

# NDDC CONSTITUTION

## Part 4

### FINANCIAL PROCEDURE RULES

#### DEFINITIONS

“Chief Financial Officer” shall be the holder of the post having responsibility for the statutory duties set out in Section 151 of the Local Government Act 1972 as identified by the Council.

Any reference to the “Chief Financial Officer” in Standing Orders or Financial Procedure Rules shall refer to the post holder defined above or a nominee, except in so far as any duty is required by statute to be performed personally by the post holder. A record of nominees and the duties allocated shall be kept by the Chief Financial Officer.

#### **1 GENERAL**

- 1.1 These financial procedure rules form part of the Constitution and may not be amended without a Council resolution.
- 1.2 The Chief Financial Officer is responsible for the proper administration of the Council’s financial affairs and must be consulted on any matter that could materially affect the Council’s finances.
- 1.3 Interpretation of these financial procedure rules is the responsibility of the Chief Financial Officer.
- 1.4 The Council operates a delegated budget system. It is the responsibility of all budget holders to ensure they are familiar with these procedural rules and adhere to them.

#### **2 ACCOUNTING**

- 2.1 The accounting procedures and records shall meet the standards that, in the opinion of the Chief Financial Officer, deliver financial information and control to a level required by him to be satisfied that the council's financial affairs can be properly administered.
- 2.2 Accounting duties shall be allocated to ensure wherever possible that-

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- (a) The duties of providing information on amounts due to or from the Council (together with calculating, checking and recording) shall be separated as far as possible from the duty of collecting or paying; and
  - (b) Officers who examine or check the accounts of cash transactions should not be engaged in any of these transactions.
- 2.3 All paid accounts and vouchers shall be available for examination by Members of the Council at all reasonable times.
- 2.4 Financial records must be retained for audit and taxation purposes. Guidance on retention periods is contained in Schedule 1 to this document.

### 3. AUDIT

- 3.1 The Council has responsibility for maintaining an effective system of internal Audit. This responsibility has been formally delegated to the Chief Financial Officer.
- 3.2 The accounting and financial operations of the Council shall be subject to a continuous internal audit under the independent control and direction of the Chief Financial Officer.
- 3.3 The Chief Financial Officer or his authorised representative shall have authority to -
- (a) enter any Council premises within the Council's ownership or control at all reasonable times;
  - (b) have access to all records and documents relating to financial and other transactions of the Council;
  - (c) require explanations on any matter under investigation;
  - (d) require any Council employee to produce cash, stores or any other Council property under his control.
- 3.4 In any case of suggested or potential irregularity in the exercise of the Council's functions, the Head of Service concerned shall immediately notify the Chief Financial Officer who shall determine any necessary action.
- 3.5 The Chief Financial Officer shall have direct access to and freedom to report to Members, the Chief Executive and any member of the Senior Management Team as required.

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### **4 FINANCIAL PLANNING AND CONTROL**

- 4.1 The format of the Capital and Revenue estimates shall be determined by the Chief Financial Officer. The draft budget shall be submitted to each relevant Committee for discussion prior to submission of the overall budget to the Strategy and Resources Committee if so delegated.
- 4.2 The Strategy and Resources Committee shall submit the draft budget, together with any amendments recommended by Policy Development Committee to the Council with a recommendation of the Council Tax to be levied in accordance with the Budget and Policy framework rules.
- 4.3 (a) Every Member shall be provided with a copy of the proposed Capital Programme and Revenue estimates and their implications on the Council Tax prior to the Council meeting called to set the Council Tax.
- (b) The Council shall set the Council Tax for the coming year.
- 4.4 (a) No capital liability shall be incurred (except as otherwise provided for in the Constitution including the Financial Procedure Rules) unless provision is included in the approved Capital Programme or Full Council approval is first secured.
- (b) No revenue liability shall be incurred (except as otherwise provided for in the Constitution including the Financial Procedure Rules) unless provision is included in the approved budget (as may be amended from time to time), is covered by authorised virement or Full Council approval is first secured.
- 4.5 (a) Revenue virement up to a limit of £5,000 may be exercised by a Head of Service or delegated budget holder holding a budget between heads of expenditure or between heads of income within their control provided there is no net change in the Council's overall budget and subject to any virements from a direct employee budget head being approved by the Chief Financial Officer.
- (b) Any revenue virement either above £5,000, or between income and expenditure, must be approved by the Chief Financial Officer who shall report any such approval to the Senior Management Team.

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- (c) Any virement from earmarked reserves must be approved by the Chief Financial Officer who shall report any such approval to Strategy and Resources Committee.
  - (d) Any capital virement up to £25,000 in relation to a previously approved capital scheme must be approved by the Chief Financial Officer who shall report any such approval to the Senior Management Team. Any capital virement above £25,000 requires formal approval through Council, committee or sub- committee (as the case may be).
  - (e) All virement adjustments must be reported in writing to the Chief Financial Officer or any officer authorised by him to receive such notification as soon as reasonably practicable after the decision is made.
- 4.6 Other than as provided for in the Constitution (including the Finance Procedure Rules), no contractual commitment in excess of £10,000 in respect of land or capital works shall be entered into:
- (a) prior to a report being taken to and approved by Full Council; and
  - (b) appropriate budgetary provision exists in relation to the same.
- 4.7 Any report to a committee involving expenditure shall contain details setting out the planned means of financing the proposal.
- 4.8 The Chief Financial Officer shall provide each Officer holding a budget with periodical statements of receipts and payments under each budget head. The Officer holding the budget (or any other Officer authorised by him) shall monitor their financial performance against approved estimates.
- 4.9 When an Officer holding a budget becomes aware that a budgeted item of expenditure may be exceeded and/or income not achieved, the Officer holding the budget shall report thereon to the Chief Financial Officer. The report should set out how variation is proposed to be handled using virement powers or identify any need for a supplementary estimate as necessary.
- 4.10 In consultation with the Chair of Strategy and Resources Committee (or in his absence the Vice Chairman, the Chief Executive (or if unavailable any Head of Service), may incur such expenditure as in his opinion is appropriate to address an urgent situation even if there is no identifiable budgetary provision. Any such expenditure together with details of any proposed method of financing shall be notified to the Chief Financial Officer as soon as practicable thereafter and a report taken to the next available meeting or Full Council.

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- 4.11 The Chief Financial Officer will set in place a timetable and allocate responsibilities for the production of the final accounts as soon as possible after the year end.
- 4.12 Following the closure of the Final Accounts, the Chief Financial Officer shall ascertain whether any underspend of actual expenditure against the original budget has occurred for report to the Council.
- 4.13 The annual accounts of the Council to the 31<sup>st</sup> March shall be compiled by the Chief Financial Officer and published within such time scales as are from time to time prescribed. Every Member shall be supplied with a set of final accounts.

## 5 BANKING ARRANGEMENTS

- 5.1 All arrangements with the Council's bankers shall be made by the Chief Financial Officer who is authorised to operate such bank accounts (including National Giro) as he/she considers necessary.
- 5.2 All cheques (including National Giro) shall be ordered by the Chief Financial Officer who shall make arrangements for their safe custody.
- 5.3 All cheques (including National Giro) shall:
- (a) bear the facsimile signature of the Chief Financial Officer or, for the purpose only of using existing cheques held in stock, the facsimile signature of the immediate past holder of the post of Chief Financial Officer or
  - (b) be signed by the Chief Financial Officer or the Chief Executive or any other authorised bank signatory.
- 5.4 All cheques of £10,000 or above shall be countersigned by the Chief Financial Officer or any other Officer referred to in paragraph 5.3 (b) above.
- 5.5 Any alterations to the banking arrangements, including the opening and closing of bank accounts, shall be the responsibility of the Chief Financial Officer.

### 6 EXPENDITURE

#### (a) Petty Cash

- (i) The Chief Financial Officer shall provide: such petty cash floats as he/she considers appropriate for Council Officers who need them for paying petty cash and other expenses. The accounts are to be kept on the imprest system.
- (ii) Payments from the petty cash floats shall be limited to minor items of expenditure and other items as approved by the Chief Financial Officer. Payments shall be supported by a receipted voucher.
- (iii) Officers responsible for petty cash floats shall, on request, give the Chief Financial Officer a certificate on the state of the accounts.
- (iv) An Officer who ceases to be entitled to hold a petty cash float shall account to the Chief Financial Officer for the amount advanced to them.

#### (b) Orders for Work, Goods and Services

- (i) Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services; periodical payments (e.g. rent and rates); petty cash purchases and any other exceptions approved by the Chief Financial Officer.
- (ii) Orders made by telephone shall be immediately confirmed by an official order which may consist of an email.
- (iii) The format of official orders shall be approved by the Chief Financial Officer. Official orders are to be authorised only by those officers authorised by the appropriate Head of Service who is responsible for all orders issued from the Service.
- (iv) A copy of each order number shall be supplied to the Chief Financial Officer with the invoice for the supplies duly authorised for payment.

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- (v) The Council shall produce and maintain a Procurement Policy (as amended from time to time).
- (vi) Prior to making any commitment, officers must familiarise themselves with the requirement for quotations and tendering set out in the Constitution, Contracts Procedure Rules and Financial Procedure Rules.

### (c) **Payments**

- (i) Payments of money due from the Council shall normally be made by cheque (or other instrument) drawn on the Council's bank or National Giro Accounts or by electronic transfer of funds from the Council's bank account.
- (ii) Invoices and payment vouchers shall be examined, verified and certified by the Officer holding a budget who is responsible for the initial order or service. A Head of Service may, in accordance with procedures in standing orders, further delegate authorisation powers to members of his staff to certify on his behalf. A Head of Service shall send a list of these officers so authorised, together with specimen signatures to the Chief Financial Officer.
- (iii) The certifying officer should ensure where appropriate that –
  1. The works, goods or services invoiced for have been received, carried out, examined and approved;
  2. The prices, arithmetic and allocation are correct;
  3. The expenditure has been properly incurred and is a proper liability of the Council; and
  4. The amount has not already been passed for payment.

Items (i) and (ii) should be independently verified insofar as they are relevant by an Officer other than the one authorising the voucher for payment.

- (iv) Certified accounts shall be passed to the Chief Financial Officer without delay. The Chief Financial Officer may examine the invoice and shall be entitled to make enquiries and receive such information as he/she requires.

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- (v) Any permissible amendments to accounts must be in ink and initialled by the certifying officer.
- (vi) Officers holding budgets shall notify the Chief Financial Officer of any outstanding expenditure for the previous financial year, not later than the date specified and notified by the Chief Financial Officer.
- (vii) The Chief Financial Officer shall maintain the Council's tax records and is responsible for the completion and return of all associated returns by the due date.

### (d) **Travelling and Subsistence Allowances**

- (i) All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses, shall be submitted, and duly certified on a form supplied by the Chief Financial Officer. Claims are to be made up to a date each month determined by the Chief Financial Officer and submitted to him within 7 days thereof.
- (ii) A Head of Service may, in accordance with procedures under standing orders, authorise members of staff to certify claims on their behalf and shall send a list of those officers so authorised, together with specimen signatures, to the Chief Financial Officer. Claims in respect of any individual must be authorised independently of that person.
- (iii) The certification shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, expenses properly and necessarily incurred and allowances are properly payable by the Council.
- (iv) Officers claims submitted more than 3 months in arrears will only be paid with express approval of the Chief Financial Officer.
- (v) Payments to Members for travelling and other allowances shall be claimed on a form supplied by the Chief Financial Officer and shall be certified by the Chief Executive or other delegated officer. All claims for a financial year should be made by the following 30th April.



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### (e) Salaries and Wages

- (i) Payment of all salaries, wages, gratuities, etc. to employees or former employees of the Council shall be made by the Chief Financial Officer.
- (ii) Each Head of Service shall provide the Chief Financial Officer via the Human Resources Manager as soon as possible with details of any matter affecting the payment of such emoluments, in particular –
  - (a) appointments, resignations, dismissals, suspensions, secondments and transfers;
  - (b) absence from duty for sickness or other reasons (apart from approved leave, training, etc.);
  - (c) changes in remuneration (excluding normal increments and nationally negotiated pay awards); and
  - (d) information required for Superannuation, tax and national insurance purposes.
- (iv) Appointments of all staff shall be made in accordance with the Council's policies (as amended from time to time), establishment, grades and rates of pay. Proposed permanent variations to the establishment must be submitted to Strategy and Resources Committee for approval, unless delegated to another body or individual.
- (v) Time records or other pay documents, including pay records for casual staff, shall be certified by or on behalf of the Head of Service on a form approved by the Chief Financial Officer. Each Head of Service shall provide the Chief Financial Officer with a list of those officers authorised to sign on his behalf, together with specimen signatures.
- (vi) Each submitted document must be signed by an appropriate officer, in line with the approved signatory list, before it is processed.

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- (vi) Heads of Service must inform the Chief Financial Officer and the Human Resources Manager of any additional benefits proposed for staff (cars, phones, clothing etc.) in order to determine any additional tax liabilities or remuneration issues.

### **7 CONTRACTS FOR BUILDING CONSTRUCTIONAL OR ENGINEERING WORK**

- 7.1 The Chief Executive, or such other responsible officer, shall maintain a contracts register. All contract orders shall be held on the e-procurement system which will record payments made to contractors or for professional fees for any contract.
- 7.2 All interim payments to contractors shall be shown on the e-procurement system showing the value of work to date, the balance remaining and the amount of retention held.
- 7.3 Every extra or variation to a contract shall be authorised by the designated Project Officer, Architect or Engineer as nominated by the Project Officer in writing for the contract.
- 7.4 Any variation shall be reported to the Chief Financial Officer and the Strategy and Resources Committee where a substantial change in the design of any works or additional expenditure is involved. The Project Officer shall only need to report additional expenditure on a contract where the final cost is likely to exceed the contract sum by 15% or £15,000 whichever is the greater.
- 7.5 The Chief Financial Officer shall, as far as he/she deems appropriate, examine contract accounts. He/she shall be entitled to make such enquiries and receive such information and explanation as he/she may require to satisfy himself as to the accuracy of the accounts.
- 7.6 Claims from contractors for matters not clearly within the terms of any existing contract shall be referred to the Senior Solicitor and Monitoring Officer for consideration of the Council's legal liability and, if necessary, to the Chief Financial Officer for financial consideration before a settlement is reached.
- 7.7 Where completion of a contract is delayed, the designated Project Officer shall take appropriate action in respect of any claim for liquidated damages.
- 7.8 Project Officers should consider the need for a bond or parent company guarantee for all contracts in excess of £75,000 and if necessary should consult with the Chief Financial Officer and/or the Senior Solicitor and Monitoring Officer.

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### 8 INCOME

- 8.1 Each Head of Service shall provide the Chief Financial Officer with details of work done, goods supplied, services rendered, or any other amounts due, sufficient to enable the Chief Financial Officer to arrange for accounts to be raised for the recovery of the sums involved.
- 8.2 Each Head of Service is responsible, in conjunction with the Chief Financial Officer, for outstanding arrears relating to their service area. Aged debts outstanding will be reported to the Senior Management team and the Strategy and Resources Committee.
- 8.3 Heads of Service shall notify the Chief Financial Officer promptly of all contracts, leases and other agreements entered into which result in money due to the Council. The Chief Financial Officer shall have the right to inspect any relevant documents, etc. as he/she may require.
- 8.4 All receipts, tickets, etc. relating to income, shall be ordered and supplied (or under directions) by the Chief Financial Officer who shall satisfy himself/herself as to the arrangement for their control.
- 8.5 All Council money received by an Officer shall be paid directly to one of the Council's bank accounts, or to the Council's cash office within five working days of receipt.  
Receipts paid into the cash office will be paid to the council's bank account. No deduction shall be made from such money without the express authority of the Chief Financial Officer. Each banking officer shall ensure that the paying in slip has a reference to the related debt or origin of each cheque banked.
- 8.6 No cheques shall be cashed out of Council money or Third Party cheques accepted unless authorised by the Chief Financial Officer.
- 8.7 Transfer of Council money from one member of staff to another must be recorded, together with the signature of the receiving officer.

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### **9 STORES AND STOCKS**

- 9.1 Heads of Service shall be responsible for the care and custody of all stocks and stores in their Service.
- 9.2 Stocks shall not be held in excess of normal requirements without committee approval.
- 9.3 Heads of Service shall arrange for periodic independent test checks of stocks and stores and shall ensure that all stocks are checked at least once in every year.
- 9.4 Heads of Service shall supply the Chief Financial Officer with sufficient information on stores for accounting costing and financial records.
- 9.5 Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction, including internet based auction sites, unless the Chief Financial Officer has previously agreed that the likely disposal value makes this unnecessary.

### **10 INSURANCES/SECURITY/RISK MANAGEMENT**

- 10.1 The Chief Financial Officer shall effect all insurance cover and liaise with the Council's insurers on all matters including claims.
- 10.2 Heads of Service shall promptly advise the Chief Financial Officer of all new risks, properties, vehicles or plant which may require insurance cover and of any alterations affecting existing insurance. It is the responsibility of all Heads of Service to complete risk assessments and maintain such systems, procedures and controls as are necessary to manage and reduce risk.
- 10.3 Heads of Service shall promptly notify the Chief Financial Officer of any loss, liability, damage or event, which may lead to a claim.
- 10.4 All appropriate Council employees shall be insured by fidelity guarantee insurance.
- 10.5 The Chief Financial Officer shall regularly review all insurance subject to consultation with Heads of Service if necessary.

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- 10.6 No indemnities shall be given without authority of the Chief Financial Officer and the Council's insurers.
- 10.7 Heads of Service shall promptly advise the Chief Financial Officer of any property whose custody has been temporarily accepted on behalf of the Council.
- 10.8 All valuables held on behalf of a Third Party e.g. jewellery, watches, documents of title, etc. shall be securely held under arrangements agreed by the Heads of Service with the Chief Financial Officer.
- 10.9 Heads of Service are responsible, in consultation with the Chief Financial Officer, for the security of all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.
- 10.10 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without his permission.
- 10.11 Keys to safes, etc. are to be carried by the person responsible. Any losses must be immediately reported to the Chief Financial Officer.
- 10.12 The Business is responsible for the security of the information held in the central computer network. Heads of Service are responsible for security of information held on computers in their units.
- 10.13 Any losses as a result of theft or fraudulent activity will be dealt with in accordance with the Council's Anti-Fraud and Corruption Strategy (as amended from time to time).

## 11 INVENTORIES

- 11.1 Heads of Service shall, in consultation with the Chief Financial Officer as to the form and content, maintain an inventory of all furniture, fittings, equipment, vehicles, plant and machinery held in their departments.
- 11.2 Heads of Service shall maintain an annual check on all items on the inventory and shall take action on any surplus or deficiency in consultation with the Chief Financial Officer.
- 11.3 The Council's property shall not be removed outside of the ordinary course of the Council's business without the authority of the responsible Head of Service.

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- 11.4 The ICT Manager shall maintain an inventory of all computer equipment. Heads of Service must inform the ICT Manager of any changes to this inventory.

### **12 ESTATES**

- 12.1 The Head of Place, Property and Regeneration shall have custody of all title deeds and shall be responsible for their security.
- 12.2 The Head of Place, Property and Regeneration shall maintain a terrier of all land and buildings owned by the Council in a form approved by the Chief Financial Officer.

The terrier shall contain the following details:

holding committee; purpose for which held; location; extent and plan reference; purchase details; particulars of interest held; rents payable and tenancies granted.

### **13 TREASURY MANAGEMENT**

- 13.1 This function will be discharged in accordance with the CIPFA Code on Treasury Management. All investments of money under its control shall be made in the name of the Council or such nominee as it approves.
- 13.2 All securities owned by or in the name of the Council or its nominees shall be held in custody by the Council's bankers.
- 13.3 All borrowing shall be effected in the Council's name.
- 13.4 The Chief Financial Officer shall be the Council's registrar of stocks, bonds and mortgages, and shall maintain a record of all Council borrowing.
- 13.5 Any officer acting as trustee by virtue of his official position shall, unless otherwise provided by the deed, deposit all securities, etc., relating to the trust with the Chief Financial Officer.
- 13.6 Borrowing limits will be reviewed annually and approved by Full Council. Officers with delegated powers may raise loans within approved borrowing limits (as amended from time to time), provided the same is in accordance with the terms of the code of practice for local authority borrowing (as amended from time to time).

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- 13.7 Investments of surplus revenue funds or capital receipts may be invested in accordance with the terms of the Council's Treasury Management Policy (as amended from time to time), by Officers with delegated power for investing monies.
- 13.8 Full Council is required to receive and approve as a minimum three treasury Management reports each year, which shall incorporate policies, estimates and actual performance.

### **14 WRITE OFFS**

- 14.1 Irrecoverable debts not exceeding £1,500 in respect of Council Tax, NNDR, and overpayments may be written off on the authorisation of the Chief Financial Officer.
- 14.2 Other irrecoverable debts not exceeding £1,500 may be written off on the authorisation of the Chief Financial Officer.
- 14.3 Irrecoverable debts in excess of £1,500 shall be reported to the Chief Financial Officer who may write off such debts following consultation with the Leader.
- 14.4 The Chief Financial Officer shall report at least annually on the stewardship of debts due to the Council.