

# West Suffolk Council

## West Suffolk Financial Procedure Rules

### 1. Introduction

- 1.1 These Financial Procedure Rules (FPRs) have been issued in accordance with Section 151 of the Local Government Act 1972, the Accounts and Audit (England) Regulations Act 2011, the provisions of Section 114 of the Local Government Finance Act 1988 and Sections 4 and 5 of the Local Government and Housing Act 1989.
- 1.2 The FPRs have been adopted by the West Suffolk Council (the Council) to provide a framework of control, responsibility and accountability for the administration of the Council's financial affairs. The FPRs are, in many of the areas detailed below, supported by more detailed guidance and procedures which set out how they will be implemented.
- 1.3 The FPRs are intended to clarify the powers and duties to be exercised with regard to the principles of good financial management. All employees must comply with the FPRs. Officers must ensure that any Agents, Consultants and contractual partners acting on the Council's behalf also comply. Any queries regarding the interpretation of the FPRs should be directed to the Section 151 Officer.
- 1.4 For the purposes of these FPRs there is a requirement for all communication to be in writing except where otherwise specified. This shall be deemed to include electronic communication.
- 1.5 Where inconsistencies may appear to arise the order of precedence shall be:
  - (i) Legislation
  - (ii) Other Rules of Procedure in Part 4 of this Constitution
  - (iii) Scheme for the Responsibility for Functions (Part 3 of this Constitution)
  - (iv) Financial Procedure Rules.

### 2. General Financial Management

#### Section 151 Officer

- 2.1 The Section 151 Officer is responsible for administering the financial affairs of the Council and for establishing proper systems of internal control to ensure that:
  - The policies of the Council and statutory requirements are adhered to;

- The business of the Council is carried out in an orderly, efficient and effective manner;
  - The Council's records are complete and accurate;
  - Financial information and reporting is timely and accurate; and
  - The assets of the Council are safeguarded.
- 2.2 The Section 151 Officer shall make and control arrangements for the payment of the Council's creditors and for the collection, custody and accounting of all monies received by the Council.
- 2.3 The Section 151 Officer shall establish an adequate and effective internal audit of the Council's accounting records and system(s) of internal control.
- 2.4 The Section 151 Officer shall have access to all records, cash or other Council property as required for audit purposes. If required the Section 151 Officer may also request access to such information and explanations from any Officer or Member as may be necessary for audit purposes.
- 2.5 The Section 151 Officer shall prepare and publish the Annual Accounts of the Council in accordance with statutory requirements and the policies of the Council.
- 2.6 The Section 151 Officer is responsible for making all statutory returns and the like to H M Customs and Excise in relation to Value Added Tax, and for the obtaining and giving of advice and guidance to the Council and Chief Officers on Value Added Tax matters.
- 2.7 Each Chief Officer is responsible for ensuring the correct treatment of Value Added Tax on all accounts payable by, and all invoices raised by, their departments.

### **Budget holders**

- 2.8 Budget holders shall maintain financial records and accounts that can be accessed by the Section 151 Officer when required. The financial records shall be retained by budget holders for such periods as required for Council or statutory purposes.
- 2.9 Budget holders will endeavour to manage all financial records and accounts using the Council financial management system. This will enable the Section 151 Officer to maintain effective control and audit of the financial affairs of the Council.
- 2.10 Budget holders shall consult with the Joint Leadership Team on any matter which is liable to affect the finances of the Council. No report to the Cabinet or relevant Committee shall be made until such consultation has taken place.

- 2.11 Directors may designate Officers to be responsible for authorising financial transactions on their behalf. Directors must inform the Section 151 Officer of all Officers with delegated financial responsibilities.
- 2.12 Budget holders, in consultation with the Section 151 Officer, are responsible for ensuring that all financial affairs of the Council are managed in a properly controlled environment and compliant with the Council Information Security Policy.

### **Reporting**

- 2.13 Any employee that suspects any irregularity should raise their concerns with their line manager and in accordance to the Whistleblowing Policy.
- 2.14 The Chief Executive Officer and the Section 151 Officer will take such steps as they consider necessary by way of investigation and report.

### **Controlled stationery**

- 2.15 The Section 151 Officer shall control the issue and use of controlled stationery. Controls on the use of such stationery must be adequate to enable usage to be traced and to prevent incorrect or fraudulent usage.
- 2.16 Budget Holders shall be responsible for the security and use of controlled stationery and are not permitted to obtain controlled stationery other than from the Section 151 Officer.

### **3. Banking arrangements**

- 3.1 The Section 151 Officer shall make and control arrangements as necessary for the operation of banking services for the Council.
- 3.2 All monies received on behalf of the Council should be brought to the attention of the Section 151 Officer and banked in accordance with their instructions.
- 3.3 The Section 151 Officer shall arrange payments or transfers to and from the Council's bank accounts by the use of electronic methods.
- 3.4 The Section 151 Officer shall ensure that all bank accounts and credit cards operated by the Council are reconciled at intervals of no longer than one calendar month.

### **4. Forward financial planning**

- 4.1 The Section 151 Officer will prepare, for the Cabinet, a timetable each year for the preparation, submission and approval of the

forward financial plan covering revenue budgets and capital expenditure.

- 4.2 The Section 151 Officer will ensure that the forward financial plan is prepared in accordance with the timetable and any guidelines issued by the Cabinet.
- 4.3 The Cabinet shall consider the proposed forward financial plan and each year shall submit appropriate recommendations to the Council. The report shall include a recommendation as to the council tax to be levied in the following financial year.
- 4.4 The Section 151 Officer shall provide financial information in an appropriate form for the continuous monitoring and control of financial activities of the Council by the Cabinet and each Committee with finances allocated to it.
- 4.5 The Section 151 Officer shall inform the Cabinet of any significant variation to the financial plan during the financial year. If for any reason any head budget of approved expenditure may be significantly exceeded or the estimated income not reached, the Section 151 Officer shall inform the Cabinet or relevant Committee together with a proposal to address the situation.
- 4.6 Any proposal to incur expenditure, either capital or revenue, above those limits set out on the Council's budget and policy rules, or responsibility for Executive functions, that is not included in the existing financial plan or budget shall be recommended by the Cabinet to the Council. The recommendation must include the full financial implications of the proposal.

## **5. Expenditure**

### **Official orders**

- 5.1 Official orders shall be issued using the Council's financial system, for all works, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases or other exemptions approved by the Section 151 Officer.
- 5.2 Procurement of works, goods or services to be supplied to the Councils shall be completed in accordance with the Council's Contract Procedure Rules.
- 5.3 Official orders shall specify the nature and quantity of goods, services, or works required, any relevant contract, and the agreed prices.
- 5.4 Official orders shall not be issued for works, goods or services unless the cost is within an approved estimate or other financial provision.

## **Certificates for payment**

- 5.5 All certificates for payment shall be authorised for payment by the signature, or electronic signature (approval) via the Council's financial management system, of the appropriate budget holder or other authorised signatory, as agreed by the Section 151 Officer. Such authorisation shall imply that:
- 5.5.1 The expenditure is within an approved estimate or other financial provision;
  - 5.5.2 The expenditure has been coded to the correct financial heading;
  - 5.5.3 The goods, services or works have been supplied and are satisfactory;
  - 5.5.4 Appropriate prices have been charged for the goods, services or works;
  - 5.5.5 All conditions imposed by the order or contract agreement have been substantially complied with;
  - 5.5.6 Where applicable Value Added Tax, Construction Industry Tax or any other relevant taxation requirements are complied with;
  - 5.5.7 The certificate for payment has not previously been passed to the Section 151 Officer for payment; and
  - 5.5.8 Appropriate entries have been made in all relevant inventories, stock records or asset registers.
- 5.6 To reduce multiple certificates for payment, budget holders should aim to agree payment within 30 days of receipt of invoice. Invoices will be paid by BACS where possible.
- 5.7 The Section 151 Officer shall examine accounts passed for payment and shall make such enquiries and receive such information as necessary to establish that the payments are in order.

## **Advance accounts (petty cash, change floats etc.)**

- 5.8 The Section 151 Officer may provide advance accounts to designated Officers for petty cash or for change float purposes.
- 5.9 The maximum limit of advance accounts shall be agreed with the Section 151 Officer and not exceeded without permission of the Section 151 Officer. Appropriate safes and other receptacles shall be provided as required.
- 5.10 The Officers responsible for advance accounts shall maintain a record of their transactions in the form and manner required by the Section 151 Officer.
- 5.11 Payments from advance accounts shall be limited to minor items of expenditure not exceeding £20. The claim must be supported by a receipted voucher and properly authorised claim form.

- 5.12 Officers with responsibility for an advance account shall be required to provide information about the state of the account to the Section 151 Officer as necessary.
- 5.13 If the advance account is no longer required or an Officer ceases to be responsible for holding an account, the relevant budget holder shall ensure that the balance of the advance account is returned to the Section 151 Officer.

## **6. Income**

- 6.1 Budget holders shall notify the Section 151 Officer of all money due to, or expected by, the Council. This includes sponsorship or grant income, contracts, leases and other agreements entered into which involve the receipt of monies.
- 6.2 Where cheques are paid in, the amount of each cheque and a reference to enable the cheque to be traced shall be recorded on the banking paying-in-slip or a format agreed with the Section 151 Officer.
- 6.3 An official receipt is a written or printed acknowledgement given on behalf of the Council's for monies received. Such acknowledgement shall be given from a cash receipting system which has been approved for use by the Section 151 Officer.
- 6.4 All monies shall be held and transported securely in accordance with any requirements from the Section 151 Officer.
- 6.5 Each budget holder is responsible for ensuring that accounts are promptly and accurately raised in respect of charges for work done or goods or services supplied. This includes cases where sponsorship money or grant income is due.
- 6.6 The Section 151 Officer may write off irrecoverable debts or overpayments, or write on credit balances that cannot be repaid up to a limit of £5000 in any one case.

## **7. Contracts**

- 7.1 All contracts made for and on behalf of the Council shall be subject to the Contract Procedure Rules, these FPRs and any other statutory provision, except in circumstances where the Council is acting as an agent for another organisation which specifically directs otherwise.
- 7.2 The Section 151 Officer shall maintain a register of payments due and made under formal contracts over £50,000 to show the state of account on each contract between the Council and the contractor, together with any other payments.

- 7.3 Payment on account of the contract sum shall be made only on a certificate signed by the appropriate budget holder. The certificate shall show, as a minimum, the total amount of the contract, the value of work executed to date, retention money, amount paid to date and the amount now certified.
- 7.4 Before a certificate for final payment under a contract is paid, the appropriate budget holder shall produce to the Section 151 Officer a detailed written statement of account, together with such other documents as may be required.
- 7.5 The appropriate budget holder shall be empowered to authorise an extra, or variation in a contract. Where the variation is estimated to result in a material increase in the contract sum it shall be reported to the next meeting of the relevant Cabinet.
- 7.6 Where completion of a contract is delayed, except for reasons qualifying for an extension of the contract, it shall be the duty of the budget holder to supply the Section 151 Officer with all necessary information to allow the correct amount of Liquidated and Ascertained Damages to be claimed.

## **8. Treasury Management**

- 8.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) "Code for Treasury Management in Local Authorities". If deemed necessary, the Section 151 Officer shall advise the Cabinets of any significant amendment to the CIPFA Code.
- 8.2 The Section 151 Officer shall be authorised to make investment, borrowing and financing decisions on behalf and in the name of the Council. All decisions shall be taken in accordance with the Council's Treasury Management Investment Strategy.
- 8.3 All monies held by the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 Officer.
- 8.4 All investments and borrowing, including for any Trust administered by the Council, shall be made in the name of the Council and any deeds relating to such funds shall be deposited with the Monitoring Officer or otherwise as deemed appropriate by the Section 151 Officer.
- 8.5 The Section 151 Officer is given the authority to deal with any emergency situation that may arise in relation to any matters not already delegated within the Treasury Management Policy. Use of emergency authority will be reported at the next meeting of the relevant Cabinet.

## **9. Staffing**

- 9.1 The Director (HR, Governance and Regulatory) shall make and control arrangements for the payment of salaries, wages, expenses and benefits to employees in accordance with the approved salary scales and wage rates.
- 9.2 The Director (HR, Governance and Regulatory) shall be provided with the appropriate documentation required to ensure the payment of salaries, wages, pensions and other expenses due to employees.
- 9.3 All claims for payment must be made as soon as possible and in no circumstances should a claim be delayed for more than three months after the date on which the work was done or the expenses incurred.
- 9.4 Matters which affect employee payments shall be referred direct to the Director (HR, Governance and Regulatory). Notification shall include:
  - 9.4.1 Details of all appointments, resignations, dismissals, suspensions, secondments and transfers.
  - 9.4.2 Details of any training.
  - 9.4.3 Changes in remuneration except for national pay increases;
  - 9.4.4 Absence from duty for sickness or other reason, apart from approved leave; and
  - 9.4.5 Information necessary to maintain records for pension, income tax, national insurance etc.
- 9.5 The Director (HR, Governance and Regulatory) shall maintain appropriate records and make arrangements for the payment of sums due to Councillors in accordance with the Allowance Scheme approved by the Council.

## **10. Insurance**

- 10.1 The Section 151 Officer shall make and control arrangements for the provision of necessary insurance cover and for the negotiation of any insurance claims.
- 10.2 The Section 151 Officer shall obtain competitive quotations from insurers for the provision of insurance at least every five years unless otherwise determined by the current contract term or the Cabinet.
- 10.3 All budget holders shall notify the Section 151 Officer of all insurable risks arising from the activities carried out in their area of operation. Such notification shall include:
  - 10.3.1 The acquisition of any property which is capable of insurance against fire or other risks.

- 10.3.2 Any amendment to the value of any Council-owned asset likely to affect the insurable risk.
- 10.3.3 Any insurable risk which may arise through the activities of Councillors or employees of the Council.
- 10.4 All Chief Officers shall notify the Section 151 Officer of the occurrence of any event which may give rise to a claim under any policy of insurance held by the Council or to an ex gratia payment.
- 10.5 The Section 151 Officer shall be authorised to make the appropriate reimbursement of any insurance claim up to the excess limit of the insurance policy concerned.
- 10.6 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
- 10.7 Officers shall consult the Section 151 Officer and the Director (HR, Governance and Regulatory) in respect of the terms of any indemnity which the Council is requested to give.

## **11. Property**

- 11.1 The Director (Resources and Performance) is the Council's Asset Registrar and shall maintain an asset register and associated records of all land and buildings owned, leased or managed by the Council.
- 11.2 The Director (HR, Governance and Regulatory) shall have custody of and keep all title deeds in a secure manner.
- 11.3 All Officers shall be responsible for maintaining proper security of staff and assets under their control.
- 11.4 The Director (Families and Communities) shall be responsible for ensuring that adequate controls and security procedures are maintained in connection with the Council's information technology systems and installations.

## **12. Glossary of Terms**

- 12.1 Further details of the definitions, specific responsibilities and delegations of Chief Officers and Budget Holders referred to above, are contained in the Scheme of Delegation for Officers, as contained in Part 3 (Responsibility for Functions) of the Council's Constitution.