

PART 10 – FINANCIAL REGULATIONS

STATUS OF FINANCIAL REGULATIONS

- Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf.
- The Regulations identify the financial responsibilities of the full Council, the Cabinet Executive, the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and other Officers.
- All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of resources is legal, is properly authorised, provides value for money and achieves best value.
- The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Cabinet Executive and/or the Council.
- The Council's detailed financial procedures, setting out how the Regulations will be applied, are contained in the Appendices to the Financial Regulations.
- Group Managers including the Strategic Managers are responsible for ensuring that all their staff are aware of the existence and content of the Financial Regulations and that they comply with them. They must also ensure that an adequate number of copies are available for reference, and that at least once a year all staff have confirmed in writing that they have read and understand the Regulations relevant to their work.
- The Chief Finance Officer is responsible for issuing advice and guidance in relation to the Financial Regulations.

FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

Introduction

- A.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

The Full Council

- A.2 The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the policy framework and budget within which the Cabinet Executive operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. This framework is set out in its Constitution. The full Council is also responsible for monitoring compliance with the agreed policy and related Cabinet Executive decisions.
- A.3 The full Council is responsible for the budget and policy framework and for recording and reporting decisions taken, including Key Decisions. The Council's scheme of delegation is set out in full elsewhere in the Constitution.

The Cabinet Executive

- A.4 The Cabinet Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy and budget framework.

Committees

The Scrutiny Commission

- A.5 The Scrutiny Commission is responsible for scrutinising Cabinet Executive decisions before or after they have been implemented and for holding the Cabinet Executive to account. The Scrutiny Commission is also responsible for reviewing the general policy and service delivery of the authority.

Standards Committee

- A.6 The Standards Committee is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.

The Statutory Officers

Head of Paid Service

- A.7 The Head of Paid Service is responsible for the corporate and overall strategic management of the authority as a whole. He/she must report to and provide information for the Cabinet Executive, the full Council, the Scrutiny Commission and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

Monitoring Officer

- A.8 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet Executive, and for ensuring that procedures for recording and reporting key decisions are operated effectively.
- A.9 The Monitoring Officer must ensure that Cabinet Executive decisions and the reasons for them are recorded and made publicly available.
- A.10 The Monitoring Officer is responsible for advising all Councillors and Officers about who has authority to take a particular decision.
- A.11 The Monitoring Officer (together with the Section 151 Officer) is responsible for advising the Cabinet Executive or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget, subject to the Constitutional provisions in relation to urgency. Actions that may be 'contrary to the budget' include:
- initiating a new policy
 - committing expenditure in future years above the forecast budget level
 - causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase beyond an acceptable limit
- A.12 The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

Chief Finance Officer

- A.13 The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

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- 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

The Section 151 Officer is responsible for:

- the proper administration of the authority's financial affairs
- setting and monitoring compliance with the financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management

A.14 Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council, Cabinet Executive and External Auditor if the authority or one of its Officers:

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

Section 114 of the 1988 Act also requires:

- the Section 151 Officer to nominate a properly qualified Member of staff to deputise should he/she be unable to perform the duties under section 114 personally
- the authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114

Group Managers, HR Strategic Manager, Finance Strategic Manager

A.15 Group Managers, including the HR Strategic Manager and the Finance Strategic Manager are responsible for:

- ensuring that Cabinet Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Section 151 Officer

- A.16 It is the responsibility of Group Managers and Strategic Managers to consult with the Section 151 Officer and seek approval on any matter liable to affect the authority's finances before any commitments are incurred.

Other Financial Accountabilities

Virement

- A.17 The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.
- A.18 Group Managers and the Strategic Managers are responsible for making in-year virements within delegated limits, in accordance with procedures laid down by the Section 151 Officer.

Accounting Records and Returns

- A.19 The Section 151 Officer is responsible for determining the accounting procedures and records for the Council.

The Annual Statement of Accounts

- A.20 The Section 151 Officer is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and prevailing accounting standards. The Audit Committee is responsible for approving the Annual Statement of Accounts.

FINANCIAL REGULATION B: FINANCIAL PLANNING

Introduction

- B.1 The Full Council is responsible for approving the authority's policy framework and budget, which will be proposed by the Cabinet Executive. In terms of financial planning, the key elements are:
- The Blaby Plan (incorporating: Council's Corporate Plan, Medium Term Financial Strategy, People Strategy)
 - the General Fund Budget
 - the Capital Strategy, Asset Management Plan and Capital Programme

Policy Framework

- B.2 The policy framework includes the following statutory plans and strategies:
- Community Safety Strategy
 - Development Plan Documents including
 - The Development Plan (Local Plan adopted September 1999)
 - Blaby District Council's Core Strategy (adopted February 2013)
 - Licensing Authority Policy Statement under the Licensing Act 2003 and the Gambling Act 2005
 - Functions relating to resolutions by the Licensing Authority not to issue Casino premises licences
 - Pay Policy Statement
 - Formulating a plan or strategy for the control of the authority's borrowing, investments or capital expenditure
 - Children and Young People's Plan
- B.3 Subject to the Constitutional provisions in relation to urgency the full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.
- B.4 The Cabinet Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the policy framework within the financial limits set by the Council.

Preparation of the Policy Framework

- B.5 The Head of Paid Service is responsible for ensuring that the policy framework specified in the Constitution is approved by the Council following consideration by the Cabinet Executive, where appropriate.

Budgeting

Budget Format

- B.6 The general format of the budget will be determined by the Cabinet Executive on the advice of the Section 151 Officer.

Budget Preparation

- B.7 The Section 151 Officer is responsible for ensuring that the General Fund budget is prepared on an annual basis together with a medium term budget strategy for consideration by the Cabinet Executive, before submission to the full Council. The full Council may amend the budget or ask the Cabinet Executive to reconsider it before approving it.
- B.8 It is the responsibility of the Group Managers and Strategic Managers to ensure that budget estimates reflected agreed service plans and that the budgets are prepared in line with the overall guidance issued by the Cabinet Executive.

Budget Monitoring and Control

- B.9 The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor expenditure and income against budget allocations and report to the Cabinet Executive on the overall position on a regular basis.
- B.10 It is the responsibility of the Group Managers and Strategic Managers to manage income and expenditure within their budgets and to monitor performance, taking account of financial information provided by the Section 151 Officer. They should report to the relevant Cabinet Executive Member on any variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any problems.

Preparation of the Capital Programme

- B.11 The Section 151 Officer is responsible for determining the capital resources available to fund the capital programme. The Directors are responsible for ensuring that a capital programme, which includes any revenue implications, is prepared on an annual basis for consideration by the Cabinet Executive before submission to the full Council.

Guidelines

B.12 Guidelines on budget preparation are to be issued to Group Managers and Strategic Managers, by the Section 151 Officer following agreement from the Cabinet Executive. The guidelines will take account of :

- legal requirements
- medium-term financial planning prospects
- the policy framework set out in the Constitution
- available resources
- spending pressures
- value for money and other relevant government guidelines
- cross-cutting issues (where relevant)

Maintenance of Reserves

B.13 It is the responsibility of the Section 151 Officer to advise the Cabinet Executive and/or the full Council on prudent levels of reserves for the authority.

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

- C.1 Robust and integrated systems are essential for identifying and evaluating all significant strategic and operations risks to the Council. This includes the proactive participation of all those associated with planning and delivering of services.

Risk Management

- C.2 The Section 151 Officer is responsible for the preparation of the Council's risk management protocol, for promoting it throughout the authority and for advising the Cabinet Executive on proper insurance cover where appropriate.

Internal Control

- C.3 Internal control is defined as the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- C.4 The Section 151 Officer is responsible for advising on effective systems of internal control. These arrangements ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other requirements that govern their use.
- C.5 It is the responsibility of Group Managers and the Strategic Managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

- C.6 The Accounts and Audit Regulations issued by the Secretary of State from time to time require every local authority to maintain an adequate and effective internal audit.
- C.7 The Public Sector Audit Appointments Limited (PSAA) is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

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- C.8 The Council may also, from time to time, be subject to audit, inspection or investigation by external bodies such as Her Majesties Revenues & Customs who have statutory rights of access.

Preventing Fraud and Corruption

- C.9 The Section 151 Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

Assets

- C.10 Group Managers and the Strategic Managers are required to ensure that records and assets are properly maintained and securely held. The Business Continuity Working Group is required to ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

Treasury Management

- C.11 The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.12 The full Council is responsible for approving the treasury management policy statement. The policy statement is proposed to the full Council by the Cabinet Executive. The Section 151 Officer has delegated responsibility for implementing and monitoring the statement.
- C.13 All money in the hands of the authority is controlled by the Officer designated for the purposes of Section 151 of the Local Government Act 1972. i.e. the Section 151 Officer.
- C.14 The Section 151 Officer is responsible for reporting to the Cabinet Executive a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.15 All Cabinet Executive decisions on borrowing, investment or financing are delegated to the Section 151 Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.16 The Section 151 Officer is responsible for reporting to the Cabinet Executive regularly during the course of each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation to the Council by 30th September of the succeeding financial year.

Staffing

- C.17 The Head of Paid Service is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of an evaluation system for determining the remuneration of a job.
- C.18 The Head of Paid Service is responsible for controlling total staff numbers by :
- advising the Cabinet Executive, in conjunction with the Section 151 Officer on the budget necessary in any given year to cover estimated staffing levels
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the level as necessary within that constraint in order to meet changing operational needs
 - the proper use of appointment procedures

FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

Introduction

- D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

- D.2 The Section 151 Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes proposed to the existing financial systems or the establishment of new systems must be approved by the Section 151 Officer. However, Group Managers and the Strategic Managers are responsible for the proper operation of financial processes in their own services.
- D.3 Any proposed changes to agreed procedures by Group Managers, and Strategic Managers to meet their own specific service needs are to be agreed in advance with the Section 151 Officer.
- D.4 Group Managers and Strategic Managers must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Group Managers and Strategic Managers must also ensure that staff are aware of their responsibilities under The Freedom of Information Act, 2000.

Income and Expenditure

- D.5 It is the responsibility of Group Managers and Strategic Managers to ensure that financial procedures relating to income and expenditure are operating effectively. The authorisation procedures identify staff who can act within their area on behalf of the Managers, in respect of payments, income collection and placing orders, together with the limits of that authority. The Council is responsible for approving limits for writing off debts as part of the overall framework of accountability and control.

Payments to Employees And Members

- D.6 The Section 151 Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

Taxation

- D.7 The Section 151 Officer is responsible for advising Group Managers and Strategic Managers in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- D.8 The Section 151 Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Trading Accounts / Business Units

- D.9 It is the responsibility of the Section 151 Officer to advise on the establishment and operation of trading accounts and business units as appropriate.

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

Introduction

- E.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It also acts to achieve the promotion and/or improvement of the economic, social or environmental well-being of the District.

Partnerships

- E.2 The Council is responsible for approving delegations, including frameworks for partnerships. The Cabinet Executive is the focus of forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3 The Council is able to delegate functions - including those relating to partnerships - to Officers. These are set out in the scheme of delegation that forms part of the Council's Constitution.
- E.4 The Section 151 Officer is responsible for ensuring that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been approximately appraised before arrangements are entered into with external bodies.
- E.5 Group Managers and Strategic Managers are responsible for ensuring that appropriate authority is obtained before any negotiations are concluded in relation to joint working with external bodies.

External Funding

- E.6 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.