

# Financial Procedure Rules

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# Section 7 - Financial Procedure Rules

## Introduction

- i) Section 151 of the Local Government Act 1972 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

The officer designated by the Council as having the statutory responsibility set out in Section 151 of the 1972 Act is the Executive Director of Corporate Services.

- ii) Financial Procedure Rules provide the framework for the financial administration of the Council with a view to ensuring that the Council’s financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. Financial Procedure Rules are not intended to constitute a set of detailed rules to respond to every contingency. The Rules allow for variation in detailed controls between Directorates \*\*where justified by local circumstances.
- iii) All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the Executive Director of Corporate Services.
- iv) Detailed Financial Procedure Notes (FPN’s), Codes of Practice and other financial instructions (e.g. Financial Management System Business Process Procedures) may be issued from time to time by the Executive Director of Corporate Services, where assistance is needed with the interpretation of Financial Procedure Rules.
- v) Failure to observe Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instructions issued under Financial Procedure Rules, may result in action under the Council’s disciplinary procedures.
- vi) All Chief Officers should ensure that any financial procedures/guidelines produced by their Directorate in support of financial control are fully compliant with these Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instructions. Internal Audit Services should be consulted in the development of such financial procedures.
- vii) These Financial Procedure Rules should be read in conjunction with the Procurement Procedure Rules and the Delegation Scheme.
- viii) The Executive Director of Corporate Services is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the full Council for approval. An annual

review shall be undertaken. The Executive Director of Corporate Services is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the executive members. The Executive Director of Corporate Services is authorised to temporarily suspend Financial Procedure Rules in exceptional circumstances, and where such a suspension is authorised, a written record shall be kept of the reasons for this.

- ix) Chief Officers\* are responsible for ensuring that all staff in their Directorates are aware of the existence and content of the authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their Directorate.

\* A Chief Officer for the purpose of these Rules has the same meaning as in Article 13 and Part 7 of this Constitution.

\*\* Reference to Directorates in this document also means Departments in relation to Corporate Services.

# FPR1 Responsibilities

## 1.1 Responsibilities to the Council

- 1.1.1 All elected members and employees of the Council are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They should strive to achieve value for money and avoid legal challenge to the Council.
- 1.1.2 These responsibilities apply equally to members and employees when representing the Council on outside bodies.

## 1.2 Personal Responsibilities

- 1.2.1 Any person charged with the use or care of the Council's resources and assets should inform himself of the Council's requirements under Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to Internal Audit Services.
- 1.2.2 Any employee must report immediately to their manager, supervisor or other responsible senior officer any illegality, impropriety, serious breach of procedure or serious deficiency in the provision of service he or she suspects or becomes aware of. Employees are able to do this without fear of recrimination providing they act in good faith via the Council's Whistle Blowing policy. In such circumstances managers must record and investigate such reports and take appropriate action. Compliance with the Council's Anti-Fraud and Corruption policy and the Code of Conduct for officers is mandatory for all officers.

## 1.3 Executive Director of Corporate Services

- 1.3.1 The Executive Director of Corporate Services shall maintain on behalf of the Council an adequate and effective system of internal audit of the accounting records and internal control systems of the Council.
- 1.3.2 Section 114 of the Local Government Finance Act 1988 requires the Executive Director of Corporate Services to report to the full Council, executive and external auditor if the authority or one of its officers:
  - a) has made, or is about to make, a decision which involves incurring unlawful expenditure;
  - b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority;
  - c) is about to make an unlawful entry in the authority's accounts.

Section 114 of the 1988 Act also requires:

- a) the Executive Director of Corporate Services to nominate a properly qualified member of staff to deputise should he be unable to perform the duties under section 114 personally;
- b) the authority to provide the Executive Director of Corporate Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

1.3.3 Reference to the Executive Director of Corporate Services includes those authorised by him to undertake the various functions concerned.

## **1.4 Chief Officers**

1.4.1 Chief Officers are responsible for ensuring that Financial Procedure Rules are observed throughout all areas under their control and shall:

- a) provide the Executive Director of Corporate Services with such information and explanations as the Executive Director of Corporate Services feels is necessary to meet his obligations under Financial Procedure Rules;
- b) consult with the Executive Director of Corporate Services and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred;
- c) ensure that executive members are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the Executive Director of Corporate Services;
- d) inform the Executive Director of Corporate Services of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;
- e) wherever any matter arises which may involve irregularities in financial or stores transactions consult with the Executive Director of Corporate Services and, if a serious irregularity is confirmed, the matter shall be reported to the Chief Executive, appropriate Cabinet member and the Director of Human Resources and Organisational Development;
- f) ensure the legality of their Directorate's or service's actions.

# **FPR2 Financial Planning and Annual Estimates**

- 2.1 The Executive Director of Corporate Services shall, each year, recommend to the Cabinet a programme for consideration of revenue and capital estimates by Directorates, the Cabinet and the Council. The programme is to include adequate time for such discussions as may from time to time be required. The form of the annual estimates shall be agreed by the Cabinet upon the recommendation of the Executive Director of Corporate Services.
- 2.2 Detailed estimates of income and expenditure on Revenue Account and receipts and payments on Capital Account shall be prepared each year by Chief Officers in the form required by the Cabinet. The Estimates will be in line with the Council's Performance Plan and follow the guidelines issued annually by the Executive Director of Corporate Services. A copy of the estimates shall be forwarded to the Executive Director of Corporate Services by each Chief Officer in accordance with the agreed programme in order that they can be examined and submitted to the Cabinet.
- 2.3 The Cabinet shall review the estimates and submit them to the Council together with such summaries, statements and reports as are considered desirable and shall recommend the Council Tax to be levied for the ensuing year.
- 2.4 Whenever it is necessary to approve an estimate for any proposed Council Tax a special meeting of the Council shall be held for the purpose of considering, determining and adopting such estimate.
- 2.5 No levy shall be imposed by the Council unless the notice convening the meeting shall show the Council Tax or levy which will be moved.
- 2.6 The Council shall:
  - a) approve the Council's annual Council Tax Base;
  - b) approve the Council's revenue budget and capital programme and set the level of Council Tax for each year within statutory deadlines and requirements.

## **2.7 Revenue Budget Preparation**

- 2.7.1 The Cabinet shall keep under review the Medium Term Financial position of the Council taking into account the Council's performance plans and anticipated future levels of capital and revenue resources.
- 2.7.2 The Cabinet shall set financial targets and business planning requirements for designated trading accounts.

2.7.3 Each Chief Officer shall, in accordance with the agreed programme and in conjunction with the Executive Director of Corporate Services prepare revenue estimates and trading account forecasts for consideration by the Cabinet. In doing so each Chief Officer should ensure that the estimated expenditure on, or cost of any proposals submitted by them, either in their annual estimates or at any time during the subsequent financial year, to the Cabinet and/or the Council shall be as complete and accurate as possible and include provision for all running costs, salaries and wages and any other outgoings involved by or in connection with the proposal. In the case of proposals involving capital expenditure, the funding of the proposal must be identified together with the full financial implications, including those relating to whole life costing.

## **2.8 Revenue Budgetary Control**

2.8.1 In accordance with the Council's Delegation Scheme, Chief Officers have powers to incur revenue expenditure in carrying out the functions allocated to them provided:

- a) the expenditure is within the law;
- b) Procurement Procedure Rules have been complied with;
- c) expenditure is within the approved revenue budget or capital programme provision;
- d) expenditure is in respect of Council policy;
- e) consultations have taken place with appropriate Chief Officers and/or Members of the Cabinet/Committee.

2.8.2 Nothing in these Rules shall prevent a Chief Officer incurring expenditure essential to meet the needs of an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported at the earliest opportunity to the Cabinet and where appropriate the Council.

2.8.3 The Cabinet shall exercise control over revenue spending and income and may authorise variations to the Council's budget within the year provided such variations:

- a) are within available resources; and
- b) are consistent with Council policy.

2.8.4 To enable the Cabinet to exercise control over revenue spending, the Executive Director of Corporate Services shall report to Cabinet each June, October and January a comparison of revenue expenditure and income against budget.

2.8.5 Each Chief Officer in charge of a revenue budget shall:



- a) monitor and control Directorate expenditure within their approved budget;
- b) report progress against their budget to the Cabinet in consultation with the Executive Director of Corporate Services;
- c) keep the Executive Director of Corporate Services informed of any actual or likely changes which will/may have a significant impact on current or future budgets.

2.8.6 The Executive Director of Corporate Services shall also provide guidance on and co-ordinate the budget monitoring process and the form, basis, supporting information and timetable for the preparation thereof.

### **2.8.7 Non-Delegated Budgets**

Ultimately it is the responsibility of each Chief Officer to exercise budgetary control in his Directorate. However, it is recognised that within certain budgets there are items over which the Chief Officers may have little or no control, and it would be inappropriate to hold an officer accountable for expenditure variances on these budgets. It should be emphasised that this does not reduce the Chief Officer's responsibilities regarding budget preparation and monitoring of these items. However, for the purposes of financial control the areas detailed in Appendix A to these rules should be considered as 'non-delegated'.

All items of revenue expenditure not specifically identified in Appendix A are designated delegated budget items.

### **2.8.8 "Ring-Fenced Budgets"**

There are areas of the budget, which in the short term may be beyond the control of Chief Officers but may be capable of being managed in the longer term - "Ring-Fenced" items. With such items any variations of actual expenditure/income from budgets are carried forward and earmarked against these specific budgets in the following year. The following areas have currently been identified for "Ring-fencing":

- a) Grants to industry;
- b) Extra District Fees (Special Needs, Home and Hospital Tuition);
- c) Payments to/Receipts from other Local Authorities for secure accommodation;
- d) Winter Maintenance - snow removal, gritting etc.

### **2.8.9 Virement (or transfers) Between Budgets**

Chief Officers must fulfil the following requirements to exercise virement within the financial limits of these Rules:

- a) Virement should only apply to the transfer of funds within the delegated budget of the Chief Officer;
- b) The proposals should be consistent with approved Council policy;
- c) Virement should not involve the transfer of funds between Services;
- d) Virement should only be allowed where the total net delegated budget is still within the delegated costs limit;
- e) There should be no consequential revenue effects in later years.

Should virement be requested which is contrary to one of the above conditions, it is necessary to seek the prior approval of the Executive Director of Corporate Services and Cabinet.

The delegated limits are as follows:

- a) For sums up to £22,000 approval of the Chief Officer in consultation with the Executive Director of Corporate Services.
- b) For sums over £22,000 but below £55,000 authorisation of the Executive Director of Corporate Services in consultation with the appropriate Cabinet member.
- c) For sums over £55,000 the approval of the Executive Director of Corporate Services and Cabinet is required.

### **2.8.10 Contingencies**

Transfers from contingencies to revenue budgets require the approval of the Executive Director of Corporate Services, the appropriate Cabinet member and the Cabinet.

## **2.9 Capital Programme Preparation**

2.9.1 Each year, each Chief Officer in conjunction with the Executive Director of Corporate Services shall draw up proposals for capital expenditure for their Directorate, taking into account:

- a) statutory requirements;
- b) performance plans;

- c) supported capital expenditure guidelines issued by Central Government including available resources;
- d) Government capital grants and specific borrowing approvals, availability of capital receipts, other resources - including internal resources;
- e) level of existing capital commitments.

2.9.2 The Chief Officer shall ensure that for each capital scheme an option appraisal form is completed outlining the business case and the full financial implications, including those relating to whole life costing, to ensure all schemes are fully evaluated and disclosed.

2.9.3 The proposals for capital spending, together with financial implications will then be submitted to the Cabinet for determination of the Capital Programme to be recommended to Council.

## **2.10 Capital Programme Monitoring and Budgetary Control Arrangements**

2.10.1 The Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations:

- a) are within available resources;
- b) are consistent with Council policy;
- c) To enable Cabinet to exercise control over capital spending, the Executive Director of Corporate Services will report to Cabinet each June, October and January with a review of the latest Capital Programme position.

2.10.2 Where projects in the Capital Programme are included on the assumption of resources becoming available, no financial commitments should be entered into on these projects unless resources are confirmed as being available to the satisfaction of the Executive Director of Corporate Services. In the case where joint schemes are entered into by one Chief Officer that will impact on another Chief Officer's Directorate then a full consultation process must be completed before expenditure is incurred.

2.10.3 Where the capital costs of a scheme are estimated to be in excess of £500,000, the Chief Officer shall provide a written report to Cabinet giving a full appraisal of the capital and revenue implications of the scheme. The approval of Cabinet must be secured before any contractual commitments are entered into on the scheme.

#### **2.10.4 Chief Officers shall:**

- a) make arrangements for the implementation of the agreed Capital Programme in accordance with Procurement Procedure Rules;
- b) monitor progress of spending against the Capital Programme;
- c) review and update costings and phasing of projects and programmes as appropriate.

2.10.5 In the event that project costs are at variance with programme, either in terms of cash flow or in total, the Chief Officer should seek to bring the scheme in line with programme or, if that should not prove possible, should attempt to contain variances within the overall programme for which the Chief Officer is responsible.

2.10.6 The Executive Director of Corporate Services must be consulted where significant variances to the Capital Programme are in prospect. Should the Chief Officer be unable to accommodate variations in expenditure within the approved Capital Programme, the approval of Cabinet will be required to a variation to the Capital Programme subject to resources being available.

# FPR3 Accounting

3.1 The Executive Director of Corporate Services shall:

- a) determine accounting systems and procedures and the form of financial records and statements;
- b) provide guidance and advice on all accounting matters;
- c) monitor accounting performance to ensure an adequate standard for all services;
- d) certify all financial returns, grant funding applications and claims and other periodic financial reports required of the Council.

3.2 Each Chief Officer shall

- a) implement accounting procedures and adopt the form of financial records and statements as determined by the Executive Director of Corporate Services;
- b) obtain the approval of the Executive Director of Corporate Services prior to introducing or changing the form or method of existing accounting systems and procedures, financial records or statements. Approval is to be requested from the Executive Director of Corporate Services in writing. The request must give details of the proposed change and the anticipated benefit from the change, an estimate of the costs involved and the proposed implementation date. Internal Audit Services advice should be sought for all proposed changes at as early a stage as possible;
- c) complete and pass to the Executive Director of Corporate Services financial returns and other financial reports requiring certification in good time;
- d) keep a proper separation of duties for staff with financial responsibilities.

3.3 The Executive Director of Corporate Services shall be responsible, through staff under his control, for the keeping of the financial accounts of all Directorates of the Council. All accounting procedures shall be determined by the Executive Director of Corporate Services but where such records are maintained in a Directorate other than that of the Executive Director of Corporate Services, he shall consult with the Chief Officer concerned. Where agreement is not reached, the matter shall be referred to the Chief Executive.

3.4 The following principles shall be observed in connection with accounting systems:

- a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them;
- b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

## FPR4 Internal Audit

- 4.1 A continuous internal audit, under the independent control and direction of the Executive Director of Corporate Services, shall be arranged to carry out an examination of accounting, financial and other operations of the Council.
- 4.2 Internal Audit Services (IAS) is an independent appraisal function established by the Council under the requirements of the Accounts and Audit Regulations 2003. The prime objective of Internal Audit Services is to provide assurance to the Council in relation to its internal control environment and assist management in delivering the objectives of the Council and its associated bodies through assessing exposure to risk and recommending, where appropriate, practical improvements to the control environment. To this end it is the responsibility of IAS to review, appraise and report to management upon:
- a) whether operations are being carried out as planned and objectives and goals are being met;
  - b) the adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally;
  - c) the completeness, reliability and integrity of information, both financial and operational;
  - d) the extent to which the Council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud, corruption, waste, extravagance, abuse, ineffective management and poor value for money; and
  - e) the economy, efficiency and effectiveness with which resources are employed.
- 4.3 Internal Audit Services is required to provide an objective audit service in line with the CIPFA Code of Practice for Internal Audit in Local Government and professional auditing standards. To this end Internal Audit Services will have no executive responsibilities and the head of internal audit will report directly to the Executive Director of Corporate Services and have direct access to, and freedom to report to, all senior management including the Head of Law and Governance, Chief Executive and the Audit and Governance Committee.

4.4 Internal Audit Services will produce an Audit Strategy and an Annual Internal Audit Plan, agreed by the Executive Director of Corporate Services. In producing the Audit Strategy and Annual Internal Audit Plan the head of internal audit will have the freedom to determine the priorities for Internal Audit in consultation with the Executive Director of Corporate Services and Chief Officers, and will have an unrestricted range of coverage of the Council's operations. In general, but not exclusively, the priorities for Internal Audit Services will be determined by the process of risk assessment.

4.5 Internal Audit Services shall have access to all officers, buildings, information, explanations and documentation required to discharge the audit role.

This includes not only the Council, but also:

- a) organisations to whom the Council has given grants;
- b) organisations to which the Council awards service contracts; and
- c) partner organisations in any schemes for which the Council has responsibility as Lead or Accountable Body.

Chief Officers shall ensure that these rights of access are written into the appropriate agreements with these organisations.

4.6 All material findings will be communicated to the relevant Directorate management and once agreed a final report will be sent to the Chief Officer and, where appropriate, the Executive Director of Corporate Services. Management is expected to implement all agreed audit recommendations within a reasonable timeframe and Internal Audit will undertake appropriate follow up work in this regard.

4.7 An Annual Report will be produced and presented to Cabinet and the Audit and Governance Committee which will contain a view on the soundness of the Council's system of internal control based on the work carried out by Internal Audit Services.

4.8 The Executive Director of Corporate Services shall:

- a) report material failures of financial control to the Chief Executive, the Chairman of the Audit and Governance Committee and the appropriate Cabinet Member and Chief Officer;
- b) where evidence of fraud, misappropriation or theft is discovered, decide, after consultation with the Chief Executive and relevant Chief Officer(s), whether to refer the matter to the Police.



- 4.9 Each Chief Officer shall:
- a) respond without undue delay to any enquiries or recommendations made by the Executive Director of Corporate Services and his representatives;
  - b) inform the Executive Director of Corporate Services as soon as possible of failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.10 The Executive Director of Corporate Services and each Chief Officer jointly shall investigate failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.11 If serious irregularity is confirmed the matter shall be reported to the Chief Executive, the Cabinet member, the Chairman of the Audit and Governance Committee, the appropriate Chief Officer and, where staff are involved, the Director of Human Resources and Organisational Development.

# FPR5 Procurement Arrangements

## 5.1 Procurement Procedure Rules

5.1.1 Because of the importance of this subject the Rules for procurement are embodied in the Council's Procurement Procedure Rules.

5.1.2 Procurement Procedure Rules cover the process of acquiring supplies, works and services from third parties, including:

- a) the purchase of goods, materials and related services;
- b) all contracting including the execution of works;
- c) commercial partnering;
- d) commissioning of supplies, works or services. Although the Procurement Procedure Rules do not apply to 'purchasing' from other areas of the Council it is important that managers in these circumstances ensure that they obtain value for money.

5.1.3 Detailed requirements on 'Orders for Goods and Services' and 'Payment of Invoices' are shown in FPR8 and FPR9 respectively.

# FPR6 Income

*The objective of this Financial Procedure Rule is to ensure that all income due to the Council is collected, banked and properly accounted for. This includes sums received by electronic means such as debit/credit cards, internet, telephone and direct debits.*

6.1 The collection of all sums due to the Council shall be under the supervision of the Executive Director of Corporate Services. In conjunction with the Chief Officer of the Directorate concerned or the appropriate officer of any third party collecting sums on behalf of the Council, the Executive Director of Corporate Services shall make and maintain adequate arrangements for prompt and proper accounting for all cash, cheques and debit/credit card payments and any other forms of payments. The arrangements shall include the collection and deposit of sums received.

6.2 Particulars of all charges to be made for work done, services rendered, or goods supplied by the various Directorates of the Council, and of all other amounts due, shall be promptly notified to the Executive Director of Corporate Services in a form approved by him and all income due to the Council shall be collected by the Executive Director of Corporate Services, subject to any other arrangements made by him.

6.3 The Executive Director of Corporate Services shall be consulted on any proposal for the introduction of, or a variation in, a scale of charges, other than those agreed at National or Regional level. Where the source of income is a new one the collection arrangements shall be agreed with the Executive Director of Corporate Services and the sums anticipated shall be notified to him. Where Chief Officers introduce new fees and charges, which result in a change in policy, such charges shall be referred to Cabinet for approval.

6.4 All sums received by either:

- a) Cashier; or
- b) other person authorised by a Chief Officer to collect -sums due to the Council.

shall be immediately acknowledged, by the issue of a receipt or ticket or by other method agreed by the Executive Director of Corporate Services. Payments by cheque, electronic means or by telephone need not be acknowledged unless requested.

6.5 Every transfer of official money from one member of staff to another shall be immediately evidenced in the records by the signature of the receiving officer.

6.6 All money received on behalf of the Council shall be held securely and paid to the Executive Director of Corporate Services or, as he may direct to the Council's bankers. Payment/banking shall be at least weekly, unless

otherwise agreed by the Executive Director of Corporate Services. Where amounts in hand exceed £1,000 or the insurance limit, whichever is the lesser, they shall be paid over forthwith; unless there is an agreed collection schedule arranged with the Council's Security Services. In these latter circumstances Chief Officers must ensure, by liaison with the Risk Management and Insurance Section, that the insurance limit on their safe is adequate to cover the value of monies received and held. No deductions may be made from such money except as expressly authorised by the Executive Director of Corporate Services. The Executive Director of Corporate Services shall, not later than the next following business day after receipt, pay to the Council's bankers all monies received by him.

- 6.7 Each officer who pays in money on behalf of the Council shall enter on the pay-in slip and duplicate or counterfoil, particulars of such payment, including in the case of each cheque paid in:
- a) the amount of the cheque;
  - b) the invoice/account number if one exists;
  - c) if an account/invoice number does not exist then a reference (such as the number of the receipt given, or the name and/or address of the debtor), which will connect the cheque with the debt for which it was received.
- 6.8 The Executive Director of Corporate Services may advance such sums as may be necessary for the purpose of change money and the existence of these sums shall be periodically verified by an independent officer.
- 6.9 The basis and level of fees and charges must be reviewed by Chief Officers on, at least, an annual basis.
- 6.10 Chief Officers must ensure that levels of income received are compared to budget figures of income due on a regular basis and differences promptly investigated.
- 6.11 The advice of the Executive Director of Corporate Services must be sought on agreements which provide for variable income.
- 6.12 Wherever possible/practical income should be collected in advance of service, or where this is not possible, by an official invoice.
- 6.13 Arrangements for payment by instalment must be authorised by the Executive Director of Corporate Services.
- 6.14 Unused manual receipts, tickets or vouchers must be held securely at all times. A record of stocks held must be kept and blank receipt books/unused tickets must only be issued to staff on receipt of their signature in the stock record. Staff holding individual receipt books/ticket books must keep them in

a secure manner. Chief Officers must ensure that a regular independent reconciliation is carried out of stock records to physical stocks held.

- 6.15 Security and retention of safe keys must be in accordance with the dictates of the Council's Insurers. Advice on this matter should be sought from the Council's Risk Management and Insurance Section.
- 6.16 Authorisation of the Executive Director of Corporate Services must be obtained before uncollected income due is written off.
- 6.17 Grant claims or certificates requiring certification in the name of the Executive Director of Corporate Services must be submitted for approval in a timely manner.
- 6.18 Personal cheques must not be cashed out of money held on behalf of the Council unless they are cheques drawn on the Council's bank account and express authority of the Executive Director of Corporate Services has been given to such action.

# FPR7 Banking Arrangements and Cheques

*The objective of this Financial Procedure Rule is to ensure sound banking and payments arrangements by limiting responsibility for same to the Executive Director of Corporate Services.*

- 7.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Executive Director of Corporate Services who shall be authorised to operate such banking accounts including National Giro accounts, as he may consider necessary. No bank accounts or similar may be opened without the consent of the Executive Director of Corporate Services. The maintenance of Council bank accounts shall be in accordance with arrangements determined by the Executive Director of Corporate Services.
- 7.2 The Executive Director of Corporate Services shall be responsible for making all arrangements in connection with electronic payment and collection of monies and shall ensure that adequate security exists within these arrangements to prevent loss due to error or fraud.
- 7.3 All cheques, and other orders for payment shall bear the facsimile signature of the Executive Director of Corporate Services, or be signed by the Executive Director of Corporate Services or other officers so authorised.
- 7.4 All cheques shall be ordered only on the authority of the Executive Director of Corporate Services who shall make proper arrangements for their custody.
- 7.5 The approval of the Executive Director of Corporate Services must be obtained for any proposal to enter into a credit agreement.

# FPR8 Orders for Goods and Services

*The objective of this Financial Procedure Rule is to ensure that work, goods and services are only ordered for the purposes of Council business and that the resulting expenditure is within budget and properly approved.*

- 8.1 Each Chief Officer shall be responsible for all orders issued from his Directorate for goods, work to be done or for services rendered. Official orders shall be issued for all work, goods or services to be supplied to the Council, except periodical payments, petty cash purchases or such other exceptions as may be approved. Before orders are made the authorised officer must ensure:
  - a) that there is adequate budget provision before committing expenditure;
  - b) any necessary Chief Officer or Cabinet approvals have been obtained as set out in the Council's Procurement Procedure Rules.
- 8.2 If goods are to be ordered on behalf of another Directorate then a written requisition must be received from the Chief Officer of that Directorate, authorised by him or one of his nominated officers.
- 8.3 Official orders shall be in a form approved by the Executive Director of Corporate Services and the Head of Law and Governance and are to be approved only by nominated officers authorised by the Chief Officer. An electronic or manual record should be held of the approval.
- 8.4 Each order shall conform with the policies of the Council with respect to procurement and any standardisation of supplies and materials.
- 8.5 Whenever practicable, the duties of ordering, receiving goods and certifying invoices (where not electronically matched) for payment shall not be performed by one officer.
- 8.6 A list of officers nominated to approve the ordering of goods must be maintained and utilised by each Directorate and a sample of their signature must be maintained and utilised where an approved electronic workflow is not used.

# FPR9 Payment of Accounts

*The purpose of this Financial Procedure Rule is to ensure that all payments made by the Council are:*

- a) lawful;*
- b properly authorised by an appropriate officer;*
- c within the amount provided in the Council's budget.*

9.1 Apart from petty cash and other payments from the imprest accounts, the normal methods of payment of money due from the Council shall be made as appropriate by one of the following ways: CHAPS, BACS, cheque drawn or direct debit on the Council's bankers by the Executive Director of Corporate Services.

9.2 Before any payments are made the Chief Officer or designated officer must assure themselves of the following (unless otherwise expressly agreed by the Executive Director of Corporate Services):

- a) the goods have been received, the work done or the services rendered (except in a limited number of instances where advance payments are absolutely necessary e.g. attendance at a conference or course) and that they are satisfactory as to quality and correct as to quantity;
- b) the goods or services have not been paid for previously;
- c) prices are in accordance with the agreement, any price list circulated by Corporate Procurement, contract, quotation or current market rate, whichever is applicable and that all trade or cash discounts have been deducted;
- d) any special authority needed with the agreement;
- e) the payment is lawful and is in accordance with the Council's policy and instructions and complies with the Council's Procurement Procedure Rules and Financial Procedure Rules;
- f) the expenditure is within the amount provided by annual estimates or approved supplementary estimate; that it has been charged in the financial year in which the work is done or the goods received, irrespective of the year in which provision has been made in annual estimates;
- g) the account/invoice is correctly coded;
- h) appropriate entries have been made in inventories or stock or stores records;



- i) the account is arithmetically correct or subject to a sample test agreed by the Executive Director of Corporate Services.
- 9.3 Certificates for contract payments (authenticated by a duly appointed consultant where appropriate) shall be submitted to the appropriate Chief Officer, who will authorise the certificate for payment after examining it to see that it is within the contract sum, subject to any authorised variations and is reasonable. Certificates must include details of the value of the work, retention money, amounts previously certified and amounts now certified.
- 9.4 Accounts duly certified shall be processed daily in the manner prescribed by the Executive Director of Corporate Services, who shall examine them as he sees necessary. Invoices subject to discount for prompt payment shall be passed in sufficient time to enable the discount to be claimed. All payments should be processed within 30 days. The requirements of the Late Payment of Commercial Debts (Interest) Act 1998 and the policies and procedures adopted by the Executive Director of Corporate Services in relation to the Act shall be fully adhered to by all Chief Officers.
- 9.5 All invoices shall be retained for at least 6 years. In the case of invoices relating to grant claims these must be kept until after the grant claim has been audited even if this exceeds 6 years. In all cases the Executive Director of Corporate Services should be consulted before any disposal takes place. The Council has agreement from HM Revenue and Customs (HMRC) that it can retain electronic copies of all original invoices, paid and copy debtor accounts for six years from the date they were paid or raised, for VAT purposes.
- 9.6 Each Chief Officer shall as soon as possible after 31<sup>st</sup> March in each year notify the Executive Director of Corporate Services of all outstanding expenditure relating to the previous financial year, and normally if accounts are not received during the month following that in which goods were delivered, services rendered or work completed, the creditor shall be asked to supply an account forthwith.
- 9.7 Where grants can be claimed on expenditure incurred, Chief Officers should be aware of the appropriate grant conditions and ensure that payments meet these conditions with regard to types of expenditure, payment date, etc. (see also Financial Procedure Rule 18).
- 9.8 A list of officers nominated to certify 'Form 1' payments and a sample of their initials and their signature must be supplied by Chief Officers to the Executive Director of Corporate Services and updated on a regular basis.

# FPR10 Payment of Employee Related Expenses

*The objective of this Financial Procedure Rule is to ensure that staff are appointed in accordance with the Council Code of Practice on Recruitment and Selection, are paid in accordance with their Contract of Employment and to ensure leavers are removed from the payroll.*

- 10.1 All staff must be appointed in accordance with the Council Code of Practice on Recruitment and Selection and there must be written evidence to support this kept on staff files.
- 10.2 The payment of all salaries, wages, pensions, compensation and other emoluments shall be made by the Executive Director of Corporate Services or under arrangements approved and controlled by him.
- 10.3 The Shared Service Centre shall keep for each employee a copy of the employee's contract of employment together with sufficient information to identify service, salary scale and current amount payable, sickness leave taken and annual leave due.
- 10.4 Each Chief Officer shall keep a record, for each employee, of the annual and flexi leave taken during each year.
- 10.5 Each Chief Officer shall notify the Executive Director of Corporate Services in the form prescribed, of all matters affecting the payment of emoluments, and in particular:
  - a) appointments, resignations, dismissals, secondments and transfers;
  - b) absences from duty for sickness or other reason, apart from paid leave;
  - c) changes in remuneration including normal increments and pay awards and agreements of general application;
  - d) information necessary to maintain records of service for superannuation, income tax, national insurance etc.;
  - e) provision of benefits in kind.
- 10.6 All timesheets or other pay documents shall be in a form prescribed or approved by the Executive Director of Corporate Services, and shall be duly certified by a nominated officer.

- 10.7 Each Chief Officer shall be responsible for the submission of the relevant documents within an approved timetable to enable the Executive Director of Corporate Services to make payments by the due dates.
- 10.8 On a regular basis the Chief Officer shall be provided by the Executive Director of Corporate Services with a list of staff currently paid within his Directorate and the rate at which they are currently being paid. The Chief Officer shall certify that every name on the list is a bona fide employee of his Directorate and that the rate of payment to the employee is correct.

## **FPR11 Imprest and Petty Cash Accounts**

- 11.1 The Executive Director of Corporate Services shall provide petty cash accounts of such amounts as may from time to time be required for the purpose of paying subsistence allowances, local bus and train fares, minor items of equipment and postage stamps and other such urgent payments as he may determine.
- 11.2 Where he considers it appropriate, the Executive Director of Corporate Services shall open an account with the Council's bankers or National Giro for use by the imprest holder who shall not overdraw on the account. It shall be a standing instruction to the bankers that the amount of any overdrawn balance shall forthwith be notified to the Executive Director of Corporate Services.
- 11.3 A petty cash payment slip must be completed for every reimbursement that is made, signed by the claimant, authorised by his/her manager and signed by the person making the payment. Receipts must be obtained to back up all expenditure made and reclaimed through the petty cash account and attached to the petty cash payment slip. Please note that this is an agreed prerequisite with the Inland Revenue.
- 11.4 No income received may be paid into an imprest account but must be separately banked as provided in these Rules. The only payments into the account must be the reimbursement of the float and change relating to small purchases where an advance has been made. (NB. Such advances must not be for travel/ subsistence purposes).
- 11.5 Petty cash accounts must never be used to cash personal cheques or make personal loans.
- 11.6 On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash advance, an employee shall account to the Executive Director of Corporate Services for the amount advanced to him or her.

# FPR12 Risk Management and Insurance

*The objective of this Financial Procedure Rule is to ensure that the Council manages all potential risks and liabilities and to limit the authority for arranging insurance cover to the Executive Director of Corporate Services.*

- 12.1 The Executive Director of Corporate Services shall be responsible for the development, monitoring and review of the Council's risk management policy, which will be approved by Cabinet, and shall be the Council's principal risk management adviser and co-ordinator.
- 12.2 The Executive Director of Corporate Services shall assess the Council's overall insurance requirements and will be responsible for arranging all insurance cover. The Executive Director of Corporate Services will review insurance cover on an annual basis.
- 12.3 Each Chief Officer shall be responsible for identifying, assessing and controlling risks within his/her Directorate and will undertake an annual review of Directorate risk in consultation with the Executive Director of Corporate Services.
- 12.4 Chief Officers will submit an Annual Risk Management plan in respect of their Directorate to the Executive Director of Corporate Services and will report quarterly on its implementation.
- 12.5 The Executive Director of Corporate Services shall process all claims against the Council's insurances and negotiate settlements where liability is accepted within the limits and conditions agreed with the Council's insurers. Chief Officers shall be responsible for providing the necessary information in a timely manner and every assistance in the defence of claims shall be afforded to the Executive Director of Corporate Services/Insurance Company. Where it is deemed an insurance recovery will not be forthcoming the Executive Director of Corporate Services shall have the authority to write off that amount, up to a value of £250,000. Above this amount Cabinet approval is required.
- 12.6 The Executive Director of Corporate Services shall keep a record of all insurances effected by the Council and the property and risks covered thereby, including valuations of insured property. Chief Officers shall notify the Executive Director of Corporate Services on all new risks, properties and vehicles which may need to be insured and of any alterations affecting existing risks or insurances and provide all information requested by insurers in connection with these and current risks.
- 12.7 All employees concerned with the receipt, custody and/or disbursement of the monies and property of the Council shall be included in a suitable fidelity guarantee insurance. Chief Officers shall ensure that the Risk Management and Insurance Section are notified of such persons.

- 12.8 Chief Officers shall consult the Executive Director of Corporate Services and the Head of Law and Governance in respect of the terms of any indemnity which the Council is requested to give.
- 12.9 The Executive Director of Corporate Services shall be consulted about any insurance policies that Chief Officers may wish to arrange on behalf of other parties.
- 12.10 Chief Officers are responsible for ensuring that anyone covered by the Council's insurances is aware that they must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

## **FPR13 Treasury Management**

- 13.1 All investments and borrowing shall be made by the Executive Director of Corporate Services and are in the name of Sunderland City Council.
- 13.2 All securities which are the property of or are in the name of the Council shall be held in the custody of the Executive Director of Corporate Services.
- 13.3 The Executive Director of Corporate Services is the Council's Registrar of Stocks, Bonds and Mortgages.
- 13.4 The Executive Director of Corporate Services shall produce a Treasury Management Policy Statement and an Annual Strategy Report and submit them to Cabinet and then to Council each year. The Executive Director of Corporate Services shall also report on Treasury Management activity during the year, at least mid year, and will revise the Treasury Management Strategy as appropriate and submit to Cabinet for approval, as and where appropriate to Council.
- 13.5 All Treasury Management activities must be conducted by the Executive Director of Corporate Services in line with the relevant CIPFA Code of Practice for Treasury Management in Local Authorities and the CIPFA Prudential Code for Capital Finance.
- 13.6 Adequate division of duties must exist between arranging and settling of transactions.
- 13.7 Arrangements must exist which provide for someone other than the Treasury Management Officer to monitor investment levels, which should be periodically reviewed.
- 13.8 Whenever possible, trust funds shall be in the name of the Council. Any exceptions to the above can only be authorised by Cabinet.

# FPR14 Reimbursement of Expenses and Payment of Allowances

*The objective of this Financial Procedure Rule is to ensure that the reimbursement of allowances and expenses to staff and members is in accordance with the appropriate agreements and legislation.*

- 14.1 All claims by employees for payment of car allowances shall be submitted at monthly intervals to the Executive Director of Corporate Services in approved form, duly certified by the Chief Officer or other nominated officer. Payment of other travelling expenses, subsistence allowances and incidental expenses will be made upon receipt of the appropriate form duly certified.
- 14.2 Payment to members of the Council or its Chief Officers who are entitled to claim travelling and subsistence allowance will be made by the Executive Director of Corporate Services upon receipt of the prescribed form duly completed.
- 14.3 Receipts must be provided for all expenditure claimed wherever possible. This is a prerequisite of the Inland Revenue.
- 14.4 All claims for a financial year are to be submitted not later than one month following 31st March in any year, except with the express approval of the Executive Director of Corporate Services.
- 14.5 Certification of a claim shall be taken to mean that the journeys were authorised and the expenses properly and necessarily incurred, and that the allowances are properly payable by the Council in accordance with the rates approved by the Cabinet. Claims submitted must provide sufficient information to allow such certification to take place.
- 14.6 Advances for travel and subsistence expenses will only be made in exceptional circumstances to be approved in advance by the Executive Director of Corporate Services.



# FPR15 Security and Control of Assets

*The objective of this Financial Procedure Rule is to ensure the proper use and safeguarding of assets owned by the Council or for which the Council has responsibility. This Rule applies to all assets, including stocks, stores, furniture, equipment, vehicles, cash, land and buildings, software and information that are owned by, or are in the possession of the Council and for which the Council is responsible.*

- 15.1 The use of assets is restricted to authorised Council business. Surplus assets shall be disposed of in accordance with the procedures set out in the Code of Practice for Disposals.
- 15.2 The Head of Law and Governance shall have custody of all title deeds of properties owned by the Council and be responsible for their security, and the Executive Director of Commercial Development shall maintain a terrier of all land and properties owned by the Council recording the location, extent, plan, reference, purchase details, nature of the interests, tenancies granted, rents payable and purpose for which held.

## **Stores**

- 15.3 Each Chief Officer shall be responsible for the care and custody of the stocks and stores in his Directorate; these shall not be in excess of normal business requirements.
- 15.4 On a regular basis, at not more than 12 monthly intervals, each Chief Officer shall organise a complete examination of all existing stocks with a view to reducing the number of slow moving items and disposing of obsolete stock items.
- 15.5 Delivery notes must be obtained in respect of all goods received into store and goods must be checked with both the delivery note and the official order as regards quantity and compliance with specification as soon as practicable thereafter.
- 15.6 Issues of all stores, other than small value materials, shall be supported by the requisition stating the quantity required and signed by a responsible officer. A receipt shall be obtained for such issues on the appropriate form.
- 15.7 The Executive Director of Corporate Services shall be entitled to receive from each Chief Officer such information as he requires in relation to stores for accounting, costing and financial records. The Executive Director of Corporate Services shall determine the method of valuation of stores.
- 15.8 Chief Officers shall arrange for periodical test checks of stocks by persons other than the storekeepers and shall ensure that all stocks are checked at least once every year either on an annual basis or as part of a rolling programme. A representative of the Executive Director of Corporate Services

may similarly make checks from time to time and the Executive Director of Corporate Services must be notified of an annual stocktake and is entitled to be represented. Any shortages or surpluses are to be certified by the Chief Officer and passed to the Executive Director of Corporate Services who may, after any investigation deemed necessary, authorise the adjustment of the stock records to reflect the actual stock position.

- 15.9 Stores equipment or materials found to be obsolete or in excess of requirements shall be disposed of in accordance with the Code of Practice for Disposals. The use of a competitive process should be followed unless it is agreed that it is not in the interests of the Council.

### **Inventories**

- 15.10 Inventories shall be maintained by all Directorates and kept up to date. They must contain an adequate description (including serial numbers where appropriate) of furnishings, fittings, equipment, plant, machinery, vehicles and other property of the Council with an individual value exceeding £150.
- 15.11 Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.
- 15.12 Each Chief Officer is responsible for making checks of such inventories not less than once per year and certifying within the inventory documentation that the check has taken place.
- 15.13 No property of the Council shall be removed otherwise than in the ordinary course of business or used otherwise than for the Council's purposes except in accordance with specific instructions issued by the Chief Officer concerned.
- 15.14 Inventory items found to be obsolete or in excess of requirements shall be disposed of in accordance with the Code of Practice for Disposals.

# FPR16 Payment of Grants and Benefits

*The objective of this Financial Procedure Rule is to ensure that only properly authorised grant and benefit payments are made and where discretionary, to ensure that the purpose of the payment is achieved.*

- 16.1 Where specific services are required from a third party, care must be taken to ensure that Procurement Procedure Rules are applied where appropriate.
- 16.2 All claims must be correctly certified and submitted only if all conditions are met. The Chief Officer or designated officer is responsible for examining, verifying and certifying grant/benefit payments and certification shall mean that:
  - a) the grant/benefit payment has not been paid previously;
  - b) the payment is lawful and is in accordance with the Council's policy;
  - c) the payment is arithmetically correct;
  - d) the grant is within budget provision.
- 16.3 Where grants are made to third parties who subsequently procure any part of the works or services covered by the grant, the grant conditions should require the procurement process to be broadly comparable to those contained within the Procurement Procedure Rules (e.g. competitive process). The conditions in this regard are to be agreed by the Executive Director of Corporate Services.
- 16.4 When making payments for which external funding can be claimed, Chief Officers must be aware of any conditions/obligations laid down by the external funder that the Council must meet (e.g. monitoring of spending) and be satisfied that these conditions/obligations can be and are being met. This includes retaining sufficient records.
- 16.5 Where funding is dependent upon achievement of outputs, such outputs must be evidenced and monitored accordingly.
- 16.6 The approval of Cabinet must be sought before Chief Officer's provide assistance to any third party by way of loan, grant or guarantee of over £50,000 to any one body in any one financial year.
- 16.7 Each Chief Officer shall provide a record justifying the award of the loan, grant or guarantee.

# **FPR17 Record of Contracts for Capital Works**

- 17.1 Each Chief Officer shall be responsible for maintaining proper records for all contracts in accordance with the Procurement Procedure Rules and for informing the Executive Director of Corporate Services and appropriate Cabinet member where the final cost is likely to exceed the financial provision.
- 17.2 In every case before a Chief Officer or consultant issues or certifies a final certificate of payment under a contract the Executive Director of Corporate Services shall have an opportunity to examine the contractor's final account together with such relevant documents and information as he may require.

# FPR18 Grants from External Bodies

*The purpose of this Financial Procedure Rule is to ensure that all grant claims submitted to external funders (e.g. European Union, Government Office) in respect of specific projects are:*

- a) lawful;*
- b) accurate;*
- c) within the approved grant allocation;*
- d) in accordance with each funder's eligibility criteria;*
- e) submitted with due regard to the Council's continuing commitment to the project.*

- 18.1 Where the use of external funding for projects requires a financial commitment from the Council for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Chief Officer, in conjunction with the Executive Director of Corporate Services, shall provide a written report to Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. The approval of the Cabinet must be secured before the Chief Officer commits the Council to any particular agreement.
- 18.2 The applicant Directorate shall nominate a named responsible (senior) officer to be accountable for the performance and financial monitoring of each project.
- 18.3 Written approval must be obtained from the funder which clearly shows the approved allocation, the purpose of the grant and the financial period to which it relates.
- 18.4 The responsible officer shall ensure, prior to submission of a grant claim, that all expenditure declared is eligible in accordance with the relevant funder's criteria (e.g. paid within any relevant deadlines) and that the claim is prepared in accordance with the grant protocol arrangements.
- 18.5 Should there be any uncertainty as to the purpose of such funding, the responsible officer shall make such enquiries as necessary, to the funder, to ensure proper use of grant.
- 18.6 Grant claims and monitoring returns should be signed by the responsible officer and submitted in accordance with the funder's timescales.

- 18.7 Where receipt of funds from a third party (i.e. matched funding) is part of any grant submission, Chief Officers must adhere to the guidance which has been provided by the Executive Director of Corporate Services.
- 18.8 The manner in which external funding is managed shall be in accordance with Council policy and instructions, Procurement Procedure Rules and Financial Procedure Rules in addition to the funder's own requirements.
- 18.9 Grant claim working papers should be maintained and retained in a form agreed by the Executive Director of Corporate Services.

# FPR 19 Partnerships

*A partner is defined as:*

- 19.1 A partnership is defined as “a relationship between two or more independent legal bodies, organisations or individuals working together to achieve a common vision with clear aims and objectives”.
- 19.2 All Members and Officers currently involved in or considering ‘partnership’ working should have regard to the Council’s Partnership Code of Practice and ensure compliance with it.
- 19.3 It should be noted the selection of partners must be underpinned by a procurement process as set out in the Procurement Procedure Rules except for the following circumstances:
  - a) where there is no exchange of funds (e.g. information sharing only);
  - b) where the Council is providing grant (e.g. this would not apply where funding depends upon detailed specified requirements);
  - c) where it is permitted, required or encouraged by law (e.g. joint committees, pooled budgets and Integrated Services with Health Trusts).
- 19.4 As this area can be complex and legal challenges can arise the view of the Executive Director of Corporate Services and Head of Law and Governance should be sought before any discussions are held with potential partners.
- 19.5 Any financial relationship with a partner must be fully documented and legally binding.
- 19.6 Where the entering into a partnership requires a financial commitment from the Council, either immediate or potential, for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Chief Officer in conjunction with the Executive Director of Corporate Services shall provide a written report to Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. The approval of the Cabinet must be secured before the Chief Officer commits the Council to any partnership agreement.
- 19.7 The Chief Officer of the applicant Directorate shall be responsible and accountable for the performance and financial monitoring of each Partnership. A risk assessment should be maintained in relation to the Council being a party to each Partnership.

- 19.8 Where receipt of funds from a partner or third party (i.e. matched funding) is part of any grant submission, Chief Officers must adhere to the guidance which has been provided by the Executive Director of Corporate Services.
- 19.9 Internal Audit Services rights of access to all officers, buildings, information, explanations and documentation required to discharge the audit role should be written into the appropriate agreements with these organisations.



# FPR 20 Acquisition and Disposal of Land and Buildings

- 20.1 Proposals for the acquisition or disposal of land or buildings, whether freehold or leasehold, shall be referred to the Executive Director of Commercial Development in a form specified by the Head of Property.
- 20.2 The acquisition or disposal of land or buildings by Chief Officers should have due consideration to the Council's Capital Strategy and be executed as part of their Revenue Budget or Capital Programme as appropriate.
- 20.3 Disposals of land and buildings should be in accordance with Council policy as set out in the Code of Practice on Disposals.
- 20.4 Cabinet approval is required for the purchase and disposal of freehold and leasehold interests in land where the consideration is £250,000 or more or, in any case, save for:-
- (i) leases granted for a term of seven years or less; or
  - (ii) where a disposal of a surplus property is proposed at less than best consideration to a Voluntary and Community Sector organisation in accordance with the Surplus Building Policy (Community Benefit) approved by Cabinet at its meeting on 6 April 2011 and consideration or annual rental is less than £250,000 before any concession; or
  - (iii) where the disposal is within the scope of the Executive Director of Commercial Development's delegated authority to agree rent concessions;

where the disposal of a freehold or leasehold interest is at less than best consideration.

- 20.5 Cabinet approval is required for the purchase and disposal of leasehold interests in land where the annual rental is £250,000 or more or, in any case, save for:-
- (i) leases granted for a term of seven years or less; or
  - (ii) where a disposal of a surplus property is proposed at less than best consideration to a Voluntary and Community Sector organisation in accordance with the Surplus Building Policy (Community Benefit) approved by Cabinet at its meeting on 6 April 2011 and the consideration or annual rental is less than £250,000 before any concession; or

- (iii) where the disposal is within the scope of the Executive Director of Commercial Development's delegated authority to agree rent concessions;

where the disposal of a leasehold interest is at less than best consideration.

20.6 The Head of Property has responsibility for advising on land and buildings issues and as such:

- a) The Head of Property shall maintain a detailed record of all land and buildings owned by the Council;
- b) Chief Officers are responsible for providing information in a form specified by the Head of Property to ensure that this record is accurate, complete and up to date.

# Financial Procedure Rules – Appendix A

## Non-Delegated and Ring Fenced Budgets

### 1. Non-Delegated Budgets

- a) Levies
  - Tyne and Wear Integrated Transport Authority
  - Environment Agency - Flood Defence
  - North Eastern Sea Fisheries
  - Newcastle International Airport
- b) Capital Financing Costs
  - Debt Charges
  - Revenue Contributions to the Capital Programme
  - Capital Financing Reimbursements
- c) Central Support Service Charges
  - Central Directorates
  - Central Services
  - Administrative Buildings
  - Democratic Representation
  - Inter Departmental Recharges (e.g. City Services charges for Gully Emptying and Street Sweeping)
  - Grounds Maintenance
- d) Contributions to Various Organisations and Deficit Funding
  - Tyne and Wear Archives Service
  - Port of Sunderland
  - Empire Theatre
  - Beamish Museum
- e) Benefits and Reliefs
  - Housing Benefit Payments – Third Party Payments
  - Benefit Payments
  - NNDR Discretionary Relief
- f) Miscellaneous Costs and Income
  - Pensions out of Revenue
  - Counsels Fees (Head of Law and Governance)
  - Planning Appeals
  - Members Allowances and Other Expenses
  - EU Grants and Subsidies

- Waste Management - Contractor Payments
- Landfill Tax

**2. Ring Fenced Budgets**

- a) Extra District Fees (payments and receipts)
- b) Secure Accommodation (payments and receipts)
- c) Winter Maintenance - snow removal, gritting etc.
- d) Inward Investment – Employment and Sectoral Initiatives