

## **7 – Financial rules**

### **1.1 Application and use of financial rules (FRs)**

1. Council officers are legally obliged to manage the Council's finances to a very high standard and are required by law to achieve Best Value. These Financial Rules (FRs) are designed to aid officers in complying with the legal obligations imposed. Failure to follow them may amount to a breach of the legal obligations owed by officers to the Council.
2. These rules are issued in compliance with current legislation. They are subject to any relevant regulatory or statutory requirements of English law, and also to the law and regulations of the European Union. Where there is a conflict between these procedure rules and UK law and/or EU law, then UK law and/or EU law shall take precedence.
3. These Financial Rules shall apply to:
  - (a) The Council's financial activities,
  - (b) Contracts and agreements under which payment is to be made by the Council and as provided for in paragraph 4 below; and
  - (c) Payments to be made to the Council where it enters into contracts and agreements with partners and other organisations.
4. These Financial Rules form part of the Council's Constitution and replace the Financial and Contract Procedure Rules approved by the Council on 24 April 2006. These rules shall only be amended or varied by the Council.
5. The following words have the following specific meaning:
  - (a) "Order/Ordering" means the placing of a request for the supply of works, goods or services once a tendering or quotation exercise has been undertaken,
  - (b) "Officer Responsible" means the officer empowered under these Financial Rules to take the proposed action,
  - (c) "Relevant Executive Director" means the Executive Director whose Directorate is involved and or affected by the proposed action to be taken under these Financial Rules,
  - (d) "Quotations" means the obtaining of a price or prices for goods, works or services following the provision of a written specification, and

- (e) "Tender/tendering" means the procuring of a contract for the supply of goods, works or services.
6. For the purposes of these Financial Rules; Executive Directors, Assistant Directors, Heads of Service and Service Managers shall be as set out in the list of senior officers as maintained by the Council.

### **1.2 Other instructions to be followed**

1. The Council's officers shall comply at all times with these rules. Failure to comply may be seen as a breach of the Council's Code of Conduct for Employees. Officers shall also follow further instructions contained in the Council's:
- (a) Budget management and control manual and Medium Term Financial Strategy
  - (b) VAT and accounting manuals,
  - (c) Resolutions regulating local taxation,
  - (d) The Grants Manual and
  - (e) Other relevant Council policies, and procedures.
2. These rules and the other documents listed above shall be made available to all Council officers on the Council's Intranet.

### **1.3 Role of the Cabinet and Executive Directors**

1. Where these rules require a decision of the Cabinet:
- (a) The Cabinet as a whole shall take the decision in accordance with authority given to it in the Council's constitution, and.
  - (b) Where the decision, is a 'key decision' as described in article 11.03 of the Council's constitution, it shall be taken only in accordance with the rules set out in the constitution.
2. The Executive Director responsible shall take all operational decisions affecting his or her Directorate, except where they are reserved or delegated to the Council, the Cabinet, the Chief Executive, or a specific Executive Director.
3. Where decisions pertain to more than one directorate, these shall be taken by either:
- (a) Two or more Executive Directors whose directorates are involved unless agreed otherwise between the Executive Directors whose directorates involved, or
  - (b) The Council's corporate management team

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#### **1.4 When Financial and Contract Rules apply**

1. These rules lay down minimum standards or policy and behaviour and shall apply to all:
  - (a) Officers of the Council wherever they;
    - (i) Hold any responsibility or undertake any action regarding the Council's finances or assets, or any systems used to control these, or
    - (ii) Intend to procure goods, works or services for the Council's use or in order to provide these to any other organisation or partner,
  - (b) Schools, except where the requirements of the Schools Standards and Frameworks Act 1998 or where other legislation shall provide otherwise,
  - (c) Sub-contracts where the Council specifies names or nominates a sub-contractor to a contractor or in a tender specification,
  - (d) Contracts where the Council is to commission or provide goods, works or services for other bodies, and
  - (e) Contracts where the Council is the accountable body or lead partner.
2. Use of grant funding to purchase works, goods and services.
3. Financial and contract rules shall not normally apply to:
  - (a) Employment of Council officers, except in the making of contracts with recruitment and staffing agencies,
  - (b) Interests in land, other than as set out,
  - (c) Contracts for treasury management and loans,
  - (d) Choosing a partner organisation where the cabinet has agreed that a public/private partnership shall be undertaken, in which case the system laid down in the appropriate legislation shall be followed, or
  - (e) The investment of assets belonging to charities and trusts for which an officer of the Council acts as treasurer.
4. Where managers take decisions involving the purchase or hire of vehicles, they shall first consult with the Council's officer for fleet management, the Council's treasury manager and then follow financial and contract rules.

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5. Where tendering procedures are specified as part of a grant regime, or where officers are required to act upon written instructions received from a body with which the Council operates a formal agency agreement, the grantor's or principal's requirements shall take precedence over these procedures only to the extent that the agreement requires or where the conditions are more extensive or rigorous than those prescribed in either financial and contract rules.

## **1.5 Officers' interest in contracts**

As soon as any officer becomes aware that they, a family member or friend has any personal or prejudicial interest in any contract or other matter pertaining to the Council's affairs, the officer shall declare this in writing to the Monitoring Officer. This shall be done in accordance both with these rules and with the requirements of the Council's code of conduct for its employees.

## **2. Financial management**

### **2.1 Purpose**

Officers involved in the Council's financial management shall take appropriate action concerning:

- (a) Financial accounting standards,
- (b) Virements and budget transfers,
- (c) Treatment of Year-end Balances,
- (d) Accounting Policies,
- (e) Accounting Records and Returns,
- (f) The Annual Statement of Accounts, and
- (g) The Grants Manual

### **2.2 Financial management standards**

1. All officers and members of the Council have a duty to abide by the highest standards of probity in dealing with financial issues. This is made possible by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met. It is each manager's responsibility, to ensure that officers they are responsible for are adequately trained to understand their responsibilities and perform their duties.
2. All officers shall ensure that financial controls are promoted throughout the areas of the Council's work in which they are involved. They should support and comply with all requirements to maintain a monitoring system to review compliance with financial standards.

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## **2.3 Virements and budget transfers**

1. A scheme of virement shall be maintained to enable the Cabinet, Executive Directors and their staff to manage budgets with the degree of flexibility within the overall budget and policy framework determined by the Council, and therefore to optimise the use of resources. Virement is the process of moving a budget from one financial code to another and reflects changes in council policy or operational decisions within officer delegations. A virement can be made on a permanent (transfer of staff) or temporary basis (one-off allocation of contingency).

### **2. Virements**

(a) Steps taken by the Executive, (a committee of the Executive, an individual member of the Executive or officers discharging executive functions) to implement Council policy shall not exceed those budgets allocated to each budget heading, subject to paragraphs (c) to (i) below.

(b) Year end technical accounting transfers, realignment of central support services, allocation of new expenditure where grant or other income sources have come on stream in year, miscoding, transfers due to new allocation of grant or other funding sources, and internal recharges do not constitute a virement nor do those arising from changes in management responsibilities.

(c) Such bodies or individuals shall be entitled to vire across budget headings, sums not exceeding a specified limit for the financial year, as follows:

#### **(i) Capital**

A chief officer may vire capital up to £25,000 across budget headings (or, up to £100,000 with the approval of the Chief Finance Officer, in consultation with the Executive Member for Finance and Personnel).

The Executive may vire capital up to £500,000 across budget headings.

Any capital virement above £500,000 shall require the approval of the Council

#### **(ii) Revenue**

A chief officer may vire revenue up to £50,000 across budget headings (or, up to £100,000 with the approval of the Chief Finance Officer).

The Executive may vire revenue up to £1,000,000 across budget headings.

Any revenue virement above £1,000,000 shall require the approval of the Council.

- (d) The Executive may:
- (i) Increase capital or revenue expenditure in-year by use of general reserves in accordance with the Councils approved Medium Term Financial Strategy, provided that the Chief Finance Officer has certified in writing that such use of reserves would not cause the councils overall position to fall below the specified level.
  - (ii) Increase the capital budget provided that additional expenditure can be funded through:
    - Existing capital resources (i.e. due to capital carry forward or underspends in year) with the approval of the Chief Finance Officer
    - Additional external resources (e.g. external grant, third party contributions, etc),
    - Additional capital receipts, over and above the level required to fund the approved capital programme
- (e) The Chief Executive may exercise any of the powers of the Executive, in consultation with the Leader, the Executive Member for Finance and Personnel and the Chief Finance Officer and Monitoring Officer where the legal or financial position of the Council or the interests of the residents of Walsall would be prejudiced if the matter were not determined before the next scheduled Executive meeting. The Chief Executive will report any such decision to the next meeting of the Executive, and then to Council.
- (f) No virement relating to a specific financial year should be made after 31 March in that year (excluding year end technical accounting entries and realignments of internal recharges which are processed centrally).
- (g) Where an approved budget is a lump-sum revenue or capital budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- (i) The amount is used in accordance with the purposes for which it has been established, or
  - (ii) The Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.
- (h) Where it is necessary to record changes in the council's accounting structure or to correct miscoding of entries in the Council's ledger accounting system, the Chief Finance Officer or nominee shall agree these adjustments in writing and effect them by journal entry or otherwise.

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## **2.4 Treatment of year-end balances**

1. The carry forward protocol in the MTFS sets out how to deal with amounts remaining unspent in Heads' of Service/Service Managers budgets at the end of each financial year. Appropriate accounting procedures shall be maintained to ensure that carried forward totals are correct.
2. Schools' balances shall be available for carry-forward to support the expenditure of the school concerned in accordance with the Council's approved scheme of delegation. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for consideration by the cabinet member concerned, following evaluation by the chief education officer and the Council's Chief Finance Officer. Schools will normally be expected to agree a plan to recover the deficit within twelve months unless there are exceptional circumstances.
3. In exceptional circumstances, a school may seek to incur expenditure to be financed by anticipating the following year's budget share. Such arrangements require the prior approval of the Executive director responsible for education in consultation with the Chief Finance Officer. Proposals shall be accompanied by a detailed plan setting out how the arrangement is to be accommodated as the first call on the reduced budget share.

## **2.5 Accounting policies**

2. The Chief Finance Officer shall ensure that:
  - (a) Systems of internal control are in place that ensure financial transactions are lawful,
  - (b) Suitable accounting policies are selected and applied consistently,
  - (c) Proper accounting records are maintained, and
  - (d) Financial statements are prepared following the financial year-end that present a true and fair view of the financial position of the authority and its expenditure and income.

## **2.6 Accounting records and returns**

1. The Council shall maintain and comply with its statutory responsibility to prepare its annual accounts to present a true and fair view of its operations during the financial year. These accounts shall be subject to external audit.
2. Officers shall ensure that:
  - (a) All those involved in the Council's financial activities operate within the required accounting standards and timetables,

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- (b) All the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis,
- (c) Procedures are in place to enable accounting records to be reconstituted in the event of systems failure,
- (d) Reconciliation procedures are carried out to ensure transactions are correctly recorded, and
- (e) Prime documents are retained in accordance with legislative and other requirements.

## **2.7 The Annual Statement of Accounts**

The Council shall undertake its statutory responsibility to prepare and publish its own accounts to present a true and fair view of its operations during the year. The Council's Audit Committee shall be responsible for approving the statutory annual statement of accounts.

## **3. Financial planning**

### **3.1 Purpose**

1. All officers involved in preparation and operation of the Council's budgets shall take appropriate action to:
  - (a) Produce a budget in an appropriate form,
  - (b) Ensure medium term financial planning,
  - (c) Allocate available resource,
  - (d) Establish and maintain a capital programme, and
  - (e) Ensure the maintenance of the Council's general reserves.
2. Officers should undertake all actions in accordance with this rule, the MTFs and with its budget management control manual.

### **3.2 Format of the budget**

1. The Council shall produce a budget whose format provides an appropriate level of detail within which financial control and management will be exercised. This shall enable control of virement, the maintenance of cash limits and the level at which funds may be reallocated within budgets.
2. The Chief Finance Officer shall ensure that controls are maintained to ensure that the budget's format:
  - (a) Complies with all legal requirements, whole of government accounts reporting requirements; and CIPFA's Service Reporting Code of Practice

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- (b) Reflects the accountabilities of service delivery.
- (c) Ensures transparency and visibility of the council's budget to key stakeholders

### **3.3 Budgets and medium-term financial planning**

1. The Council is a complex organisation responsible for delivering a wide variety of services. It shall create and operate efficient plans to enable its resources to be allocated in accordance with agreed priorities. The budget shall form the financial expression of the Council's plans and policies.
2. The Council's revenue budget shall be constructed to ensure that resource allocation properly reflects the plans and priorities of the full Council. The budget shall enable the Council, through its cabinet and officers, to plan, authorise, monitor and control the way money is allocated and spent.
- 3 The Council shall operate a Medium Term Finance Strategy (MTFS), which shall be approved annually by Cabinet to ensure that it is preparing for events in advance.
4. The Council, through its Cabinet and Executive Directors, shall ensure that a budget exists to cover its entire operations, and shall create and maintain controls to ensure that:
  - (a) An appropriate budget is produced,
  - (b) Procedures are in place for forecasting and monitoring the revenue and capital budgets under their control.
  - (c) Regular reporting to Cabinet on the financial position of the budget is carried out.

### **3.4 Resource allocation**

1. The Council's needs and aspirations shall be carefully prioritised and its resources allocated to enable it to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.
2. All officers responsible for any part of the Council's resources shall maintain and apply controls to ensure that resources are:
  - (a) Acquired in accordance with the law, these FRs and by the use of an approved authorisation process,
  - (b) Used only for the purpose intended, to achieve the approved policies and objectives, and are accounted for properly,

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- (c) Held securely for use when required,
- (d) Used with the minimum level of waste, inefficiency or loss for other reasons.
- (e) Allocated efficiently and that they can demonstrate value for money.

### **3.5 Capital programmes**

1. The Council shall establish and maintain a programme of capital expenditure to enable it to acquire or enhance fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. This capital programme shall be approved annually by the Council to enable it to shape the way the Council's services are delivered in the long term.
2. Capital expenditure shall form part of the Council's investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.
3. All officers responsible for capital programmes shall ensure:
  - (a) Approval is obtained for the programme of capital expenditure,
  - (b) Expenditure on capital schemes is subject to the preparation and approval of a capital finance report by the Chief Finance Officer or his/her nominee detailing the cost estimate, project plan, progress targets and associated revenue expenditure,
  - (c) Accountability for each proposal is accepted by a named manager,
  - (d) Monitoring of projects' progress is undertaken, comparisons made with approved budget and action taken to deliver the project on time, to standard and within budget.

### **3.6 Maintenance of reserves**

The CFO shall ensure that:

- (a) Reserves are maintained in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom, and the Council's agreed accounting policies.
- (b) Reserves are established and used only following authorisation of the Chief Finance Officer and in accordance with the MTFS

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#### **4. Risk management and control of resources**

##### **4.1 Purpose**

All officers involved in risk management and control of the Council's resources shall take appropriate action concerning:

- (a) The need for adequate risk management and insurance, and
- (b) Provision of adequate controls.

##### **4.2 Risk management and insurance**

1. Risk shall be defined as the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. The Council shall manage its risk through a planned, commercially balanced and systematic approach to its identification, evaluation and control. The objectives of risk management shall be to safeguard the Council's position and to ensure the continued financial and organisational well-being of the organisation.
2. The Audit Committee shall have overall responsibility for approval of the Council's risk management strategy, and shall promote a culture of risk management awareness throughout the authority.
3. The Council's risk management and insurance officers shall ensure:
  - (a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority,
  - (b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls,
  - (c) Managers are made aware of their responsibility for managing relevant risks and are provided with relevant information on risk management initiatives,
  - (d) Provision exists for losses resulting from the risks that remain,
  - (e) Procedures require investigation of claims within required timescales,
  - (f) Acceptable levels of risk are determined and insured against where appropriate, and
  - (g) The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources or significant interruption to the provision of services.

4. Managers shall ensure that they perform their duties in accordance with the Council's risk management framework.

#### **4.3 Internal Controls**

1. The Council shall operate a set of internal controls appropriate to the size and complexity of the organisation and its operations.
2. These shall be adequate to ensure that the Council is able to undertake and monitor compliance with the Council's statutory obligations, and to protect both the organisation and its officers from financial, administrative and commercial risks.
3. The system of internal controls shall be established in order to provide measurable achievement of:
  - (a) Efficient and effective operations,
  - (b) Reliable financial information and reporting,
  - (c) Compliance with laws and regulations, and
  - (d) Risk Management

#### **4.4. Risk management.**

1. The Council's officers shall ensure:
  - (a) Key controls are reviewed regularly to enable the Council to make a formal statement annually, via its delegations to Audit Committee, to the effect that it is satisfied that the systems of internal control are operating effectively;
  - (b) Managerial control systems include defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities, and
  - (c) Financial and operational control systems and procedures include for; physical safeguards for assets, segregation of duties, authorisation and approval procedures, and information systems.

#### **5. Audit requirements**

##### **5.1 Purpose**

1. All officers involved in any way with the Council's finances, resources or management should cooperate and comply with reasonable action regarding:

- (a) Internal audit,
  - (b) External audit, and
  - (c) Preventing fraud and corruption.
2. Officers should undertake all actions in accordance with this rule, along with:
- (a) The Council's Anti-fraud and Corruption policies and strategy, and
  - (b) The Council's Confidential Reporting Policy (Whistle blowing).

## **5.2 Internal Audit**

1. The Council, through its Head of Internal Audit, shall maintain an internal audit service, which complies with the requirements of section 151 of the Local Government Act 1972, and the Accounts and Audit Regulations 2011. It shall provide an independent and objective assurance function for reviewing the system of internal control. It shall examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
2. The internal audit function shall be properly maintained and resourced so as to operate efficiently and in accordance with the principles contained in;
- (a) Public Sector Internal Audit Standards, and
  - (b) Any other statutory obligations and regulations.
3. The Council shall ensure;
- (a) Internal audit is independent in its planning and operation, and
  - (b) The Head of Internal Audit has direct access to the Chair of the Audit Committee, Head of Paid Service, Chief Finance Officer, all levels of management and directly to elected members of the Council.

## **5.3 External audit**

The Council's accounts are to be scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

## **5.4 Preventing fraud and corruption**

1. The Council shall not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority. All officers of the Council shall adhere to legal requirements, rules, procedures and practices concerning propriety and accountability of their actions, and to require this from those to whom they are responsible.

2. The Council shall require all individuals and organisations with which it has any dealings to act towards it with integrity and without thought or actions involving fraud and corruption.
3. The Head of Paid Service shall ensure:
  - (a) The Council has an effective anti-fraud and anti-corruption policy which maintains a culture that will not tolerate fraud or corruption,
  - (b) All members and officers act with integrity and lead by example,
  - (c) Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt,
  - (d) High standards of conduct are promoted amongst members by the Standards Committee,
  - (e) The maintenance of registers of interests for members and officers in which any hospitality or gifts accepted shall be recorded,
  - (f) Confidential reporting (Whistleblowing) procedures are in place and operate effectively, and
  - (g) Compliance with legislation including but not limited to the Public Interest Disclosure Act 1998.
4. Every officer of the Council shall inform his or her line manager of any benefits, gifts or hospitality which may be provided during the course of his or her duties or by way of his or her employment with the Council.
5. Each Directorate shall maintain a register of officers' interests and of any gifts or hospitality received by them, which are declared in accordance with this paragraph.

## **6. Assets**

### **6.1 Security**

1. The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that all assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
2. The Council shall create and maintain controls to ensure that:
  - (a) Resources are used only for purposes for which they are provided,

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- (b) All resources are available for use when required,
  - (c) Items no longer required are disposed of in accordance with legal requirements and with the Council's rules so as to maximise benefits,
  - (d) A terrier of property is maintained,
  - (e) An asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset,
  - (f) All staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation, and
  - (g) All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies.
3. Inventories shall be maintained to cover all items of plant, equipment, furniture and fittings whose value is believed to exceed £500 in value. Each Head of Service or Service Manager shall maintain a record of all such items under his or her control, to be kept in a suitable form. The inventory shall be reviewed at least annually or if any item passes permanently into or out of the service.

## **6.2 Intellectual property**

1. The Council's intellectual property shall include all inventions, developments and writing created by its employees and contractors - subject to the terms of contract – created during the course of their employment, including the development of corporate software and systems.
2. All managers shall inform all staff engaged in work that may result in the creation of intellectual property of this requirement.
3. Where intellectual property is or has been created, the Executive Director whose directorate has been responsible for the creation of any item of intellectual property shall inform the Assistant Director for Legal and Democratic Services of the full extent and nature of the intellectual property created.

## **6.3 Treasury management**

1. All borrowing and investment shall be undertaken by the Chief Finance Officer, or an officer acting on their behalf and shall be in accordance with the CIPFA code of practice.

2. All investment of money is to be made in the Council's name or in that of one or more nominees approved by the Council.
3. Wherever possible, all trust funds and the funds of charities for which the Council undertakes to act shall be held in the Council's name or in the name of the charitable or other trust.
4. Imprest accounts shall be provided to relevant Council officers. They may be operated jointly with the officers of partner organisations providing it is agreed that the Council's Financial Rules shall be followed at all times. These accounts shall only be used for petty cash items whose value does not exceed the threshold set out in the Council's assets procedure.

## **7. Financial systems and procedures**

### **General**

1. The Council shall operate systems relating to the control of its assets, including purchasing, costing and management systems. It is increasingly reliant on computers for its financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
2. The Chief Finance Officer has a professional responsibility to ensure that the Council's financial systems are sound and must therefore be notified of any new developments or changes.
3. The Council shall create and maintain controls to ensure that:
  - (a) Basic data exists to enable objectives, targets, budgets and plans to be formulated,
  - (b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis,
  - (c) Early warning is provided of deviations from target, plans and budgets that require management attention,
  - (d) Operating systems and procedures provide security for equipment and data,
  - (e) Officers maintain high levels of security within the computerised and other systems to which they have access,
  - (f) Access to computerised and other systems holding the Council's data is provided to officers only to the extent required for them to undertake their duties, and

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- (g) Officers access the Council's computerised systems only in accordance with passwords and privileges supplied to them by the Chief Finance Officer or other officer appointed to control these systems.

## **8. Income, ordering and payment**

### **8.1 Purpose**

All officers involved with the Council's income and expenditure should take appropriate action regarding;

- (a) Income,
- (b) Ordering and paying for goods, works and services,
- (c) Payments to the Council's employees and members,
- (d) Taxation, and
- (e) Trading accounts.

### **8.2 Income**

1. The Council requires effective income collection systems to ensure that all income due is identified, collected, receipted and banked properly. Wherever possible, income should be obtained before goods or services are supplied, as this maximises the Council's cash flow and avoids the time and cost of administering debts.
2. Officers shall act to ensure that:
  - (a) Income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed,
  - (b) All income is collected from the correct person, promptly, using the correct procedures and appropriate stationery,
  - (c) All money received by an employee on behalf of the Council is paid immediately to the Chief Finance Officer or, as he or she directs, to the Council's bank or National Giro account, and properly recorded.
  - (d) Responsibility for cash collection should be separated from that for:
    - (i) Identifying the amount due, and
    - (ii) Reconciling the amount due to the amount received
  - (e) Effective action is taken to promptly pursue and collect non-payment within defined timescales,
  - (f) Formal approval for debt write-off is obtained,

- (g) Appropriate write-off action is taken within defined timescales,
- (h) Appropriate accounting adjustments are made following write-off action,
- (i) All appropriate income documents are retained and stored for the defined period in accordance with the Council's document retention schedule,
- (j) An officer who is not involved in the collection or banking process reconciles money collected and deposited to the bank account.

### 8.3 Ordering and paying for work, goods and services

1. Public money should be spent with demonstrable probity and in accordance with the Council's approved budget and policies. The Council has a statutory duty to achieve best value in part through economy and efficiency. The Council's rules and procedures should help to ensure that services obtain value for money from purchasing arrangements.
2. Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
3. Official orders must be in a form approved by the Chief Finance Officer. They must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments - such as rent or rates - petty cash purchases or other exceptions specified by the Chief Finance Officer. They must conform to requirements for central purchasing and the standardisation of supplies and materials.
4. Standard terms and conditions on official orders shall not be varied without the prior approval of the Chief Finance Officer.
5. Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment shall be by cheque bank automatic clearance transfer, or other approved instrument. The Chief Finance Officer shall make payment from the Council's bank or National Giro account.
6. The use of direct debit or other methods of payment shall require the prior written agreement of the Chief Finance Officer.
7. Official orders shall not be raised for any personal or private purchases, nor must personal or private use be made of the Council's contracts.

8. All officers shall ensure that goods, works and services required by the Council are:
- (a) Requisitioned and ordered only in accordance with passwords and access levels assigned to individual officers as agreed by the Chief Finance Officer,
  - (b) Authorised by an officer who holds an appropriate access level to the Council's ORACLE, I-PROCUREMENT or other software following confirmation that:
    - (i) The incurring of the expenditure has been authorised by an appropriate officer who holds the correct level of authority to incur the expenditure,
    - (ii) Uncommitted revenue budget is available from which to make payment for the items ordered,
    - (iii) The payment is for a utility or other commodity for which a revenue budget exists,
    - (iv) The items obtained will be provided to the area of the Council whose officer has created the order or to another area of the Council to which it has been agreed that a charge will be made,
    - (v) An amount has been set aside in an approved capital programme, or
    - (vi) The Council has a legal liability to make the payment.
  - (c) Requisitioned, ordered, receipted and paid for only as set out in the Council's rules and procedures for use of the ORACLE, I-PROCUREMENT or other software, except where the Chief Finance Officer has previously approved otherwise in writing,
  - (d) Correctly recorded and coded in accordance with the procedures for use of the Council's ORACLE, I-PROCUREMENT and other systems,
  - (e) Ordered in accordance with the Council's rules and procedures for tenders and contracts, and
  - (f) Checked upon receipt wherever possible to ensure they are in accordance with the order. Goods should not be received by the person who placed the order
9. Payments for goods, works and services should normally be made only following receipt of the items ordered by the Council. Officers should ensure that payments are made only for items:

- (a) Ordered by the Council,
  - (b) Provided to it in accordance with the terms of a contract,
  - (c) Are the subject of a grant or other funding agreement, or
  - (d) Form a legal liability of the Council,
10. They should further ensure that payments are made only:
- (a) For the correct price, quantity and quality standards specified in the Council's official order, and,
  - (b) To the correct firm or person, for the correct amount and are properly recorded, regardless of the payment method.
11. All expenditure should be:
- (a) Evidenced with appropriate documents retained and stored for the defined period, in accordance with the Council's document retention schedule,
  - (b) Accurately recorded against the appropriate budget including the correct treatment of value added tax,
  - (c) Undertaken in the most efficient manner bearing in mind the requirements of e-business, e-commerce and electronic purchasing.

#### **8.4 Payments to employees and members**

1. Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for employees' services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and members' allowances are authorised in accordance with the scheme adopted by the full Council.
2. All Council officers shall act to ensure that:
- (a) Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
    - (i) Officers joining or leaving the Council's workforce,
    - (ii) Variations to salaries and wages resulting from changes in rates of remuneration, hours worked or promotions of existing staff, and
    - (iii) Enhancements, allowances and honoraria to be paid to staff.

- (b) Frequent reconciliations are made between the Council's payroll, the approved budget, and the bank account,
- (c) Payroll documents are retained and stored for the defined period in accordance with the document retention schedule, and
- (d) All procedures comply with Inland Revenue regulations.

## **8.5 Taxation**

1. The Council is responsible for ensuring its treatment of tax is undertaken efficiently in order to avoid penalties for incorrectly accounting.
2. All officers need to be aware of the importance of correct treatment of taxes and shall ensure that;
  - (a) Budget holders are provided with relevant information and kept up to date on tax issues,
  - (b) Officers responsible for any form of taxation, including VAT, are instructed on required record keeping,
  - (c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales,
  - (e) Records are maintained in accordance with instructions, and
  - (f) Returns are made to appropriate authorities within stipulated timescales.

## **8.6 Trading accounts and Walsall Adult and Community College**

1. For Trading accounts authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.
2. Walsall Adult Community College shall submit financial and operational plans to the executive annually for approval.
3. Walsall Adult Community College must submit regular progress reports to the Corporate management on progress against those plans.

## **9. External arrangements**

### **9.1 Purpose**

1. All officers involved in the Council's financial management should take appropriate action regarding:

Amended 3.6.15

- (a) Partnerships,
- (b) External funding, and
- (c) Work for third parties.

## **9.2 Partnerships and Purchasing Consortiums**

1. Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Council works in partnerships and consortia with others – public agencies/bodies, private companies, community groups and voluntary organisations. The Council still delivers some services, but its distinctive leadership role is to bring together the contributions of the various stakeholders. The mutual objective is to deliver a shared vision of services based on user wishes.
2. The Council will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.
3. The main reasons for entering into a partnership are:
  - (a) The desire of the Council to improve services and the well being of the population of Walsall
  - (b) The desire to find new ways to share risk,
  - (c) The ability to access new resources,
  - (d) To provide new and better ways of delivering services, and
  - (e) To forge new relationships.
4. A partner is defined as either:
  - (a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project, or
  - (b) A body whose nature or status gives it a right or obligation to support the project.
5. Partners participate in projects by:
  - (a) Acting as a project deliverers, partners, stakeholder or sponsors, solely or in concert with others,
  - (b) Acting as a project funder or part funder, and/or
  - (c) Being the beneficiary group of the activity undertaken in a project.

6. Partners have common responsibilities;
  - (a) To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation,
  - (b) To act in good faith at all times and in the best interests of the partnership's aims and objectives,
  - (c) Be open about any conflict of interests that might arise,
  - (d) To encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors,
  - (e) To hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature, and
  - (f) To act wherever possible as ambassadors for the project.
7. All Council officers shall act to ensure that partners;
  - (a) Are made and remain aware of the Council's responsibilities under its Financial and Contract Rules, associated procedures and policies,
  - (b) Undertake appropriate risk management processes,
  - (c) Ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise,
  - (d) Agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences, and
  - (e) Communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
8. A purchasing consortium is generally two or more public bodies working together jointly to purchase without the key characteristics of partnership working.
9. All partnerships and purchasing consortium purchases must be procured in accordance with these rules, except in the case of a purchasing consortium where another Public Body's constitution is followed and the procedure followed represent value for money and good practice in the view of the Council's corporate procurement unit.

10. Where the Council enters into a contract with a partner, the Executive Director responsible for the creation of that contract shall inform all other Executive and Assistant Directors of the contract's requirements. All Council officers shall comply with the requirements of the partnership contract except, where:
  - (a) The contract specifically excludes or limits compliance, or
  - (b) Compliance in any specific instance would be unlawful, contrary to ministerial advice or an external grantor's conditions of funding.
11. In the case of schools, they shall not be required to comply with such partnership contracts where their governors act:
  - (a) In accordance with the Education Framework and Standards Act or other legislation providing specific freedom of action to schools, or
  - (b) As a body corporate in matters to which the local management delegations do not pertain.

### **9.3 External funding**

All Council officers shall act to ensure that:

- (a) All conditions of funding and any statutory requirements can be and are fully met,
- (b) Responsibilities of the accountable body are clearly understood,
- (c) Funds are acquired only to meet the priorities approved in the policy framework by the Council,
- (d) Any match-funding requirements are given due consideration prior to entering into long-term agreements, and
- (e) Future capital and revenue budgets reflect grantors' requirements.
- (f) Requirements detailed within the Grants manual are met.

### **9.4 Work for other organisations**

1. Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are managed properly and that such work is within the scope of the law.
2. All Council officers shall act to ensure that they:
  - (a) Cost proposals in accordance with guidance provided by the Chief Finance Officer.



- (b) Consult the Monitoring Officer or his nominee regarding the appropriate form of contract, and
- (c) Follow the Council's procedures regarding the financial aspects of making contracts with other organisations and maintenance of the contract register.

