



# WESTMINSTER CITY COUNCIL – FINANCIAL REGULATIONS

WESTMINSTER CITY COUNCIL FINANCIAL REGULATIONS UPDATED  
FROM OCTOBER 2018

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### **Appendix A Schedule of financial authority to officers**

Within these Regulations **Executive Director of Finance & Resources** means:

- The officer with the statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Finance Officer;
- Or those officers authorised to act on their behalf.

## **Part A: Status of Financial Regulations**

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### **1. Purpose**

- 1.1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs and understanding the financial implications of the decisions that are made by Officers and Members.
- 1.2 The regulations apply to all Officers and Members. When making decisions and taking actions, consideration must be given to the financial implications and adherence to the regulations.
- 1.3 The regulations provide the framework within which the Council operates its financial affairs. These are based on rules and principles set out below.

### **2. Principles**

- 2.1 Financial Management – Roles and Responsibilities
- 2.2 Financial Planning and Budgeting
- 2.3 Financial Monitoring and Control
- 2.4 Internal Control and Audit
- 2.5 Financial Systems and Procedures
- 2.6 External Arrangements
- 2.7 These regulations do not provide for every permutation. However, most queries related to them centre around the following areas:
  - Virements (Revenue and Capital): This is a transfer of budget. Approval is based on a financial threshold, but also on whether the change in use of the budget constitutes a policy change or a movement between Executive and Cabinet Member portfolios.
  - Capital Spend: Projects in the Capital Programme are split into the following categories:
    - Development
    - Major Strategic Acquisitions
    - Efficiency
    - Operational
  - Budgets included in the Capital Programme for Development and Major Strategic Acquisitions are allocations only. These allocations can only be drawn down via business cases (£10m plus), Cabinet Member Reports (£1.5m plus) and Capital Review Group (CRG) endorsement (£500k plus).

- Purchase Orders (POs): Approval levels for POs on the Council's Enterprise Resource Programme (ERP) system (IBC/ SAP) differs from the thresholds in these regulations. Accountability sits with officers approving PO's. When approving a PO, the officer should ensure that the correct authorisation to incur that spend has been given in line with the regulations.
- Income: If the Council are due to receive any income, approval should follow the scheme of delegation and the thresholds documented.
- Project Management and Project Accounting: Managing the finances of a project requires the bringing together of planning, estimating, budgeting, funding, billing, and managing project expenses.

### **3. Status**

3.1 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (Executive Director of Finance & Resources) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities.

### **4. Scope**

4.1 The regulations set out the Council's requirements in respect of:

- financial management roles and responsibilities.
- financial planning and budgeting.
- financial monitoring and control.
- internal control and audit.
- financial systems and procedures.
- external arrangements.

4.2 The regulations apply to the control of both revenue and capital expenditure within the General Fund finances (except for schools) and the Housing Revenue Account. They also apply to the purchase and sale of land and awarding grants to third parties.

4.3 Appendix A to the Regulations comprises the 'Schedule of Financial Authority to Officers' which sets out the approved financial limits within which officers may conduct the Council's business.

4.4 The Regulations are supported by a set of mandatory Financial Procedures which provide more detailed direction on the arrangements to be complied with.

## **5. Compliance**

- 5.1 These Regulations, and the Financial Procedures, apply to every Member and officer of the Council and to anyone acting on its behalf. Failure to comply may constitute misconduct and lead to formal disciplinary action.
- 5.2 All Council Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, and achieves value for money. In doing so, proper consideration must be always given to matters of probity and propriety in managing the assets, income, and expenditure of the Council.
- 5.3 When any decision is to be made you must demonstrate that the financial implications have been considered and that all times you are acting in accordance with the regulations.

## **6. Maintaining the regulations**

- 6.1 The Executive Director of Finance & Resources is responsible for:
- a. Maintaining and updating these Regulations and the Schedule of Financial Authority to Officers.
  - b. Ensuring that any revisions affecting the powers of Members are approved by the Council on the recommendation of the Cabinet Member for Finance and Council Reform.
  - c. Reviewing and reissuing the Financial Procedures as necessary to support the effective operation of these Regulations.

### **1. Principles**

- 1.1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.
- 1.2 All Members and officers have a common duty to abide by the highest standards of integrity and stewardship when making decisions about the use of public monies.

### **2. Members**

- 2.1 Members' responsibilities for the overall management of the Council's financial affairs are exercised through:
  - a. **Full Council**, which is responsible for approving the Council's overall policy framework and the budget within which the executive operates, setting Prudential Indicators for capital finance and treasury management, setting limits for budget virements, and approving the Council's treasury management and investment strategies.
  - b. **The Cabinet**, which is responsible for proposing the policy framework and budget to the Council and for discharging executive functions in accordance with it. Executive decisions can be delegated to a committee of the Cabinet, or by the Leader to an individual Cabinet Member or an officer.
  - c. **Audit and Performance Committee**, which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, and oversight of audit and anti-fraud activity.
  - d. **Overview and Scrutiny Committee**, which oversees the budget process including its implementation.
  - e. **Pension Fund Committee**, which is responsible for the management of the Council's Pension Fund.

### **3. The Executive Director of Finance & Resources**

- 3.1 The Executive Director of Finance & Resources has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:
  - Section 151 of the Local Government Act 1972.
  - The Local Government Finance Act 1988.
  - The Local Government and Housing Act 1989.
  - The Accounts and Audit Regulations 2015.
  - The Local Government Pension Scheme Regulations 2013.
  - The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016.

- Public Service Pensions Act 2013.
- The Local Authorities Goods and Services Acts 1970.
- The Local Government Acts 2000 and 2003.
- The Localism Act 2011.

### 3.2 Responsibilities of the Executive Director of Finance & Resources include:

- a. The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurance, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages, and pensions.
- b. Determining the contents of Financial Procedures and ensuring compliance with these Regulations.
- c. Preparing the annual Revenue Budget and reporting to the Council on the robustness of the estimates and the adequacy of reserves.
- d. Preparing the annual Capital Programme, ensuring effective forward planning and sound financial management in its compilation.
- e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting and taking mitigating actions if overspends or shortfalls in income emerge.
- f. Reporting to full Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
- g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
- h. Maintaining an adequate and effective internal audit function and an effective anti-fraud and corruption strategy.
- i. Preparing the Council's risk management strategy and advising on the management of strategic, financial, and operational risks.
- j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
- k. Preparing the Council's annual statement of accounts and governance statement in accordance with all applicable codes of practice on local authority accounting.
- l. Preparing and implementing an effective treasury management strategy, effecting all investments and borrowings within the limits imposed by the Council.
- m. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
- n. Management of pension fund investments and preparing and submitting a triennial Funding Strategy Statement and Investment Strategy Statement to the Pension Fund Committee for approval.



- o. Ensuring that effective asset management arrangements are in place.
  - p. Advising on the risks and financial implications associated with joint working, external funding, and trading opportunities.
- 3.3 The Executive Director of Finance & Resources may allocate their day-to-day responsibilities to an appropriate representative in accordance with the Scheme of Delegated Authority to Officers and the Schedule of Financial Authority to Officers.

#### **4. Senior Finance Officers**

- 4.1 The Executive Director of Finance and Resources has overall responsibility of the Council's finances, but day to day financial matters is delegated to the Director of Finance and their direct reports or delegated representatives.
- a. Promoting and ensuring compliance with these regulations and associated financial procedures.
  - b. Taking corrective action in the event of non-compliance.
  - c. Preparing the annual revenue and capital budget estimates in accordance with guidance issued by Cabinet and the Executive Director of Finance and Resources.
  - d. Approving the financial implications for any proposal within a decision-making report.
  - e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
  - f. Ensuring that all financial transactions are recorded through the main accounting system.
  - g. Ensuring that the controls framework of the Council's ERP system is always followed.

#### **5. Executive Leadership Team and Service Directors (or nominated representative)**

- 5.1 Executive Leadership Team and Service Directors are responsible for the day-to-day management of their respective Directorate's finances. Their responsibilities in relation to financial management include:
- a. Working closely with the Executive Director of Finance & Resources (or a delegated representative) throughout the drawing up and implementation of any approved proposals and ensuring their participation in the decision-making process to guarantee that all financial implications are identified and taken into consideration before any decisions are made whilst ensuring that Council Objectives and Value for Money is met. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
  - b. Complying with the Council's anti-fraud and corruption strategy and reporting suspected fraud and financial irregularities to internal audit for investigation.
  - c. Complying with the Council's risk management strategy and notifying the

Executive Director of Finance & Resources immediately of significant risks to the Council's financial position.

- d. Assisting cash flow through timely billing of income due, monitoring income received and taking appropriate action in the event of non-payment.
- e. Assisting cash flow through minimising advance payments wherever possible.
- f. Ensuring that all expenditure incurred complies with the requirements of the procurement code and has the necessary budgetary approval.
- g. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
- h. Ensuring the proper security and safe custody of all assets under their control.
- i. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the necessary approvals.
- j. Ensuring that financial authorities are operated in accordance with the limits contained within the Schedule of Financial Authority to Officers, and that a written record of authorised officers is maintained.

## **6. All Officers**

6.1 In addition to the specific responsibilities set out above the Council expects all officers to:

- a. Act in good faith, impartiality and in accordance with their positions of trust.
- b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions.
- d. Comply with these Regulations, the associated Financial Procedures and any additional guidance issued to ensure the effective control of the Council's resources. Co-operate in audits of the Council's financial systems.
- e. Report any suspected financial irregularities for investigation in accordance with the Council's Fraud Response Plan.
- f. Ensure they comply with the Council's ERP system control framework and policies.
- g. Ensure that the Executive Director of Finance & Resources is made aware of the financial implications of all significant and/or high-risk proposals, prior to any decisions being made.

## ***Part C: Financial Planning and Budgeting***

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### **1. Purpose**

- 1.1 The purpose of financial planning is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability, and reporting.
- 1.2 Budgets are essential for the Council to plan, authorise, monitor, and control the way money is allocated and spent. It is unlawful for the Council to budget for a deficit.
- 1.3 The Council's budget sets agreed parameters around the annual activities and functions of Directorates and their services and is constructed within the context of a medium-term financial plan. It reflects the priorities of the Council.
- 1.4 The Capital Programme sets out the resource allocations to be made to capital schemes that have Council approval. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the organisation, such as land, buildings, major items of plant, equipment, and vehicles.
- 1.5 To enable Members to make informed decisions, all Cabinet and Committee reports must incorporate a section on 'Financial implications', which will be prepared by the Finance Department. All Cabinet Member Reports should include the costs or savings of proposals, together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations where appropriate.

### **2. Revenue Budget**

- 2.1 The Executive Director of Finance & Resources is responsible for:
  - a. Ensuring that an annual Revenue Budget and Council Tax Report is prepared in the context of a medium-term financial plan for consideration by Cabinet and approval by Council.
  - b. Maintaining a financial planning and resource allocation process that properly reflects the Council's policy framework and strategic objectives.
  - c. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
    - legal requirements.
    - medium-term planning prospects.
    - the corporate strategy and Council priorities.
    - available resources.
    - spending pressures.

- Government initiatives and public policy requirements.
  - internal policy directives.
- d. Advising the Council on the budget proposals in accordance with their responsibilities under S151 of the Local Government Act 1972.
  - e. Advising the Cabinet and Council on a prudent level of reserves for budget purposes, and ensuring any appropriate contingency provisions are maintained.
  - f. Considering and approving or rejecting requests for the creation of earmarked reserves.
  - g. Approving or rejecting transfers to or from reserves, or the re-designation of existing reserves.
  - h. Undertaking the statutory consultation with Business Rates payers.
  - i. Issuing detailed procedures on the preparation of Revenue Budget estimates.

2.2 Senior Finance Officers in conjunction with officers with budget responsibility are responsible for:

- a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the Executive Director of Finance & Resources, ensuring that these reflect agreed priorities, and advising Cabinet Members on service implications.
- b. Establishing detailed budgets for each directorate/service area in advance of the financial year and ensuring those budgets are managed by responsible named budget managers.
- c. Integrating financial and budget plans with service planning.
- d. Ensuring that any approved transfers from reserves are applied for their intended purposes.

### **3. Capital Programme**

- 3.1 No expenditure may be incurred on an approved capital budget without spend approval from the Cabinet Member in consultation with CRG other than in accordance with any exceptions set out in the Schedule of Financial Authority to officers. Slippage and over/underspends must be reported quarterly as part of monitoring and the half year and outturn positions are presented to CRG as part of the capital monitoring update. Variations to the approved budgets for capital schemes must be approved in accordance with the limits set out in the Schedule of Financial Authority to Officers.
- 3.2 As per its Terms of Reference, CRG is chaired by the Cabinet Member responsible for Finance supported by the Executive Director of Finance & Resources. Senior Finance Officers are responsible for producing the agenda for the CRG meeting and co-ordinating attendees. The meeting is attended by relevant Cabinet Members and

Executive Directors or their representative where projects fall within their portfolio. This group meets monthly and is responsible for:

- a. The strategic development of the Council's Capital Programme and Capital Strategy in accordance with the Council's Objectives.
- b. To consider any proposal for the use of capital aligned to the Council's priorities.
- c. To review potential risk and Value for Money issues on any proposal for the use of capital.
- d. To agree any programme of capital, spend within the confines of Council agreed financing.
- e. To provide a forum for establishing and providing robust challenge and debate around the Capital Programme.
- f. To monitor the performance of projects and programmes within the Council's Capital Programme.
- g. To set out a programme of annual capital receipts and to monitor progress in achieving those receipts.
- h. To ensure that investments in projects are backed up with a rigorous business case that is updated and developed at key stages over the project life.
- i. To review annually the list of capital projects over £500k.
- j. To review and consider any large projects (above £1.5m) which may be capital or revenue funded but which are sensitive in nature.

3.3. In accordance with the Treasury Green Book guidance, all Development (as per the General Fund Capital Programme) and regeneration (as per the HRA business plan) projects over £10m will have to produce the following three business case:

- a. Strategic Outline Case
- b. Outline Business Case
- c. Full Business Case

3.4. Projects under £10m will require a Business Justification Case only. However, this will be dependent on the other criteria and factors. The list below is not exhaustive and whether a project can go through a one stage process has to be reviewed on a case-by-case basis and agreed by Senior Officers, Members and the Project Management Office (PMO). The factors include:

- d. Level of resident engagement required.
- e. Political sensitivities.
- f. Strategic aims of the project.
- g. Historical context of the project.

- 3.5. As part of the capital budget setting process, all new proposed schemes in the capital programme are required to have a Capital Programme Submission Request Form (CPSR). The purpose of the CPSR forms is to justify individual schemes requiring a capital budget and ensuring that they are in line with the Council's aims and objectives. The sections include but is not restricted to:
- a. Carbon Impact Assessment.
  - b. Financial information such as expenditure and income forecasts and detail surrounding what sources have been used.
  - c. Strategic fit to the Councils priorities.
  - d. External factors.
  - e. Risk analysis.
  - f. Revenue implications on the Medium-Term financial plan.
  - g. Capital requirement and funding.
- 3.6. A CPSR will also be required where a strategic change to an existing budget has taken place. An example of a strategic change would be aligning an existing capital budget to comply with a policy or manifesto decision.
- 3.7. Newly proposed projects in the Capital Programme need to be approved annually via Cabinet and Full Council. The final list of projects should be reviewed and agreed in principle by CRG following a prioritisation process. Inclusion of a budget within the Capital Programme does not automatically approve all spend associated with it. Spend approval must follow the limits set out in the schedule of financial authority.
- 3.8. Adding projects to the capital programme during the year:
- All capital projects should be approved as part of the annual bidding process. However, if an urgent capital project is required and will incur spend in the financial year then a capital bid must be presented to CRG to drawdown from centrally held contingency.
- 3.9. Capital receipts/Sales receipts:
- The overall income envelope for development and regeneration projects over £10m should be approved as part of the Full Business Case. This should include estimated range for sales from each unit. However, if post completion this varies by more than 10% then further Cabinet Member approval should be sought.
- 3.10. The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that a five-year rolling Capital Programme is prepared on an annual basis for consideration by CRG and approved by Cabinet and Council. This is supported by a further indicative ten-year plan.
  - b. Issuing strategic guidance on budget preparation, and issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability, and whole life costing.
  - c. Ensuring that the revenue implications of the programme are contained within the

Revenue Budget and medium-term financial plan.

- d. Ensuring that all schemes relying on the use of Prudential borrowing powers are properly appraised and provide value for money.
- e. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
- f. Issuing procedures on the preparation of capital budget estimates.
- g. Ensuring that sources of funding (general fund, capital grants, self-financing etc) are identified for the entire programme.
- h. Ensuring that any schemes requiring in year approval (outside of the annual Capital Programme) are reviewed by the CRG and approved by the relevant Cabinet Member – in line with the Scheme of Financial Authority.
- i. Ensuring the Capital Programme includes a contingency for in year approval of schemes and the CRG approves the use of any contingency. This is so to ensure that the overall affordability of the programme is maintained, in line with the scheme of delegation.
- j. Maintaining a record of the current capital budget and expenditure on the Council's financial system and ensuring compliance with financial reporting standards.
- k. Reporting to Cabinet and CRG on the performance against the Capital Programme and budget as well as reporting to the Audit and Performance Committee and Overview and Scrutiny Committee as required.
- l. Ensuring that governance arrangements are in place via the CRG meeting to review proposed changes to the Capital Programme for approval by the Cabinet Member.
- m. Ensuring the Council's annual disposals programme is approved by Cabinet.
- n. Ensuring the CRG is updated on the progress of the disposals programme.

3.11. Senior Finance Officers are responsible for:

- a. Complying with guidance issued by the Executive Director of Finance and Resources regarding preparation of the Capital Programme.
- b. Undertaking robust financial management of schemes and ensuring the scheme constitute value for money.
- c. Monitoring and reporting on a regular and consistent basis on capital expenditure and receipts against approved capital budgets, on project slippage and variations, on additions/deletions, and on any changes in projected expenditure, for the CRG, or for the Cabinet Member in the case of the Housing Revenue Account.

3.12. Executive Leadership Team or nominated representatives (in conjunction with Senior Finance Officers) are responsible for:

- a. Ensuring all General Fund capital schemes and schemes included in the Housing Revenue Account asset management are properly appraised with rigorous business cases documented in line with HM Treasury Green Book guidance and in line with the requirements set out in the capital strategy. In addition, projects should be

- supported by project plans, funding strategies, a risk register and benefit realisation plan as appropriate.
- b. Undertaking an annual review of their schemes within the Capital Programme and consequential revenue expenditure, for inclusion in the medium-term financial plan.
  - c. With the exception of approved spend within the Housing Revenue Account, ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by the Cabinet Member in accordance with the limits set out in the Scheme of Delegated Authority to Officers.
  - d. Ensuring that all allocated spend is authorised in accordance with the Schedule of Financial Authority to Officers.
  - e. Reporting to the Cabinet if proposed sources of funding are not secured.
  - f. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.
  - g. Complying with the requirements of CRG for business case sign-off, progress updates and providing specific information in relation to a scheme when requested. As only Cabinet Member and Cabinet reports can be approved formally, all business cases must be submitted with a cover report and CRG should recommend approval to Members who can sign off the report.
  - h. Submitting contingency draw down reports. All projects will include a capital contingency of 20%. The Executive Director of Finance & Resources will hold 15% of this centrally. Should centrally held contingency need to be drawn down, a Cabinet Member or Cabinet Report will need to be submitted and reviewed by CRG.

#### **4. *Financial Implications of Decisions***

- 4.1 The Executive Director of Finance & Resources is responsible for:
  - a. Issuing guidance in relation to the presentation of financial implications within the Council's decision-making processes.
  - b. Ensuring the adequacy of the financial implication's information presented within individual decision-making reports and appropriate sign-off.
- 4.2 Senior Finance Officers are responsible for:
  - a. Ensuring that all decision-making reports properly set out the financial implications of the proposed actions, through the provision of adequate information from the senior officer of the service for this section to be prepared.
  - b. Ensuring they act in accordance with guidance issued by the Executive Director of Finance & Resources.
  - c. Arranging for all financial implications to be validated and formally signed off on behalf of the Executive Director of Finance and Resources.
  - d. Consulting with relevant parties where there may be financial implications for



other Cabinet Members, Committees, or departments.

- 4.3 Senior Officers or nominated representatives are responsible for:
- a. Providing financial information to Finance in a timely manner.
  - b. Ensuring they provide all financial and non-financial information to finance to enable them to complete the financial implications for any proposal.

## **Part D: Financial Monitoring and Control**

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### **1. Principles**

- 1.1 To ensure the Council does not exceed its overall budget, each service area is required to manage its own income and expenditure within the budgets allocated to them to be spent on agreed service activities and functions. The Council's approval of the revenue estimates constitutes authority to incur expenditure, subject to compliance with the approved policies and regulations of the Council and any other limitation that may be imposed.
- 1.2 Any forecasted revenue overspends, or income shortfalls should be mitigated through a compensating underspend or over achievement of income elsewhere. Any underspend cannot be carried forward from one year to the next without the approval of the Executive Director of Finance & Resources and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.
- 1.3 The term virement refers to transfers of budgets between or within cost centres and between directorates. Virements may only be used in the very specific circumstances set out in the Regulations and the Schedule of Financial Authority to Officers.

### **2. Control of Revenue Budgets**

- 2.1 The Executive Director of Finance & Resources is responsible for:
  - a. Maintaining a robust framework of budget management and control that ensures that:
    - Budget management is exercised within annual approved budgets and the medium-term financial plan.
    - Revenue expenditure is recorded on the Council's financial system in accordance with legal, regulatory and code of practice requirements.
    - Accurate and timely information is available to managers and budget holders that enables budgets to be monitored and controlled effectively.
    - All officers responsible for committing expenditure must comply with these Regulations.
    - Each cost centre is allocated to a named budget manager determined by the relevant service manager.
    - Significant variances from budget are investigated and reported by budget managers with support from their Senior Finance officer (or nominated representative) on a regular basis.
  - b. Monitoring and controlling income and expenditure against budget allocations at a Council-wide level.
  - c. Reporting regularly to Cabinet, Audit and Performance Committee and Overview and Scrutiny Committee on performance against budget, delivery of savings programmes and available reserves.

- 2.2 Senior Finance Officers or those with budgetary responsibility (in conjunction with Senior Officers) are responsible for:
- a. Ensuring that effective budgetary control arrangements exist and are observed within their respective directorates in compliance with these Regulations.
  - b. Ensuring that expenditure is coded correctly and committed only against approved budget lines.
  - c. Forecasting accurately throughout the financial year; regularly reporting performance, variances, and forecasts to the Executive Director of Finance & Resources, Cabinet, and as required to Overview and Scrutiny Committee, and Audit and Performance Committee.
- 2.3 Senior Officers or nominated representatives are responsible for:
- a. Ensuring spending remains within the relevant budgets by controlling income and expenditure, monitoring performance, and taking corrective action where variations from budget are forecast.
  - b. Ensuring any risks or issues relating to over or underspends within their areas are escalated to Finance on a timely basis.

### **3. Virements**

- 3.1 The Executive Director of Finance & Resources is responsible for:
- a. Controlling and administering the virement mechanism in accordance with guidance and limits set by Council. As a general rule, revenue virement is only permissible in the following circumstances:
    - To correct any errors made in the initial loading of the budget onto the main accounting system.
    - To reflect a structural reorganisation.
    - To distribute centrally held budgets, e.g. savings targets and inflation provisions to reflect major changes in policy, subject to appropriate approval.
    - To reflect receipt of additional grant or other funding.
    - To reflect technical adjustments at the discretion of the Executive Director of Finance & Resources.
    - To reflect any changes in corporate priorities.
    - To reflect adjustments required in the use of earmarked reserves.
  - b. Recording approved virements in the Council's financial systems and reflecting the impact of these in regular monitoring reports to Cabinet and the Audit and Performance Committee.
- 3.2 The Executive Director of Finance & Resources can approve capital virements of any value where the following apply:
- Reallocation of approved budgets.
  - To correct any system errors.
  - Where a technical accounting adjustment is required.

- Coding changes.

3.3 Where a Capital virement is required due to a budget or policy change the following approvals will be required.

- Below £500k – Executive Director of Finance and Resources in conjunction with the appropriate Cabinet Member.
- Between £500k and £1m – Cabinet Member in consultation with the Cabinet Member for Finance and Council Reform.
- Above £1m – Leader or Cabinet.

3.4 Senior Officers or nominated representatives (in conjunction with Senior Finance Officers) are responsible for:

- a. Ensuring all proposed virements comply with the limits and approval requirements set out in the Schedule of Financial Authority to Officers.
- b. Ensuring that virements are correctly identified as either permanent or temporary (in-year) adjustments.

## ***Part E: Internal Control and Audit***

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### **1. Principles**

- 1.1 Sound systems of internal control are essential to the proper economic, efficient, and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 1.2 Legislation requires that the Council provides for both internal and external audit. External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for achieving value for money. Internal audit evaluates and reports on the adequacy of the Council's internal control systems in securing the proper, economic, efficient, and effective use of resources.
- 1.3 Members and all officers must act with due regard to matters of professional integrity and propriety, and comply with all relevant rules, regulations, procedures, and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.
- 1.4 The Council has an obligation to deter and protect itself from fraud or corruption in the administration of its responsibilities, whether perpetrated by Members, officers, customers of its services, third party organisations contracting with it, other agencies or individuals with which it has any business dealings.
- 1.5 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

### **2. Internal Control**

- 2.1 The Executive Director of Finance & Resources is responsible for:
  - a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutory and other authorities that govern their use.
  - b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Council's Annual Governance Statement.
- 2.2 Senior Officers or nominated representatives (in conjunction with Senior Finance Officers) are responsible for:
  - a. Complying with the controls set down in these Regulations and the Financial

Procedures.

- b. Taking appropriate corrective actions in respect of any non-compliance by staff with relevant rules, regulations, procedures, and codes of conduct.
- c. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- d. Planning, appraising, authorising, and controlling their operations to achieve continuous improvement, economy, efficiency, and effectiveness and for achieving their objectives, standards, and targets.

### **3. *Internal and External Audit***

3.1 The Executive Director of Finance & Resources is responsible for:

- a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations.
- b. Ensuring that the statutory requirements for external audit are complied with and that the external auditor can effectively scrutinise the Council's records.
- c. Ensuring that audit plans and results are reported to the Audit and Performance Committee.

3.2 Senior Finance Officers (in conjunction with Senior Officers) are responsible for:

- a. Ensuring that the appointed auditors have access to all documents and records for the purposes of the audit and are afforded all facilities, cooperation and explanation deemed necessary.
- b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
- c. Implementing audit recommendations within agreed timescales.

### **4. *Preventing Fraud and Corruption***

4.1 The Executive Director of Finance & Resources is responsible for:

- a. Developing and maintaining an anti-fraud and corruption strategy that stipulates the arrangements to be followed for preventing, detecting, reporting, and investigating suspected fraud and irregularity.
- b. Advising on the controls required for fraud prevention and detection.
- c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.

4.2 Senior Officers (in conjunction with Senior Finance Officers) are responsible for:

- a. Complying with the Council's anti-fraud and corruption strategy.
- b. Ensuring that there are sound systems of internal control within their directorates and teams for fraud prevention and detection.
- c. Ensuring they follow all controls policies and regulations to minimise fraud and taking all necessary action with their staff if fraud is suspected.
- d. Reporting cases of suspected fraud or irregularity to internal audit for

- investigation whilst complying with the Council's "Speak Out!" policy.
- e. Implementing audit recommendations within agreed timescales.
- f. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.

**5. Risk Management**

- 5.1 The Executive Director of Finance & Resources is responsible for preparing the Council's risk management strategy and advising on the management of strategic, financial, and operational risks.
  
- 5.2 Senior Officers (in conjunction with Senior Finance Officers) are responsible for:
  - a. Implementing the Council's risk management strategy.
  - b. Integrating risk management within business planning and performance management arrangements.
  - c. Mitigating, monitoring, and reporting on risks.
  - d. Maintaining and testing business continuity plans.

## Part F: Financial Systems and Procedures

### 1. Principles

1.1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This includes:

- **Accounting:** The main accounting system provides the prime source of financial data for management accounts, statutory accounts, and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified.
- **Income:** Effective systems are necessary to ensure that all income due is collected, receipted, recorded, and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. Debts should only be written off once all reasonable avenues have been exhausted or where it would prove uneconomical to pursue.

**Expenditure:** Expenditure should only be incurred where budget and/or other approved provisions is available and must comply with the Council's procurement rules and approved payment processes. In line with the Procurement Code, contracts must have been awarded by the following approvers ahead of any PO approval.

Approver	Contract Award amount
The appropriate Cabinet Member following endorsement to approve by the appropriate Executive Leadership Team member and CGRB (Commercial Review Gateway Board) *	£1,500,000 or more
The appropriate Executive Leadership Team member following CGRB endorsement to approve*	£100,000 to £1,499,999
Leadership Team member following recommendation to approve following Peer Review	£10,000 to £99,999
Senior Leadership Team member	Below £10,000

\*Please note that Cabinet Member approval is required for all Consultancy Agreements valued at £300,000 or more.

The Council adopts a No PO no Pay policy and therefore purchase orders must be raised to ensure that the expenditure is recorded as a commitment in the Council's main accounting system.



Whilst the Council adopts a No PO no pay policy, it is recognised that this is not always practical and therefore in very exceptional circumstances a one-off manual payment request can be made in writing to the finance payments team. The request will require supporting evidence and approval from the budget manager.

- **Banking:** All transactions through the Council's bank accounts must be properly processed, recorded, and reconciled.
- **Treasury management:** Proper processes must be maintained for the investment of cash balances and for borrowing to fund the Capital Programme, ensuring compliance with the authorised annual Treasury Management Strategy Statement.
- **Taxation:** Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for, and that losses, fines and penalties are avoided.
- **Asset management:** The Council's assets must be properly recorded, safeguarded from loss/harm, and utilised effectively, and any disposals undertaken in a controlled manner.
- **Insurance:** Appropriate insurance cover is necessary to protect the Council from financial claims arising from unforeseen events such as damage to property or injury to employees or to the public.
- **Recharges and internal trading accounts:** The Council is required to allocate all its support services costs to service areas in compliance with accounting codes of practice.

## **2. Director of Finance Principles**

2.1 The Executive Director of Finance & Resources is responsible for:

- a. Determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure.
- b. Determining any financial systems which may sit outside of the main accounting system and ensuring that these are sound and properly integrated and interfaced.
- c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems and ensuring that supporting records and documents are retained.
- d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- e. Preparing the Council's consolidated accounts, balance sheet and governance statement for audit and publication, and issuing guidance (including a detailed timetable and plan) to ensure achievement of statutory deadline.

- 2.2 Senior Finance Officers (in conjunction with Senior Officers (or nominated representative) are responsible for:
- a. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the Executive Director of Finance & Resources.
  - b. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
  - c. Ensuring that the implementation of any financial system has the express approval of the Executive Director of Finance & Resources, and is adequately documented, tested, and interfaced with the main accounting system.
  - d. Complying with the timetables required by the Executive Director of Finance & Resources to enable the production of consolidated accounts, budgets, and statutory information.

### **3. *Income***

- 3.1 The Executive Director of Finance & Resources is responsible for:
- a. Administering all invoicing, credit notes, income collection and debt recovery or, where local arrangements for such have been agreed, approving all procedures, systems and documentation used.
  - b. Ensuring that claims for Government grants and other monies are made properly and promptly.
  - c. Ensuring that all monies received are properly receipted, recorded, and banked promptly.
  - d. Administering the process for writing off irrecoverable debts, and monitoring and reporting on write off levels.
  - e. Recommending and implementing the Council's debt management policy.
- 3.2 Senior Officers (or nominated representative) (in conjunction with Senior Finance Officers) are responsible for:
- a. Ensuring that fees and charges for services are reviewed at least annually, consulting with the Executive Director of Finance & Resources and Cabinet Members on the financial effect of the review and obtaining Cabinet Member approval to any proposal to introduce new charges.
  - b. Collecting payment at point of sale wherever possible to improve cash flow.
  - c. Timely initiation of 'sales order invoices' in respect of all fees and charges due.
  - d. Administering any local systems for invoicing, income collection and debt recovery as directed by the Executive Director of Finance & Resources.
  - e. Providing operational data and information to ensure that claims for Government grants and other monies are made properly and promptly.
  - f. Authorising the write-off of irrecoverable debts on the recommendation of the Executive Director of Finance & Resources and subject to the requirements set out in the Schedule of Financial Authority to Officers.

#### **4. Expenditure - Procurement**

- 4.1 The Executive Director of Finance & Resources is responsible for:
- a. Issuing guidance on the ordering, certification and payment for all works, goods, and services, subject to the provisions of the procurement code.
  - b. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
  - c. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods, and services.
  - d. Administering procurement cards and credit cards and processing payments.
  - e. Agreeing the use of any pre-loaded payment cards.
  - f. Ensuring that an effective procurement code is in place.
- 4.2 Senior Officers (or nominated representative) are responsible for:
- a. Ensuring that all purchase orders are raised using the Council's financial system, for all works, goods, and services other than:
    - Purchases appropriately made through petty cash, procurement card or credit card.
    - Continuous charges for utilities supplies, or periodic payments such as rents or rates, and treasury management payments.
    - Expenditure incurred on the Housing Revenue Account.
    - Manual payments as outlined in Part F 1.1 above.
  - b. Any other exceptions agreed with the Executive Director of Finance & Resources ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Schedule of Financial Authority to Officers and the procurement code.
  - c. Receipting works, goods, and services on the financial system.
  - d. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.
  - e. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity, and quality standards.
  - f. Complying with the requirements of the Council's procurement code.
  - g. Ensuring that all procurement and credit cards are appropriately controlled, and that all expenses and other transactions are reviewed and authorised by the relevant line manager, are for proper business purposes, are supported by receipts, and are compliant with any other restrictions in force.
  - h. Ensuring that the transactions recorded on procurement or pre-paid cards is properly recorded on the Council's primary finance system.
  - i. Complying with approval limits set out in the Schedule of Financial Authority

to Officers and any further limitations set out within the procurement code.

4.3 Other responsibilities:

- a. Executive Directors are empowered to expend from within their allocated service budget expenditure up to the amount set out in the Schedule of Financial Authority to Officers in any single case where the Chief Executive is of the view that a finding of maladministration with injustice is likely to be found by the Local Government Ombudsman.
- b. In circumstances where compensation is above the amount set out in the Schedule of Financial Authority to Officers, the committee authority is required.

**5. Expenditure - Payroll**

The Executive Director of Finance & Resources is responsible for making emergency payments to staff in extreme circumstances such as payroll failure.

5.1 The Director of People Services is responsible for:

- a. Operating sound arrangements for the payment of salaries, pensions, and expenses to officers and in accordance with the Members Allowances Scheme administered by the Head of Governance and Councillor Liaison.
- b. Providing a corporate payroll system for recording all payroll data and generating payments to employees and Members, including payment of pensions and expenses.
- c. The proper calculation of all pays and allowances, National Insurance and pension contributions, income tax and other deductions.
- d. Completing all HMRC returns regarding PAYE and providing advice and guidance on employment related taxation.
- e. Maintaining an accurate and up to date record of the Council's employee establishment.

5.2 Senior Officers (or nominated representative) are responsible for:

- a. Controlling resources and containing staff numbers within approved establishment and budget levels.
- b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.
- c. Ensuring that the Managed Service Provider for Council's ERP System is notified promptly of starters and leavers, and all information relating to employees' pay and expenses.
- d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in Council's human resources policies.
- e. Ensuring that for expenses, managers review their audit samples of expense claims, validate that there are appropriate receipts in place, and make these

available for audit as and when required.

- f. Ensuring that all persons employed by the Council are paid through the Council's payroll, other than where the Director of People Services has agreed that the individual is bona fide self-employed or employed by a recognised agency.
- g. Ensuring that all temporary employees are appropriately recorded as per IR35 regulations.

## **6. Expenditure - Banking**

6.1 The Executive Director of Finance & Resources is responsible for:

- a. Managing and operating all the Council's bank accounts and ensuring that all payment methods, have the appropriate authorisations, approvals, and signatures.
- b. Ensuring that adequate controls are in place for the control of payment methods covering access, ordering, custody, preparation, signing and despatch as appropriate.
- c. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
- d. Approving the operation of any local cash or bank imprest accounts.

6.2 All Officers are responsible for:

- a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the Executive Director of Finance & Resources.
- b. Reporting to the Executive Director of Finance & Resources on the nature and state of any bank accounts for which they are responsible.
- c. The proper administration of any local cash or bank imprest accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody, preparation, signing and despatch.

## **7. Treasury Management**

7.1 The Executive Director of Finance & Resources is responsible for:

- a. Preparing and presenting an annual Treasury Management Strategy Statement to Cabinet prior to submission to the Council for approval.
- b. Implementing, reviewing, and reporting on the progress and outturn performance of the strategy and recommending any changes.
- c. Preparing and maintaining a Treasury Management Policy Statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
- d. Preparing and maintaining suitable Treasury Management Practices (TMPs), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Treasury Management Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the CIPFA Treasury Management in the Public Services Code of Practice (the Code), subject only to amendment where necessary to reflect the circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- e. Ensuring that the organisation (i.e. Full Council) receives reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual outturn report after its close, in the form prescribed in its TMPs.
- f. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
- g. Approving the use of any finance leases.
- h. Ensuring that the use of any financial derivatives is within the scope of the Council's authority and properly risk assessed and monitored.
- i. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance.
- j. Ensuring that cash flow forecasting and monitoring systems are in place.
- k. Maintaining and authorising any amendments to the approved counterparty list.

7.2 Senior Officers (or nominated representative) (in conjunction with Senior Finance Officers) are responsible for:

- a. Assisting cash flow through timely billing of income owing due consideration of contracts payment terms and minimising advance payments wherever possible.
- b. Supporting cash flow forecasting and notifying the Treasury Team in advance of any high value receipts or payments that may impact on investments and borrowings.
- c. Ensuring that no finance leases or borrowings are entered into without the approval of the Executive Director of Finance & Resources.

7.3 Other responsibilities:

- a. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies, strategies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Finance & Resources, who will act in accordance with the organisation's policy statement, strategy statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- b. This organisation nominates the Overview and Scrutiny Committee and the Audit and Performance Committee to be responsible for the effective oversight of the treasury management strategy and policies, in line with their respective terms of reference.

## **8. Taxation**

- 8.1 The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that transactions comply with relevant statutory requirements and authorities.
  - b. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
  - c. Making monthly Construction Industry Scheme (CIS) returns to HMRC.
  - d. Managing the Council's partial exemption position.
  - e. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
  - f. Providing advice and guidance on taxation issues.
  - g. Maintaining and updating the Council's VAT manual.
- 8.2 Budget Managers are responsible for:
- a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
  - b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
  - c. Ensuring that the taxation implications of proposed land and building acquisitions and sales are properly identified and considered at the planning stage.
  - d. Where construction and maintenance works are undertaken, ensuring that the contractor fulfils the necessary construction industry scheme deduction requirements.
  - e. Adhering to all aspects of the Council's VAT manual.

## **9. Asset Management**

- 9.1 The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Authority to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
  - b. Ensuring that the Director of Corporate Property and Senior Director of Housing and Commercial Partnerships put in place an asset management plan that details short-, medium- and long-term use of assets, and establishes arrangements for monitoring and reporting on asset performance.
  - c. Ensuring that all asset acquisitions and disposals are properly recorded and comply with the disposal policy and investment strategy.
  - d. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
  - e. Approving the write-off of deficiencies in any stocks, stores and inventory

items subject to the limits set out in the Schedule of Financial Authority to Officers.

- 9.2 The Director of Corporate Property is responsible for:
- a. Maintaining up to date records of all land and buildings, including values, for inclusion in the corporate fixed asset register in the format prescribed by the Executive Director of Finance & Resources.
  - b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the Executive Director of Finance & Resources.
  - c. Establishing an asset management plan that details short-, medium- and long-term use of assets, and monitoring and reporting on performance.
  - d. Arranging the disposal of surplus assets in compliance with the disposal policy and subject to the necessary approvals.
  - e. The acquisition of land and buildings on behalf of the Council in accordance with the asset management plan, Capital Programme, and medium-term financial plan, and subject to the necessary approvals.
- 9.3 Notifying the Executive Director of Finance & Resources of acquisitions and disposals so that the accounting records can be updated. The Senior Director for Housing and Commercial Partnerships is responsible for:
- a. Maintaining up to date records for the Council's housing stock in the format prescribed by the Executive Director of Finance & Resources.
  - b. Arranging for the regular valuation of assets for accounting purposes (including social housing beacon classifications) to meet the requirements specified by the Executive Director of Finance & Resources.
  - c. Establishing an asset management plan that details short-, medium-, and long-term investment requirements to maintain the condition of council-owned housing stock and ensures that these requirements are built into the HRA Business Plan (with delivery monitored and reported on a periodic basis).
  - d. Arranging for the disposal of surplus assets in compliance with the disposal policy and asset management plan, subject to the necessary approvals. The acquisition of land and buildings on behalf of the Council in accordance with the asset management plan, Capital Programme and HRA Business Plan, subject to the necessary approvals.
- 9.4 Senior Officers (or nominated representative) are responsible for:
- a. Providing the Director of Corporate Property and Senior Director of Housing and Commercial Partnerships with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
  - b. Maintaining local inventories of moveable assets as directed by the Executive Director of Finance & Resources.
  - c. Ensuring that any stocks and stores are properly recorded and that



- unnecessarily high levels do not accumulate.
- d. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
  - e. Ensuring the proper security and safe custody of assets and reporting any assets that are lost, stolen, or destroyed to the insurance team, facilities management, and internal audit as appropriate.
  - f. Complying with guidance issued by the Executive Director of Finance & Resources on disposal of assets.
  - g. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Schedule of Financial Authority to Officers.
  - h. Ensuring that assets are used only during the Council's business unless specific permission has been given otherwise.

## **10. Insurance**

- 10.1 The Executive Director of Finance & Resources is responsible for:
  - a. Determining the nature and level of insurance cover to be selected.
  - b. Effecting insurance cover and processing and settlement of all claims.
- 10.2 The Head of Insurance (or nominated representative) is responsible for:
  - a. All new risks, properties or vehicles for which insurance is required.
  - b. Alterations affecting insurance arrangements.
  - c. Any loss, damage, or claim.

## **11. Recharges**

- 11.1 The Executive Director of Finance & Resources is responsible for:
  - a. Maintaining an appropriate system of internal recharges which ensures that that costs are recharged correctly between ring-fenced funding sources.
- 11.2 Senior Finance Officers are responsible for:
  - a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
  - b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
  - c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
  - d. Complying with guidance issued by the Executive Director of Finance & Resources in relation to the operation of trading accounts.

## **Part G: External Arrangements**

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### **1. Principles**

- 1.1 All partnerships and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into, and be supported by clear governance, accounting and audit arrangements. Full Cabinet approval is required to set-up a new entity, such as a joint venture.
- 1.2 External funding can prove an important source of income, but funding conditions and restrictions must be carefully examined before any agreement is entered into to ensure they are compatible with the aims and objectives of Council.
- 1.3 Legislation enables the Council to trade and provide services to third parties. All such work must be within the scope of authority and the respective risks and financial benefits associated with such work must be properly considered and a business case approved before any trading activities take place.

### **2. Partnerships and Joint Working**

- 2.1 The Executive Director of Finance & Resources is responsible for advising on the financing, accounting and control of partnership arrangements including:
  - a. Financial viability in current and future years.
  - b. Risk appraisal and risk management arrangements.
  - c. Resourcing and taxation.
  - d. Audit, security and control requirements.
  - e. Assessing any financial implications that may arise from these arrangements under IFRS9 and where applicable IFRS16.
  - f. Any related party or inter-company party transactions are accurately accounted for within the Council's financial system and within the related parties and group notes in the Annual accounts.
- 2.2 Senior Officers (or nominated representative) are responsible for:
  - a. Ensuring that any arrangements do not impact adversely upon Council services, that risk assessments have been carried out, and that appropriate approvals have been obtained before entering into any agreements.
  - b. Ensuring that agreements and arrangements are properly documented.
  - c. Maintaining local registers of partnerships entered into.
- 2.3 Senior Finance Officers are responsible for:
  - a. Providing appropriate information to the Executive Director of Finance & Resources to enable relevant entries to be made in the Council's accounts.
  - b. Any related party or inter-company party transactions are accurately accounted for within the Council's financial system.
  - a. Ensuring that appropriate mechanisms are in place to monitor and report on performance.

## **2. External Funding**

- 2.1 The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that any match funding requirements are considered prior to entering into any agreement, that future revenue budgets reflect these requirements, and that any longer-term sustainability costs have been properly assessed.
  - b. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
  - c. Maintaining a central register of external funding/grant arrangements.
  - d. Ensuring that all audit requirements are met.
- 2.2 Senior Finance Officers (in conjunction with service officers) are responsible for:
- a. Ensuring that the sustainability of funding is assessed for risk, any agreements entered into are consistent with and support the Council's service priorities, and necessary approvals have been obtained.
  - b. All claims for funds are made by the due date.
  - c. Work is progressed in accordance with the project plan and all expenditure is properly incurred and recorded.

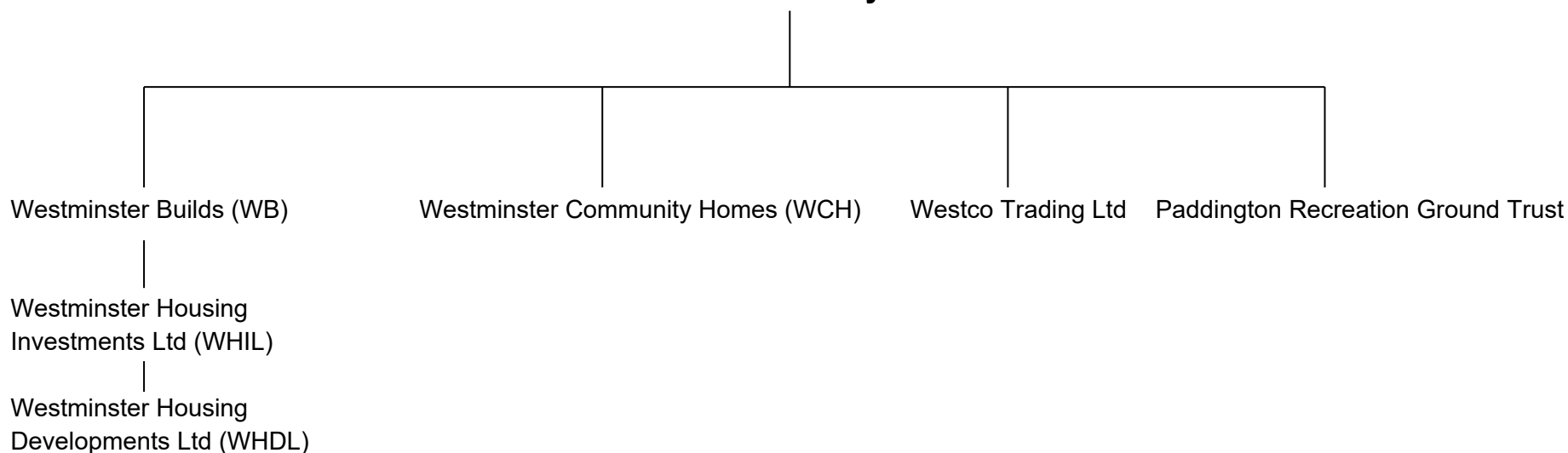
## **3. Trading**

- 3.1 The Executive Director of Finance & Resources is responsible for:
- a. Issuing guidance on the assessment of trading opportunities and options.
  - b. Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
  - c. Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.
  - d. Consulting with the Commercial Opportunities Board as deemed appropriate for any trading arrangements and adhering to their terms of reference.
- 3.2 Senior Finance Officers (in conjunction with Senior Officers) are responsible for:
- a. Identifying potential trading opportunities and evaluating the respective risks and financial benefits in accordance with the guidance issued by the Executive Director of Finance & Resources.
  - b. Obtaining the approval of the Executive Director of Finance & Resources and the Cabinet Member before proceeding.
  - c. Maintaining up to date details of all contracts on the corporate contracts register.
  - d. Complying with guidance issued by the Executive Director of Finance & Resources in relation to the operation of trading accounts and the proper recording and reporting of trading results.
- 3.3. All budget managers are to ensure that stakeholders are aware of the financial implications of new arrangement

## Group Structure.

The council manages several subsidiaries which form the overall group. Each subsidiary is responsible for ensuring that there are appropriate financial rules and processes in place that are aligned to those of the Council. The chart below shows the current group structure.

### Westminster City Council



### Subsidiaries activities

- WB is comprised of two companies, WHIL and WHDL. WHIL is a housing vehicle to provide intermediate housing to Westminster residents. WHDL is the housing development arm of WB.
- WCH is a registered charity and operates as a housing vehicle which provides housing to Westminster residents across several tenures, including social, intermediate, and private.
- Westco Trading Ltd provides communications support and business transformation programmes mainly to public sector clients.
- Paddington Recreation Ground Trust is a registered charity and maintains the Recreation Ground.

## Governance

### Shareholder Committee

The Shareholder Committee forms part of the overall governance arrangements for Westminster City Council in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement). The Committee meets three times a year or more frequently if required.

The Shareholder Committee has a role in ensuring proper governance of the Council's Subsidiaries, such role includes:

- Monitoring information from each Subsidiary, in particular on financial and other risks and escalating such risks within the Council as appropriate;
- Exercising decisions relating to the Council's role as shareholder, member, owner, lender, or other position of significant control over the Subsidiary, where those decisions have been delegated to the Shareholder Committee; and
- Making reports and recommendations to the Cabinet on areas outside of the Shareholder Committee's delegated authority.

Further detail on the Committee's terms of reference are available in the following document:

<https://committees.westminster.gov.uk/documents/s45248/Shareholder%20Committee%20Terms%20of%20Reference%20FINAL.pdf>

The day-to-day operation of each of the subsidiaries is overseen by an appointed board, each board has representation from the Council.

## SCHEDULE OF FINANCIAL AUTHORITY TO OFFICERS

### INTRODUCTION

1. The Scheme of Delegated Authority to Officers sets out the powers and duties delegated to members of the Executive Leadership Team (ELT). ELT members may appoint appropriate “authorised officers” to act on their behalf. For the purposes of these Regulations a member of ELT is defined as any post holder who is Band 6 or Band 7.
2. This Schedule sets out the approved financial limits within which ELT members, and authorised officers, may conduct the Council’s business. Changes to the limits/values contained within this Schedule may only be made with the approval of the Executive Director of Finance & Resources. Additionally, any changes to members approval levels also require the approval of Council on recommendation of the Cabinet Member for Finance and Council Reform.
3. For those items marked, the relevant ELT member has discretion to appoint appropriate authorised officers to act on their behalf. In all cases the member remains accountable for the effective operation of the financial authorities and must:
  - Maintain a written record of authorised officers.
  - Ensure that an appropriate segregation of duties is in operation, e.g., between ordering and paying for goods, between claiming and approving expenses.
  - Ensure compliance with the financial limits in this Schedule and any additional financial restrictions and limitations imposed by the Procurement Code (e.g., limits relating to waivers, extensions, and variations) and HR policies (e.g., limits relating to overtime, allowances, honoraria and expenses).

## FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT/VALUE	APPROVER	
Part D Sec 3	Individual Revenue Virements:	<ul style="list-style-type: none"> <li>Reallocation of approved budgets; system errors, technical accounting adjustments, coding changes within overall spending limits and reserves.</li> </ul>	Unlimited	Executive Director of Finance & Resources
		<ul style="list-style-type: none"> <li>Virements with budget and policy changes.</li> </ul>	Up to £500k	Executive Director of Finance & Resources in conjunction with appropriate Cabinet Member
			£500k to £1m	Relevant Cabinet Member in consultation with Cabinet Member for Finance
			Over £1m	Leader or Cabinet

REF	DESCRIPTION		LIMIT/ VALUE	APPROVER
	Individual Capital Virements:	Reallocation of approved budgets; system errors, technical accounting adjustments, coding changes within overall spending limits and reserves.	Unlimited	Executive Director of Finance & Resources
			Up to £500k	Executive Director of Finance & Resources in conjunction with appropriate Cabinet Member
	Virements with budget and policy changes:		£500k to £1m	Relevant Cabinet Member in consultation with Cabinet Member for Finance
			Over £1m	Leader or Cabinet

<b>A revenue virement is permissible only in the following circumstances:</b>	<b>The following transfers are generally not permitted:</b>
<ul style="list-style-type: none"> <li>To correct any errors made in the initial loading of the budget onto the accounting system.</li> </ul>	<ul style="list-style-type: none"> <li>Transfers between capital and revenue.</li> </ul>
<ul style="list-style-type: none"> <li>To reflect a structural reorganisation.</li> </ul>	<ul style="list-style-type: none"> <li>Transfers between employee related and non-employee budgets.</li> </ul>
<ul style="list-style-type: none"> <li>To reflect a change in corporate priorities.</li> </ul>	<ul style="list-style-type: none"> <li>Transfers between controllable and non-controllable (recharges and capital financing) codes.</li> </ul>
<ul style="list-style-type: none"> <li>The receipt of additional grant or other funding.</li> </ul>	
<ul style="list-style-type: none"> <li>The distribution of centrally held budgets.</li> </ul>	
<ul style="list-style-type: none"> <li>To reflect technical adjustments at the discretion of the Executive Director of Finance &amp; Resources.</li> </ul>	
<ul style="list-style-type: none"> <li>To make an adjustment for the use of earmarked reserves in revenue budgets.</li> </ul>	



**FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F), AND FINANCIAL PLANNING AND BUDGETING (FINANCIAL REGULATIONS – PART C)**

REF	DESCRIPTION	LIMIT/VALUE	APPROVER	
<b>INCOME</b>				
Part F Sec 3	Individual Sundry debtor accounts write offs (note this is the sum of debt on an account to be writtenoff not individual invoices)	Up to £10k	ELT member on recommendation of Finance Manager.	
		£10k to £50k	ELT member on recommendation of Finance Manager – Corporate Finance and with the agreement of a Strategic Finance Manager – Corporate Finance and the Head of Legal services.	
		£50k to £100k	ELT member on recommendation of Strategic Finance Manager – Corporate Finance and with the agreement of Assistant Executive Director of Finance & Resources and the Head of Legal services.	
		Over £100k	Cabinet Member on recommendation of Executive Director of Finance & Resources and The Head of Legal Services.	
	Individual Council Tax, NNDR, housing benefits overpayments and former client rentarrears write offs (per account / reference)	Up to £10k	Director of Revenues and Benefits.	
		Up to £100k	Director of Revenues and Benefits and The Head of Legal Services.	
		Over £100k	Cabinet Member on recommendation of Executive Director of Finance &Resources and Head of Legal Services.	
	Individual Housing rent write offs (per accountreference)	Up to £10k	Director of Housing and Commercial Partnerships with the agreement of Strategic Finance Manager Regeneration, Economy and Planning.	
			Up to £100k	Executive Director of Regeneration, Economy and Planning with the agreement ofthe Strategic Finance Manager of Regeneration, Economy and the Director of Revenue and Benefits.

		Over £100k	Cabinet Member on recommendation of Executive Director of Finance & Resources and Head of Legal Services.
	Individual Council Tax and NNDR Refunds (per account / reference)	Unlimited	Director of Revenues and Benefits.
	Fees and Charges	Increase/decrease	ELT in consultation with Strategic Finance Manager and Cabinet Member.
		New charges	Cabinet Member.
<b>EXPENDITURE</b>			
Part F Sec 4	Approving placement of contract awards (commitments) with suppliers/contractors, and third parties via Grant award.	Up to £10k	Budget Manager (designated by ELT member).
		£10k to £500k	Budget Manager (designated by ELT member), following Procurement Code Peer (Procurement Gate Panel recommendation required for expenditure over £100k).
		£500k to £1.5m	Head of Service designated by ELT member.
		Over £1.5m (£300k for consultancy agreements)	Cabinet Member.
	Approving expenditure commitments on capital schemes.	Up to £10k	Budget Manager (designated by ELT member).
		£10k to £500k	<ul style="list-style-type: none"> <li>Budget Manager (designated by ELT member).</li> <li>Delegated Authority report, If spend approval includes supplier contract(s) above £100k then approval by the Procurement Gate Panel is also required.</li> </ul>
		£500k to £1.5m	<ul style="list-style-type: none"> <li>Head of Service or delegated person (designated by ELT member) in consultation with CRG.</li> <li>A Cabinet Member Report is not essential.</li> <li>Where previous spend approvals via Delegated Authority approach £500k then further spend approvals against the same budget need to be endorsed by CRG.</li> <li>If spend approval includes supplier contract(s) above £100k then</li> </ul>

			approval by the Procurement Gate Panel is also required.
		Over £1.5m	<ul style="list-style-type: none"> <li>• Cabinet Member in consultation with CRG.</li> <li>• Cabinet Member Report is required.</li> <li>• If spend approval includes supplier contract(s) above £100k then approval by the Procurement Gate Panel is also required.</li> </ul>
Part C Sec 3	Approving additional budget on capital schemes/new capital schemes.	Up to £500k	Executive Director of Finance & Resources in conjunction with Lead Member.

		Over £500k	Cabinet Member/Cabinet.
Part F Sec 4	Authorising payment of invoices.	Up to £500k	Budget Manager (designated by ELT member).
		Over £500k	Head of Service, in conjunction with ELT member.
		Procurement card transactions/expenses.	Up to £500
		£500 to £1000	Budget Manager.
		£1000 to £2000	Head of Service.
	Approving compensatory payments.	Up to £2000	ELT Member.
		Over £2000	General Purposes Committee.
	Corporate credit card transactions (emergency use).	Up to £20k	ELT member (essential that relevant Line Manager has agreed prior approval).
	Cash payments (exceptional use).	£100	ELT member.
Emergency expenditure	Up to £500k	Executive Director of Environment and Communities in line with the Scheme of Officer Delegations.	

<b>TREASURY MANAGEMENT</b>			
Part F Sec 7	Expenditure relating to treasury management and investments.	Up to £500k	Tri-Borough Director for Treasury and Pensions.
		Up to £1.5m	Executive Director of Finance & Resources.
		Over £1.5m	Cabinet Member.
	Placing of treasury investments.	In line with TM Strategy and any operational lower limits	As authorised to transact in letters approved by Executive Director of Finance & Resources.
	Expenditure relating to the operating of contracts for the pension fund.	Up to £500k	Tri-Borough Director for Treasury and Pensions.
		Over £500k	Executive Director of Finance & Resources.
	Placing of pension fund investments.	Up to £500k	Strategic Investment Manager.
		Up to £750k	Tri-Borough Director for Treasury and Pensions.
		Up to £1.5m	Executive Director of Finance & Resources.
		Over £1.5m	Pension Fund Committee.
	Transfers between, withdrawals from or additions to Pension Managers Funds.	Up to £1m	Strategic Investment Manager.
		Up to £5m	Tri-Borough Director for Treasury and Pensions.
		Up to £10m	Executive Director of Finance & Resources.
		Over £10m	Pension Fund Committee.

<b>ASSET MANAGEMENT</b>			
Part F Sec 9	Writing off deficiencies in stocks, stores, and inventories.	Up to £10k	ELT member.
		£10k to £100k	ELT member with the agreement of Strategic Finance Manager (on behalf of Executive Director of Finance & Resources and the Head of Legal Services).
		Over £100k	Cabinet Member.
	Disposal of freehold and leasehold land and property. Purchase of Freehold, purchase of surrender, renewal, variation, and re-gearing of property leases.	Where premium does not exceed £500k or rental value does not exceed £125k.	Chief Executive in line with Scheme of Officer Delegations.
		Where premium exceeds £500k or rental value exceeds £125k.	Cabinet.
Value for including items in fixed assets register.	Over £10k		

**EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART G)**

<b>REF</b>	<b>DESCRIPTION</b>	<b>LIMIT/VALUE</b>	<b>APPROVER</b>
Part G Sec 3	External trading – business case approval.	Contracts up to £1.5m.	ELT member in consultation with Executive Director of Finance & Resources.
		Contracts over £1.5m.	Cabinet Member.