this does not occur the Chief Finance Officer may authorise deduction of the appropriate sum from the employee's next salary payment.
- 8.72 The Chief Finance Officer may provide petty cash floats / imprest accounts of such amounts as are considered necessary by Directors for the purpose of meeting minor expenses.
- 8.73 Directors are responsible for making arrangements for the safe keeping and proper use of all petty cash / imprest accounts.
- 8.74 Each petty cash float / imprest account must be in the sole charge of a single petty cash float / imprest account holder, who is responsible for the proper use and safety of the sums held. Directors shall ensure that petty cash float / imprest account holders sign a document to confirm receipt when first acquiring a petty cash float / imprest account. The maximum amount that can be retained is £500.
- 8.75 The petty cash float / imprest account holder may use the account to make payments in respect of expenditure legitimately incurred for Council purposes, and must record payments made in a petty cash / imprest cash book. The petty cash float / imprest account holder shall obtain cash vouchers for all payments made, and such cash vouchers shall adequately record any VAT incurred and have VAT receipts attached. The person receiving the cash sum shall sign the voucher.
- 8.76 When a petty cash float / imprest account needs replenishing, the petty cash

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float /imprest account holder shall summarise payments made on a record in a form approved by the Chief Finance Officer. The record must be certified as correct by an authorised officer, who must check the petty/imprest cash book, the cash vouchers and any cash held. The completed record, and such other documentation as the Chief Finance Officer shall require, shall be presented to the Chief Finance Officer for reimbursement.

- 8.77 Each petty cash float /imprest account must be kept in a lockable box to which the petty cash/imprest account holder alone has access. The box shall be kept securely, for example in a lockable cupboard or safe, in accordance with arrangements specified by the Chief Finance Officer (Specific requirements for Insurance cover must be met).
- 8.78 On ceasing to hold a petty cash float /imprest account, the petty cash /imprest account holder must produce the petty/imprest cash book, vouchers and any unspent balance to an authorised officer for checking and retention. The advance will then be handed over to a successor nominated by the Director, or returned to the Chief Finance Officer.
- 8.79 Petty cash float /imprest account should only be used for small transactions where it is quicker and more efficient to buy the goods locally rather than by official order.
- 8.80 Travelling, subsistence and post-entry training expenses should be reimbursed through the appropriate allowance payment systems, and not from petty cash float /imprest account.
- 8.81 No income should be paid into a petty cash float/imprest account.
- 8.82 For the purposes of closure of the Council's accounts each financial year end, the Chief Finance Officer will require a certificate from each petty cash float /imprest account holder, which should be countersigned by an authorised officer, providing such details as the Chief Finance Officer shall specify.
- 8.83 Directors shall keep up-to-date records of petty cash float /imprest account holders.
- 8.84 At the end of the financial year, the holder of each petty cash float/imprest will confirm, when requested by Finance, the amount of the cash float held.

E-Bay

- 8.85 The Council has an E-Bay account which is controlled by the Chief Finance Officer or an officer designated by the Chief Finance Officer for this purpose. Any Director wishing to use the E-Bay account may seek approval for the Chief Finance officer. In using the account, Directors must comply with any procedures set out by the Chief Finance Officer.

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9. TREASURY MANAGEMENT

General

- 9.1 The Chief Finance Officer shall be responsible for the overall management of the authority's investment, borrowing and other capital financing arrangements but may delegate day to day treasury management activity to other officers. The Chief Finance Officer shall approve arrangements for the delegation of the investment of balances as required under schemes for local management of schools and colleges. The Chief Finance Officer shall maintain records of all borrowings and lending of money by the Council.
- 9.2 At the beginning of each year and prior to the approval of the Council's budget, the Chief Finance Officer shall report to the Cabinet a Treasury Management Strategy for the year. The Strategy, which shall comply with the approved policy, shall identify the Authority's strategy for borrowing and lending during the financial year and set out its policy for minimum revenue provision. The Cabinet shall recommend the Strategy to Council for approval.
- 9.3 The performance of the Treasury Management function shall be reported to the Cabinet. The Chief Finance Officer shall report to the Cabinet not less than twice in each financial year on the activities of the Treasury Management operations and the exercise of the delegated Treasury Management powers. Such reports shall include an annual report on Treasury Management activity for each financial year for presentation by 30 September of the succeeding financial year, a quarterly list of investment, a mid-year Treasury Management activity report and an annual strategy and plan in advance of the start of each financial year.
- 9.4 The Chief Finance Officer will manage and report on the Council's Treasury Management Operations in accordance with the CIPFA "Code for Treasury Management in Local Authorities", and the Council's approved Treasury Management Strategy.

Loans

- 9.5 All borrowing shall be undertaken by the Chief Finance Officer. Directors do not have authority to borrow money.
- 9.6 The Chief Finance Officer is responsible for ensuring that loans are effected in the Authority's name to meet the needs of the Authority on the most economic terms. All borrowing shall comply with the Council's Treasury Strategy.

Investments

- 9.7 The Chief Finance Officer shall make arrangements for the investment and management of all of the Authority's cash balances (including schools except where they opt out) in accordance with the Annual Investment Strategy, except

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in respect of any specific cash balances where other arrangements are approved by the Cabinet.

- 9.8 All investments under the control of the Council shall be made in the name of the Authority unless otherwise agreed by Council in respect of any specific investments.
- 9.9 All securities which are the property of or are in the name of the Council or its nominees and the title deeds of all property in its ownership shall be held in the custody of Legal Services.
- 9.10 All trust funds shall wherever possible be in the name of the Council.
- 9.11 All officers acting as trustees by virtue of their official position shall deposit all securities and other such documents relating to the Trust with the Legal Services Manager unless the deed otherwise provides.

10. ASSET REGISTER

- 10.1 The Chief Finance Officer shall have access to all inventories and other records maintained by Divisional Directors for the purposes of compiling and maintaining an asset register in accordance with the relevant accounting regulations.
- 10.2 Directors will maintain inventories and other records to support the asset register in a format agreed by the Chief Finance Officer. Any individual items of plant, machinery, equipment and other assets that are capitalised will be included in the asset register.
- 10.3 The Chief Finance Officer will also specify what other inventories and records need to be maintained by Directors in order to help safeguard the items recorded in it from loss, theft or damage. Directors shall be responsible for carrying out an annual check of all items on all inventories and other records of equipment maintained. Based on original cost, the write-off of deficiencies may be authorised as follows:
 - a) By the relevant Director for amounts not exceeding £2,000.
 - b) By the Chief Finance Officer for amounts exceeding £2,000.
- 10.4 Any significant variations should be investigated and reported to the Chief Finance Officer for insurance purposes, with consideration given to reporting the matter to the Chief Finance Officer as a suspected irregularity.
- 10.5 With the exception of portable IT and communication devices issued to individual officers to assist them in undertaking their duties, assets in the custody of the Council shall not be removed from Council premises, other than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes, except where specifically

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authorised by the appropriate Divisional Director.

- 10.6 Surplus or obsolete items should initially be offered for use elsewhere in the Council, and where not required, disposed of by Directors on the best possible terms. Where items are to be disposed of for a sum which is less than current value, by an amount which exceeds £2,000, then this shall be authorised by the Chief Finance Officer, subject to periodically reporting the disposals to Resources Scrutiny Committee. Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).
- 10.7 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.
- 10.8 Any disposals shall be recorded by the Director concerned and records maintained.
- 10.9 Directors shall advise the Chief Finance Officer of the disposal of items for which an adjustment is required to an asset register.

Buildings, Land and Other assets

- 10.10 Any acquisition, disposal, appropriation or exchange of property or other fixed assets shall be in accordance with the capital programme approved by the Council or through a separate approval.
- 10.11 For any acquisition, appropriation or exchange of property or other fixed assets in excess of £10,000 a report shall be made by the relevant Director, in consultation with the Portfolio holder and Chief Finance Officer, to the Cabinet for approval.
- 10.12 For any disposal of property or other fixed assets in excess of £200,000 a report shall be made by the relevant Director, in consultation with the Portfolio Holder and Chief Finance Officer, to the Cabinet for approval
- 10.13 Any disposal, appropriation or exchange of property or other fixed assets shall ensure that the Council obtains value for money from the transaction. Terms of disposal should not be finalised without the benefit of a current valuation undertaken a suitable firm of valuers appointed under arrangements approved by that Director. The terms of disposal must also take account of the taxation implications to the Council of the disposal.

11. RISK MANAGEMENT AND INSURANCE

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- 11.1 The Chief Finance Officer is responsible for ensuring that the Council's risks are adequately assessed, and for arranging external insurance cover or making alternative arrangements to provide for potential future liabilities and losses.
- 11.2 Directors shall advise the Chief Finance Officer of all risks, and changes to risks, in accordance with procedures specified by the Chief Finance Officer. Directors are not authorised to arrange insurance cover except via the Chief Finance Officer.
- 11.3 Formal identification of key risks which could threaten identified service or Council objectives must be carried out using a risk management process approved by the Chief Finance Officer.
- 11.4 Identified risks and any remediable actions are to be agreed as part of the process which will include costs and timescales for action.
- 11.5 Directors shall maintain risk registers and ensure that they are kept up to date and monitored on a quarterly basis, reporting significant risk / projects to the Cabinet and relevant Scrutiny Committee through the Corporate Performance Report.
- 11.6 Any damage, loss or other event which may lead to an insurance claim shall be notified immediately to the Chief Finance Officer and to the Insurance section by email insurance@rutland.gov.uk. No action should be taken or undertaking given by any officer which would prejudice the Council's position in making an insurance claim.
- 11.7 Failure to inform the Chief Finance Officer of any changed circumstances could affect the validity of the insurance cover.
- 11.8 Directors are responsible for ensuring compliance with the terms of any relevant insurance policy and for implementing any other advice given by the Chief Finance Officer on the management of insured and uninsured risks.

12. FINANCIAL INDUCEMENTS, GIFTS, HOSPITALITY AND PROMOTIONAL OFFERS

- 12.1 All officers shall notify their Director and the Monitoring Officer in writing if they have a financial interest (direct or indirect) in any current or proposed contract of the Council. The Monitoring Officer shall record in a schedule to be kept for the purpose, particulars of any such notice given. Failure to disclose a financial interest in a contract is an offence under section 117 of the Local Government Act 1972. The schedule will be available at all reasonable hours for inspection of any Member of the Council.

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- 12.2 All officers shall advise their Director and the Monitoring Officer, of any conflict of interest which has arisen or might arise because they are likely to be required or authorised to do something as a Council Officer, in which they have a personal or private interest.
- 12.3 No employee shall accept secondary employment or a financial payment from any person, body or organisation e.g. contractors, developers, consultants, etc, without prior express written approval from their Director.
- 12.4 All officers must comply with the Employee Code of Conduct and Gifts and Hospitality Guidance and Procedures. Further advice should be sought from the Monitoring Officer or Head of Corporate Governance.

13. INTERNAL AUDIT

General

- 13.1 The primary role of the Internal Audit Service is to objectively examine, evaluate and report on the adequacy of the Council's internal control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk. Internal Audit also advises on, carries out and directly supports investigations into suspicions of fraud or financial irregularity.
- 13.2 In accordance with Section 6 of the Accounts and Audit Regulations 2011, the Chief Finance Officer and the Chief Executive shall be responsible for maintaining an adequate and effective internal audit of the Council's accounting records, control systems and financial transactions including any operations affecting the financial arrangements or the finances of the Council. The Internal Audit Section shall comply with the current CIPFA Code of Practice for Internal Audit in Local Government, in undertaking its functions.

Audit Planning and Reporting

- 13.3 The Chief Internal Auditor shall prepare and agree with the Chief Finance Officer an Annual Audit Operational Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved and directed, by the Audit and Risk Committee. Irrespective of its means of delivery, every process, service and activity falling within the Council's responsibility shall be subject to the Council's system of internal audit.
- 13.4 The views of Directors shall be sought about which activities are to be included in the plan as being in need of audit.
- 13.5 Work outside the plan may also be specially commissioned at the request of a Director via the Chief Finance Officer who shall report such requests to the

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Audit and Risk Committee for approval. Any such reviews shall be risk-assessed by Internal Audit and only undertaken if the risks involved justify the audit work necessary and subject to the agreement of any additional cost with the Chief Finance Officer.

- 13.6 Internal Audit shall at all times conduct its work in accordance with relevant Internal Audit standards and any other protocols agreed with the Chief Finance Officer.
- 13.7 For the purposes of carrying out an audit or investigation, Internal Auditors and the Chief Finance Officer are authorised to:
- a) have access at all times to any Council premises and property;
 - b) have access to all data, records, documents and correspondence relating to any financial or any other activity of the Council;
 - c) have access to any assets of the Council;
 - d) require from any member, employee, agent, partner, contractor or other person engaged in Council business any necessary information and explanation.
- 13.8 These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint and pooled arrangements.
- 13.9 This right of access shall be incorporated within all relevant contract or service agreement documents involving Council services provided other than internally. It applies to all internal auditors legitimately engaged on Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.
- 13.10 Internal Audit shall remain at all times free from undue influence or other pressure affecting its actions and reporting.
- 13.11 Internal Audit shall report in its own name to the Chief Finance Officer. The Council's Chief Internal Auditor shall have direct access and the right of report to the Chief Executive, Directors, the Monitoring Officer, the External Auditor, the appropriate Scrutiny Committee and the Cabinet, where appropriate if, in their opinion, there are matters of concern that could place the Council in a position where the risks it faces are unacceptable.
- 13.12 From time to time, the Chief Internal Auditor shall report to the Audit and Risk Committee on progress made in delivering the Internal Audit Operational Plan.
- 13.13 Implementation of the recommendations made in internal and external audit

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reports shall be monitored by the Audit and Risk Committee. Directors are accountable to the Audit and Risk Committee for ensuring that appropriate action is taken in accordance with those recommendations.

- 13.14 The Chief Finance Officer shall report annually to the Audit Committee on the provision of the Internal Audit service. In addition, the Chief Finance Officer shall report to the Audit Committee on the annual review of the effectiveness of the Council's system of internal audit.

Directors' and employees responsibilities in respect of financial control and irregularities

- 13.15 All Directors shall maintain proper financial controls in financial systems operated within their area of responsibility (see section 2 of these rules) and shall be responsible for the prevention, detection and resolution of fraud and irregularities.
- 13.16 All employees are under a duty to report to their senior officer any instance where financial irregularity is suspected. (Guidelines to staff on this matter are contained in the Council's whistle-blowing procedures).
- 13.17 Directors shall cooperate fully at all times with Internal Audit and ensure that Internal Audit can properly fulfil its role. Any disputes or non-cooperation may be referred to the Chief Finance Officer and ultimately the Audit and Risk Committee for resolution.
- 13.18 Immediately any actual or potential financial irregularity affecting the Council is known or suspected, the appropriate Director shall inform the Chief Internal Auditor, make proposals in respect of any further investigation that may be required (and the extent of any support required from Internal Audit) and make proposals in respect of other action to be taken.
- 13.19 If the proposals are acceptable to the Chief Finance Officer, Directors shall carry out the proposed actions. Otherwise, alternative proposals shall be made.
- 13.20 Directors are responsible for taking appropriate action on receipt of recommendations from Internal Audit, either as a consequence of a planned or specially commissioned review or an investigation into a suspected fraud or financial irregularity.

Investigations

- 13.21 The Chief Finance Officer shall ensure that every case where there are grounds for suspicion of fraud or financial irregularity is considered, and that proposals for action (where appropriate) are made by Directors. The Chief Finance Officer reserves the right to investigate any suspected fraud or irregularity via the Internal Audit Service.

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- 13.22 All action taken shall comply with the Council's Anti-Fraud and Corruption Policy Statement as adopted and approved by the Audit and Risk Committee.
- 13.23 In respect of investigations into suspected Housing and Council Tax benefits fraud, the Chief Finance Officer, or another person authorised by the Chief Finance Officer for this purpose, shall have full discretion to determine the appropriate course of action, including referral to Legal Services or the Police for consideration of prosecution.
- 13.24 In all other cases, referral to the Police shall only be made after full consultation with the appropriate Director and the Monitoring Officer

14. EXTERNAL AUDIT

- 14.1 The Audit Commission appoints the Council's External Auditors. Once appointed the auditors carry out their statutory and other responsibilities and exercise their professional judgement independently of the Audit Commission.
- 14.2 The statutory responsibilities of appointed auditors are set out in the Audit Commission Act 1998 and the Local Government Act 2000, but their principal duties are:
- a) the audit of the Council's annual statement of accounts;
 - b) the audit of the Council's use of resources; and
 - c) the audit of grant claims.
- 14.3 In discharging these specific responsibilities and powers, auditors are required to carry out their work in accordance with the Audit Commission's Code of Audit Practice.

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GLOSSARY

Financial System	Any system (computerised or otherwise) and associated procedures for making or recording any financial transaction of the Council.
Council Tax requirement	The amount required by the Council from council taxpayers in any given year to meet its budgeted expenditure.
Directorate budget	The sum of all individual service budgets for which a single director is responsible.
Functional budget ceiling	The functional budget is that allocated by Council to a particular function or area. The ceiling represents the top of that budget.
Virement	A virement is a reallocation of funds and their purpose from one budget head/service to another.
Earmarked reserve	A reserve created for a specific purpose.
Carry forward reserve	A reserve created for the purpose of holding underspends to be carried forward.
Additional budget	A new or additional budget to that approved by Council in February.
Capital Resources	Sums of money which may be spent on capital expenditure.
Capital Programme	Is the Council's available capital resources including the planned level of spending on all capital schemes.
Purchase Requisition	A priced and itemised request, normally created on Agresso by an authorised officer, for an official order to be raised.
Official Order	An order for works, supplies or services, normally created on Agresso following the approval of a purchase requisition by an authorised officer.
Cash Advance	Is a specific cash loan made to an employee to enable them to purchase appropriate items/services in connection with their employment by the Council.
Petty Cash Float/Imprest account	An amount of money provided for the purpose of funding small cash payments incurred on behalf of the

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Council.

Petty/Imprest cash book A record of cash payments made from a petty cash/imprest account.

Cash Voucher A receipt or other document evidencing the making of a payment from petty cash float/imprest account, supplied by the vendor.

Asset Register A register of all significant assets owned by the Council, which is maintained by the Chief Finance Officer for statutory accounting purposes.

Inventory A record of all plant, machinery, vehicles, equipment and other assets under the custody of Divisional Directors, including assets the Council does not own outright. It should aid effective control of such assets and can support the management of risk of loss or damage.