



SHEFFIELD CITY COUNCIL REPORT TO COUNCIL

10b

Report of: Laraine Manley, Executive Director, Resources

Date: 6th July 2011

Subject: Revised Financial Regulations 2011

Author of Report: Allan Rainford, 52596

Summary:

The Financial Regulations, which are part of the Council's Constitution, are an important part of the Council's financial governance arrangements. They provide the rules for the Council to follow so as to protect public money and give clarity for both Members and Officers regarding responsibilities for financial management.

The Regulations exist therefore:

- to establish and maintain procedures for the control of the Council's financial activities;
- to give general guidance and advice to Members and Officers as to their responsibilities for the various financial activities;
- to ensure Members and Officers maintain a proper and effective use of those Council resources within their control; and
- to protect the public, Members and Officers by being able to demonstrate that resources and assets used by the Council are administered with complete integrity.

The previous Financial Regulations are out of date and have been revised to reflect a number of changes that have taken place within the Council including

- the introduction of the Leader's Scheme of Delegation
- changes to the management and reporting of the Capital Programme
- improvements to the management of External Funding
- changes to the Council's Standing Orders and
- the revised business planning process and the future shape agenda.

The key outcomes for the revised Regulations are to be consistent with the Constitution and Leader's Scheme, give clarity to managers and staff around

financial management, to be easy to comply with but difficult to avoid, and to be in line with current best practice whilst reflecting the needs of the Council.

Reasons for Recommendations:

To ensure that Financial Regulations are updated to reflect changes that have taken place in the Council and that a revised set of Regulations are approved.

Recommendations:

That Members approve the revised Financial Regulations attached to this report.

Background Papers:

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
No. There are no direct financial implications as a result of this report.
Legal Implications
NO
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Councillor Bryan Lodge
Relevant Scrutiny Committee if decision called in
Is the item a matter which is reserved for approval by the City Council?
YES
Press release
NO



Sheffield City Council
Financial Regulations 2011

Table of Contents

Key Terms and Definitions	7
1. Background	10
1.1. The authority and purpose of the Financial Regulations	10
1.2. Accountability for compliance.....	10
1.3. Risk management	10
1.4. Internal Control.....	11
1.5. Training and development.....	11
2. Financial Management	13
2.1. The Cycle	13
2.2. Responsibilities and Delegated Authority.....	14
2.2.1. Full Council.....	14
2.2.2. The Executive.....	14
2.2.2.2. Individual Cabinet Members.....	15
2.2.3. Community Assemblies (Area Committees).....	15
2.2.4. Audit Committee	15
2.2.5. Strategic Resources and Performance Overview and Scrutiny Committee ...	15
2.2.6. Executive Directors.....	16
2.2.7. Executive Director of Resources and the Director of Finance.....	16
2.3. Asset Management	17
2.3.1. Director of Finance	17
2.3.2. Director of Property & Facilities Management	17
2.3.3. Executive Directors and the Director of Property & Facilities Management ...	18
2.3.4. Disposal of surplus Capital Assets	18
2.4. Financial Risk Management	18
2.4.1. Money Laundering.....	19
2.4.2. Fraud	19
2.5. Insurance.....	19
3. Financial Planning	20
3.1. Medium Term Financial Strategy	20
3.2. Annual Revenue Budget	20
3.3. Annual Revenue Budget Approval	21
3.4. Annual Revenue Budget Monitoring.....	22
3.5. Virements and Variations to the Annual Revenue Budget	23
3.6. Approval of Virements.....	23
3.7. Approval of Variations	24
3.8. Recording Virements and Variations.....	24
3.9. Borrowing and Investment.....	24

4. Financial Implications	25
4.1. Completion of the Financial Implications section of reports	25
4.1.1. Information to be included in the Financial Implications section.....	26
4.2. Appendices to Reports	26
4.2.1. The Revenue Financial Implications Appendix.....	26
4.2.2. The Capital Financial Implications Appendix.....	27
4.3. Sign –off of Financial Implications.....	27
5. Capital Programme.....	28
5.1. Background	28
5.1.1. The Capital Programme	28
5.2. Roles and responsibilities.....	28
5.2.1. The Executive.....	28
5.2.2. Capital Programme Group.....	28
5.2.3. Director of Finance	29
5.2.4. Executive Directors.....	29
5.2.5. Directors and Project Managers	29
5.2.6. Budget Managers	29
5.2.7. Business Partner (Capital) Team	30
5.3. Capital Programme Approval	30
5.3.1. The Capital Approval Form.....	31
5.3.2. Reports with financial implications.....	31
5.3.3. Project funding.....	31
5.3.4. Approval for New Projects / Inclusions / Changes.....	32
5.3.5. Variations to projects in the Capital Programme	32
5.3.6. Emergency approvals.....	32
5.3.7. Virements	33
5.3.8. Slippage and / or accelerated spend	33
5.3.9. Change in Scope	33
5.3.10. Revenue implications	33
5.3.11. Capital Receipts	33
5.3.12. Project Stage Approval.....	33
5.4. Financial Management and Reporting of Capital accounts.....	34
5.4.1. Financial Management	34
5.4.2. Reporting	34
6. External Funding / Grants.....	35
6.1. Background	35
6.2. Roles and responsibilities.....	35
6.2.1. The Director of Finance	35
6.2.2. Executive Directors.....	36
6.3. Grant / External Funding accounting.....	36
6.4. Audits of external funding.....	36

6.5. Retention of documentation	36
7. Financial Administration – Purchase to Payment	37
7.1. Roles and responsibilities.....	37
7.1.1. Director of Commercial Services	37
7.1.2. Director of Finance	37
7.1.3. Director of Finance and Executive Directors	38
7.1.4. Budget Managers	39
7.1.5. All Officers involved in P2P process.....	39
7.1.6. Ordering of goods and services.....	39
7.2. Authorisation	40
7.2.1. Authorisation Matrix.....	41
7.3. Delivery of Goods and Services	42
7.4. Payment of Invoices	42
7.4.1. Matching	42
8. Financial Administration : Income.....	43
8.1. Roles and responsibilities.....	43
8.1.1. The Executive.....	43
8.1.2. Individual Cabinet members	43
8.1.3. Director of Finance	43
8.1.4. The Director of Transformation Services and Performance	44
8.1.5. Executive Directors.....	44
8.2. Payment of fees and charges.....	44
8.2.1. Payment Up Front	44
8.2.2. Billing	45
8.2.3. Refunds / Credit Notes	45
8.3. Debt Recovery.....	45
8.3.1. Recovery process.....	45
8.3.2. Bad and Doubtful Debt Provisions.....	45
8.3.3. Write-offs	46
9. Financial Administration : Bank Accounts and Banking Arrangements.....	47
9.1. Bank Accounts	47
9.2. Credit cards etc	47
9.3. Collection and receipt of income	47
9.3.1. Separation of duties.....	47
9.3.2. Safe storage of collected income	47
9.3.3. Banking of income	47
9.3.4. Reconciliations	48
9.4. Banking arrangements	48

10. Financial Administration : Payroll, Expenses and Petty Cash Floats	48
10.1. Payroll	48
10.2. Expenses.....	48
10.3. Petty Cash floats	49
11. Financial Administration: Taxation	50
12. Financial Administration: Stores, Stock, Equipment and Security	51
13. Financial Administration : Retention of Records	52
14. Financial Systems	52
14.1. Roles and responsibilities.....	52
14.1.1. Director of Finance	52
14.1.2. Executive Directors.....	52
15. Accounting	53
15.1. Accounting during the Financial Year.....	53
15.2. Year-end Requirements	53
16. Internal Audit	54
17. Companies, Joint Ventures, Partnerships, Joint Committees etc	55
18. Grant (Gift) Aid	55
18.1. Roles and Responsibilities	55
18.1.1. Director of Commercial Services	55
18.1.2. Executive Directors.....	55
Appendices	56
A. Financial Protocol for Financial Year []	56
A.1. Introduction.....	56
A.2. Role of the Executive Director - Resources	56
A.3. Role of the Director of Finance.....	57
A.3.1. Statutory requirements	57
A.3.2. Contravention of Standing Orders	57
A.3.3. Responsibility for the Finance Service	57
A.3.4. Financial implications of all decisions.....	58
A.3.5. Financial Returns and Grant Claims.....	58
A.3.6. Documentation related to banking transactions.....	59
A.3.7. The Finance Business Partner	60
A.4. Role of the Executive Director:.....	60
A.4.1. Responsibility to run services within cash allocation	60
A.4.2. Framework of Financial Accountability	60
A.4.3. Provision of financial advice to Portfolio	61
A.5. Joint Responsibilities of the Director of Finance and Executive Directors	61

A.6. Role of the Directors of Business Strategy.....	61
A.6.1. General responsibilities of the Directors of Business Strategy.....	61
A.6.2. Reporting of financial issues.....	61
A.6.3. Framework of Financial Accountability	62
A.6.4. Collaboration and Communication.	62
A.6.5. Recruitment to post of Director of Business Strategy	62
B. CYPF Financial Accountability Framework.....	63
C. DCX Financial Accountability Framework.....	63
D. Place Financial Accountability Framework.....	63
E. Resources Financial Accountability Framework.....	63
F. Communities Financial Accountability Framework.....	63
G. Financial implications template	63

Key Terms and Definitions

Annual Revenue Budget	This is the Council's total Revenue spending plans for the year including the level of Council Tax for the coming year. It is set by Council following receipt of the Annual Budget Report.
Asset(s)	The CIPFA Code of Practice on Local Authority Accounting in the UK 2010/11 defines an asset as 'a resource controlled by the authority as a result of past events and from which future economic benefits or service potential is expected to flow to the authority'.
Capital Programme	This is the sum of all the Council's individual capital projects and sub-programmes that the Council is planning to undertake during the coming 5 years , together with the funding that will support the Programme. The Capital Programme is made up of a number of different projects ranging from large scale projects such as Building Schools for the Future to smaller projects such as children's play equipment. The number and size of the projects may change which means that Capital Programmes may not be comparable in terms of size and scope over time.
Capital Project	A project which uses capital resources to acquire assets, and /or build, improve, increase the market value of, or substantially lengthen the useful life of an asset.
Capital Reporting and Approval Timetable	This sets out the deadlines for submission of Capital Approval Forms, dates of review meetings, monitoring and forecasting cycles, reporting dates and finance system schedules.
Capital Spending	Spending to purchase, build, improve, increase the market value of or substantially lengthen the useful life of an asset. Examples include the Decent Homes Programme, Building Schools for the Future and the Local Transport Plan.
Corporate Plan	The Corporate Plan sets out the vision for the Council and Sheffield. It includes what the Council will do over the next three years in order to deliver the vision.
Director	An Officer who is a member of the Council's Director's Group.
The Executive	The Executive means the Leader of the Council and the Members selected by him / her to form the Cabinet. In line with arrangements made by the Leader's Scheme, the members of the Executive, individually and / or collectively, discharge the Council's executive functions, either themselves or through further lawful delegations of authority.

[Back to Contents page](#)

Executive Director	For the purposes of these Regulations, the term Executive Directors means the officers described in Part 7 of the Council's Constitution
External Funding	As defined by the Chartered Institute of Public Finance and Accountancy, External Funding is "discretionary money not accounted for within the Formula Spending Share (the normal funding from central government) or equivalent, distributed by various UK and EU agencies on a business case and / or competitive basis requiring an application".
Finance Business Partners	Members of the Finance Service with specific responsibility for supporting Executive Directors and their teams through the provision of financial advice and decision support.
Finance Service	The Council's consolidated financial support service led by the Director of Finance
Financial Policies	The Council has a detailed set of financial policies which underpin these regulations.
Financial Protocol	The Financial Protocol summarises the relationship between Executive Directors and the Director of Finance and is signed annually by all parties.
Forward Capital Programme	This is the term used to describe the projects that are intended (planned) to be in the Council's Capital programme for the following financial year. Information is usually prepared and collated in the autumn / winter for presentation to Council in March.
Inclusion	This is the term used for the incorporation of approved capital projects in the Forward Capital Programme and the addition of projects to the Forward Capital Programme at any time in the financial year, e.g. where a stream of funding is identified in December that needs to be spent before the end of March.
Leader	The Leader of the Council or, if the Council's executive arrangements are changed to a mayoral model, the Mayor (but not the Lord Mayor) of the Council.

[Back to Contents page](#)

Leader's Scheme	The scheme of delegation and / or other arrangements for exercising the Council's executive functions made from time to time pursuant to Section 14, Local Government Act 2000 by the Leader.
Medium Term Financial Strategy	The Council's Medium Term Financial Strategy presents an overview of the Council's Financial position over at least the next three year period including revenue and capital spending plans linked to priorities.
Portfolio	The name given to a group of departments managed by an Executive Director. The Executive Directors combine to make up the Council's Chief Officer Board (Executive Management Team).
Revenue Spending	Any expenditure by the Council that falls outside the definition of Capital Spending. Typically the day- to- day running costs of the Council such as salaries, rent, utility bills and payments to service providers.
Senior member of the Finance Service	These are the officers designated in para A3.5 of the Financial Protocol appended to these Regulations.
Variation / Change in Scope (Capital)	This is where there are changes in the agreed capital project cost or outputs. This could be an increase in the cost of the project, a change in available funding, or what will be delivered (the outputs). For example, funding to refurbish six schools is reduced such that only three can now be delivered. This would create a financial variation and change of scope which require approval by Cabinet.
Variations (Revenue)	Variations are changes to the total amount of expenditure either across a Service, Portfolio or the Council as a whole during the year
Virement	Virement is the transfer of money from one account or budget to another.

[Back to Contents page](#)

1. Background

1.1. The authority and purpose of the Financial Regulations

These Regulations form part of the Council's Constitution and as such carry with them the same authority. They are a key part of the Council's financial governance framework documentation and set out the principles that must be followed to manage finances within the Council.

They are intended to help Members and Officers manage the Council's finances in line with best practice and should be read and implemented in the wider context of the Council's decision making framework including the Constitution and the Leader's Scheme.

As per [Section 2.2.7](#) of these Regulations, the Director of Finance is required to formulate and maintain any policies, standards, procedures and processes as she / he deems necessary to support the effective implementation of these Regulations.

It is important that these Regulations are, and continue to be, relevant to the Council and that they are reviewed in line with both best practice and changing service needs. Officers should contact their lead Business Partner for Finance with any feedback on these Regulations.

1.2. Accountability for compliance

All officers are accountable for following the rules set out in these Regulations and it is important that Managers at all levels in the Council ensure that they, and their staff, are familiar with these Regulations and the rules they contain.

Non-compliance with these Regulations may result in the withdrawal of delegated financial authority and / or the application of disciplinary procedures.

Adherence to the processes associated with the Council's finance system (Oracle Enterprise One and QTier) is also essential to ensuring that officers are complying with these Regulations.

1.3. Risk management

These Financial Regulations and associated finance systems and processes are a key part of the Council's risk management framework. By following these Regulations and the Council's finance processes, Officers are meeting the requirements of the Council's Risk Management Framework in these areas.

[Back to Contents page](#)

1.4. Internal Control

Internal Control is the system put in place by the Council to conduct its business in an orderly and efficient manner. It is used to safeguard its assets and resources, to deter and detect errors, fraud and theft, to ensure accuracy and completeness of its accounting data, to produce reliable and timely financial and management information and ensure adherence to the Councils policies and plans.

As part of the Annual Governance process, Directors and Executive Directors must confirm that they have satisfactory arrangements in place to manage internal controls within their Portfolio. This includes the requirement for Individual managers to be responsible for the effectiveness of the internal control system within their Service.

Directors and Executive Directors are also required to highlight deficiencies in the control framework and to identify significant incidents that have occurred.

An Annual Governance Statement is prepared and signed by the Councils Section 151 Officer, Chief Executive and Council Leader. The statement describes the Council's governance framework and highlights any significant deficiencies.

The Audit Committee (or any future committee that may be given this function) is responsible for approving the Annual Governance Statement which is published along with the Council's Annual Accounts.

1.5. Training and development

The Director of Finance and the Executive Directors are jointly responsible for working co-operatively to ensure the effective implementation of these Regulations and management of the Council's financial arrangements. This will involve a commitment to influencing the culture of financial management through training and development of Portfolio managers and Finance Service staff to meet the required financial competencies.

[Back to Contents page](#)

The Director of Finance is responsible for producing documentation that supports these Regulations. These documents set out in more detail the Council's procedures and processes for carrying out work related to financial management and administration.

The Director of Finance is responsible for ensuring that appropriate training is made available to support these Regulations and associated procedures and processes.

Officers at all levels, and particularly managers, have a key role in recognising and identifying any training requirements they have to comply with these Regulations.

Finance Business Partners will work with Officers and Members to ensure that any training and competency requirements are identified and delivered.

Executive Directors are responsible for ensuring that the training opportunities which have been made available are taken up by their staff as required.

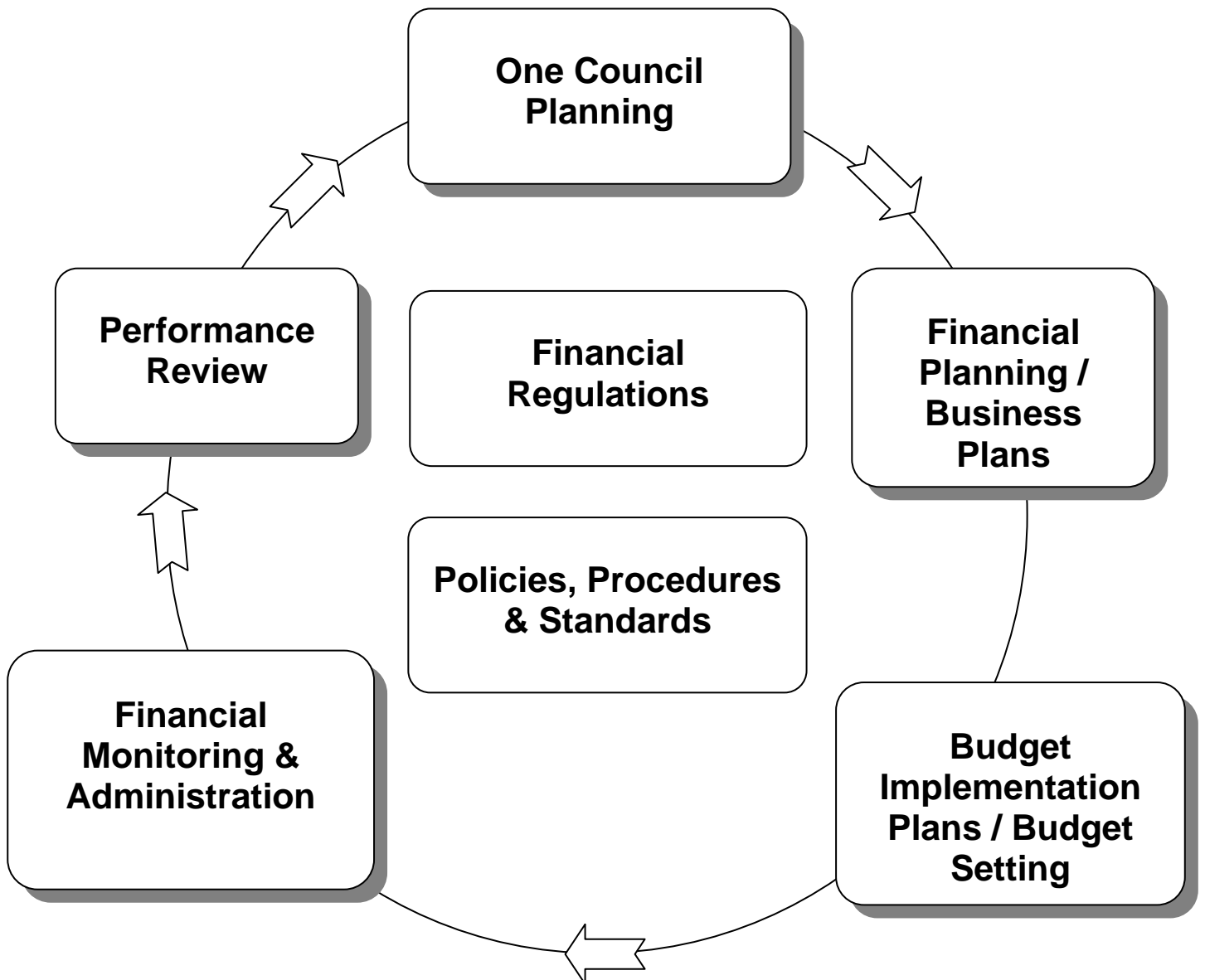
The training and guidance provided as part of the Council's finance system (Oracle Enterprise One and QTier) are in line with these Regulations.

[Back to Contents page](#)

2. Financial Management

2.1. The Cycle

The following diagram illustrates the financial management process starting with service planning and ending with the review of performance before the cycle starts again. These Financial Regulations and the financial policies and procedures issued by the Director of Finance are shown as supporting the financial management process.



[Back to Contents page](#)

2.2. Responsibilities and Delegated Authority

Many of the Council's responsibilities for finances are delegated within a framework of powers from Full Council to its committees (e.g. Audit Committee, Community Assemblies) and Officers, or from the Leader, primarily through his / her Scheme of Delegation of Executive Functions (e.g. to Cabinet, Individual Cabinet Members, Community Assemblies and Officers). Scrutiny Boards also have a role in the Council's financial management process.

2.2.1. Full Council

Full Council responsibilities include setting the Council's Annual Revenue Budget, the Housing Revenue Account, the overall Capital Programme, Council Tax levels and for approving or adopting the Policy Framework.

Functions exercised by [Full Council](#) are set out in [Article 4 of the Council's Constitution](#).

If the Cabinet, individual Members of the Cabinet and any officers, Community Assemblies or joint arrangements which discharge executive functions have any doubt whether a proposed decision is in accordance with the approved [Corporate Plan](#), Revenue Budget or Capital Programme, they must take advice from the Monitoring Officer and the Director of Finance.

If the advice of either of those officers is that a decision would not be in line with the approved Corporate Plan, Annual Revenue Budget or Capital Programme, then, subject to the rules of virement, ([See S3.5](#)) and subject to the urgency procedure the decision may only be taken by the Council.

2.2.2. The Executive

The [Executive](#) has overall responsibility for ensuring that the Council's expenditure remains within the resources available to it.

The Leader decides which parts of the Executive may exercise which executive functions and will generally do this through the Leader's Scheme.

If any lawfully made provision of the Leader's Scheme contradicts any provision of these Regulations, the Leader's Scheme shall prevail.

2.2.2.1. Cabinet

The Cabinet will receive a monthly budget monitoring report outlining the financial position for the whole Council.

The Cabinet will receive the out-turn report following the end of the financial year to approve decisions on the carry-forward / carry-back of resources from one year to the next.

The Cabinet may receive financial information during the year if an in-year decision on the Council's budget is required.

[Back to Contents page](#)

2.2.2.2. Individual Cabinet Members

Functions which may be exercised by individual Cabinet Members are set out in [the Leader's Scheme](#).

All Cabinet Members will receive monthly budget monitoring reports for their areas of responsibility, via the relevant Finance Business Partner.

2.2.3. Community Assemblies (Area Committees)

Each [Community Assembly](#) has executive powers to approve expenditure of any amounts delegated to it by the Executive. Community Assemblies cannot spend money other than that allocated by Council or the Executive. Whenever a Community Assembly spends money, it must comply with these Regulations, [Standing Orders](#), [Commissioning and Procurement Guidelines](#) and any other relevant policies or procedures.

Functions exercised by Community Assemblies are set out in;

- Article 10 of the [Council's Constitution](#)
- the [Leader's Scheme](#)
- Part 3 of the [Council's Constitution](#)

2.2.4. Audit Committee

The Audit Committee of the Council forms a key part of the governance of the Council. The terms of reference for the Audit Committee are set out in the [Council's Constitution](#). The main financial duties are;

- To approve the Council's Statement of Accounts (which includes the Annual Governance Statement) in accordance with the Accounts and Audit Regulations 2003 as amended.
- To consider the Annual Letter from the Auditor or the Audit Commission in accordance with the Accounts and Audit Regulations 2003 as amended and to monitor the Council's response to any issues of concern identified.

2.2.5. Strategic Resources and Performance Overview and Scrutiny Committee

The [Strategic Resources and Performance Overview and Scrutiny Committee](#) (or any future committee that may replace it) may request monthly budget monitoring reports. The reports will provide Members with overview financial information and report progress against the Annual Revenue Budget and Capital Programme budget set by Full Council. They will be provided by the Director of Finance in line with the budget reporting timetable.

The terms of reference for the Committee and its functions are set out in Article 6 and Part 3 of the [Council's Constitution](#).

[Back to Contents page](#)

Scrutiny Committees can make recommendations to the decision makers but they do not make resource allocation decisions and therefore cannot approve changes in the budget or financial actions such as transfers to or from reserves. Decisions such as this can only be taken by Full Council or in accordance with the Leader's Scheme or as otherwise directed by the Leader (section 14 Local Government Act 2000).

In relation to financial management and planning, the Strategic Resources and Performance Overview and Scrutiny Committee (or any future committee that may be given this function) is responsible for exercising an overview and scrutiny function in respect of:

- all the Council's strategic and longer term planning and corporate development issues;
- the budget setting process and budget monitoring;
- financial processes and day-to-day management of all the Council's internal resources, including finance, staffing and property.

Where a scrutiny board considers that a decision of the Executive is, or would be, contrary to, or not wholly in accordance with, the Council's Corporate Plan, Annual Revenue Budget or Capital Programme, then it will seek advice from the Monitoring Officer and either the Executive Director – Resources or Director of Finance.

2.2.6. Executive Directors

Each Executive Director will be responsible for ensuring the proper financial management of their Portfolio services and compliance with these Regulations by staff within their Portfolio.

Executive Directors are responsible for ensuring that a clear, written accountability framework is in place for the budgets held by each Service and Budget Manager.

Executive Directors will make appropriate arrangements for the discharging of their financial responsibilities by Directors and Managers within their Services. These arrangements must be fully compliant with the Council's financial policies and standards. They will not diminish the ultimate financial responsibilities of Executive Directors.

2.2.7. Executive Director of Resources and the Director of Finance

The Executive Director of Resources is the responsible officer (Chief Financial Officer - CFO) for the purposes of s151 of the Local Government Act 1972 and s114/114A of the Local Government Finance Act 1988. The Executive Director of Resources therefore has a statutory responsibility to ensure that the Council makes arrangements for the proper administration of the Council's financial affairs. This includes ensuring the production and monitoring of these Regulations.

[Back to Contents page](#)

The Executive Director of Resources, as a member of the Council's Executive Management Team will ensure that the s151 role is discharged at this strategic level. On a day-to-day basis all s151 responsibilities may be discharged by the Director of Finance, who will act on behalf of the Executive Director of Resources in ensuring proper discharge of these statutory responsibilities. Nothing in this paragraph diminishes the ultimate financial responsibilities of the Executive Director of Resources. Whenever these Regulations provide that something will, must or may be done by the Director of Finance, this may also be done instead by the Section 151 Officer.

The Director of Finance is authorised to sign any and all grant claims, statutory returns or other documents that require the authority of the s151 officer on behalf of the Council.

The Director of Finance will be responsible for recommending amendments to these Regulations to the Council where she / he considers these to be in line with any changes to recommended best practice or essential service requirements or as otherwise appropriate. Minor and consequential amendments may be made by the Director of Legal Services in consultation with the Lord Mayor.

The Director of Finance will be responsible for fully documenting financial standards, policies, procedures, forms, etc which support these Financial Regulations by setting out in more detail the Council's procedures for carrying out finance work.

The Director of Finance is also responsible for ensuring that appropriate training is made available to support these procedures. Executive Directors are responsible for ensuring that these training opportunities are taken up by their staff.

The respective roles and responsibilities of Executive Directors and the Director of Finance in financial management are specified in a [Financial Protocol](#) document which will be signed annually by the Director of Corporate Resources, each Executive Director and their respective Director of Business Strategy.

2.3. Asset Management

The Executive is responsible for the Council's Asset Management Strategy and ensuring that the Council has an up-to-date Asset Register, such responsibility to be discharged in accordance with the Leader's Scheme.

2.3.1. Director of Finance

The Director of Finance has overall responsibility for the Council's Asset Register and for ensuring that it complies with all necessary accounting requirements.

The Director of Finance is responsible for approving the use of leases to finance purchases. Revenue costs will be met from within Portfolio cash allocations, agreed as part of the Annual Revenue Budget process.

2.3.2. Director of Property & Facilities Management

The Director of Property & Facilities Management is responsible for Asset Management across the Council.

[Back to Contents page](#)

2.3.3. Executive Directors and the Director of Property & Facilities Management

Executive Directors and the Director of Property & Facilities Management are responsible for ensuring adequate arrangements are in place for maintaining and safeguarding the Council's property assets used for their Portfolios. When market conditions are favourable this includes consideration of the disposal of surplus capital assets as part of the Council's Asset Management Plan.

2.3.4. Disposal of surplus Capital Assets

Disposal of surplus assets must be done in accordance with the requirements of the [Leader's Scheme](#).

2.4. **Financial Risk Management**

Specific responsibilities relating to risk management are set out in the Risk Management Framework and Guidance that is produced and agreed by Corporate Risk Management Group (CRMG).

Executive Directors are responsible for ensuring that risk management and business continuity are embedded at all levels within their area of responsibility in line with the Risk Management Framework and, in respect of financial risk management, ensuring the effective stewardship of public funds.

Financial Risk Management is built into these Regulations and many of the core processes that the Council expects managers to follow on a day-to-day basis. The Council's Risk Management strategy is based on good risk management being an integral part of good management and not a separate activity. Key mainstream processes that promote good risk management include, but are not limited to:

- Budget Monitoring
- The financial Administration processes in these Regulations
- The Council's Decision Making processes
- Programme and Project Risk Management
- Key Financial Risk Registers

In line with the requirements of the Risk Management Framework, Directors are responsible for maintaining and monitoring a Service Risks and Assurances log which must include financial risks.

Executive Directors are responsible for identifying and controlling risks in their area and significant financial risks should be reported to the Directors of Business Strategy.

The Director of Finance will report the most significant of these risks to the Council's Executive Management Team on a monthly basis and key risks will be summarised and reported to Members in monthly budget monitoring reports.

[Back to Contents page](#)

2.4.1. Money Laundering

Specific responsibilities relating to money laundering are set out in the Anti-Money Laundering Policy. This is produced and maintained by Internal Audit.

In line with the Anti-Money Laundering Policy, the Director of Finance is the Officer nominated to receive disclosures about Money Laundering activity within the Council – the MLRO.

The roles and responsibilities of the MLRO are set out in Appendix B to the Policy. Executive Directors are responsible for ensuring that this policy is adhered to.

2.4.2. Fraud

Officer responsibilities in relation to fraud and corruption are set out in Appendix B of the Council's Code of Conduct: Policy Statement on Fraud and Corruption as set out in [the Council's Constitution](#).

In accordance with [Section 16](#) of these Regulations, Executive Directors are responsible for notifying the section 151 officer where there is any actual or suspected irregularity affecting the Council's assets.

2.5. Insurance

The Director of Transformation Services and Performance will arrange the insurances considered necessary to cover risks to which the Council is exposed and, where necessary, in conjunction with the Director of Legal Services, negotiate and recover claims.

Executive Directors are responsible for ensuring that prompt notification is given to the Director of Transformation Services and Performance of all circumstances involving both existing and new risk, the occurrence of which could result in the Council incurring a substantial liability. This will include details about Members, Officers, third parties, property, vehicles, plant and other assets, and any alterations affecting existing insurances.

Executive Directors must immediately notify the Insurance team of any loss, liability or damage or any event likely to lead to a claim and take such action as may be necessary to satisfy any policy conditions.

Executive Directors are responsible for ensuring insurance renewal information is provided when requested annually by the Insurance team.

The Director of Transformation Services and Performance will periodically review all insurances in consultation with Executive Directors and determine the premiums to be charged as part of the Annual Budget process.

Executive Directors are responsible for ensuring insurance provisions in contracts / partner arrangements are adequate to reflect the risk. Advice must be sought from the Insurance team at the outset of considering entering into such arrangements.

[Back to Contents page](#)

3. Financial Planning

There are 3 key elements to Financial Planning at Sheffield City Council:

- Medium Term Financial Strategy
- Annual Revenue Budget
- Capital Programme

Each element has a specific purpose and is designed to ensure the robustness of the Council's overall financial arrangements.

3.1. Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) is a key requirement of good governance and is a key tool to help the Council deliver its priorities.

In line with the [Leader's Scheme](#), the Cabinet is responsible for approving the Medium Term Financial Strategy and it will be refreshed and updated on an annual basis.

The Medium Term Financial Strategy links strongly to the Corporate Plan and the Corporate Plan drives the spending priorities that inform the Medium Term Financial Strategy. This will include allocating the overall expenditure limits for Community Assemblies.

The Director of Finance will be responsible for producing the Medium Term Financial Strategy in conjunction with Executive Directors and will recommend measures to the Executive that will support the Corporate Plan. This will be supported by policy options, savings and efficiencies, and both financial and non financial information to assist decision-making.

The Medium Term Financial Strategy will set an integrated financial plan for at least a three year period and will form the foundation of the Annual Revenue Budget and Capital Programme for the next year and projections for at least the following two years. This will include cash allocation or financial targets for Executive Directors for the forthcoming financial year and guideline allocations / targets for the following two years. The MTFS will also include projections of the Council's reserves and balances.

3.2. Annual Revenue Budget

The Annual Revenue Budget sets the detailed budget proposals for the Council for a one-year period and also sets the City Council element of the Council Tax for the following financial year.

Proposals and policy options for the Council's Annual Revenue Budget will be presented to Cabinet as part of the Medium Term Financial Strategy by the Director of Finance. The Director of Finance will then be responsible for preparing the detailed Annual Revenue Budget for the coming year in conjunction with Executive Directors.

[Back to Contents page](#)

Financial estimates will be produced for, and on behalf of Portfolios by the Director of Finance through Finance Business Partners. Executive Directors and the Director of Finance will work collaboratively to agree final spending proposals for inclusion in the Annual Revenue Budget.

The Director of Finance will advise on the inclusion of contingencies to cover exceptional in-year price movements and potential commitments which are uncertain either in terms of their financial impact or timing. Executive Directors will notify the Director of Finance of such items as part of the budget setting process so that an appropriate level of contingencies can be approved by the Council.

As part of the Annual Revenue Budget, the Director of Finance will be responsible for ensuring that the budget proposed meets relevant statutory requirements.

3.3. Annual Revenue Budget Approval

The Executive is responsible for agreeing the annual budget for services within Portfolios, including the overall capital programme, within the Budget and Policy Framework.

If agreed, the Executive will recommend the Budget to Full Council for final approval together with a recommended level of Council Tax to be set for the coming financial year.

As per Article 2 of the [Council's Constitution](#) the Council is required to set the Annual Revenue Budget and the appropriate level of Council Tax for the coming financial year by 11th March each year in line with statutory requirements.

Once the Annual Revenue Budget has been approved by the Council, Executive Directors may incur expenditure up to the amount approved for the period covered by that budget. Individual items of expenditure within the budget must still be approved in accordance with the Council's [Standing Orders, Commissioning and Procurement Policy](#) and any other relevant policies, and where the expenditure constitutes an executive function, in accordance with the Leader's Scheme.

[Back to Contents page](#)

3.4. Annual Revenue Budget Monitoring

The Director of Finance will prepare budget monitoring reports in consultation with Executive Directors. The Director of Finance will produce an annual timetable for budget monitoring reporting. The following principles will apply:

- Monitoring reports, prepared on an accrued basis, will be reported to Portfolio Management Teams on a monthly basis.
- Monthly monitoring reports will be presented to Executive Management Team.
- Monthly overall monitoring reports will be presented to the Cabinet.
- Monthly monitoring reports will be prepared for the portfolio holding Cabinet Member(s) by the Director of Finance in consultation with the Executive Director.
- Consolidated monitoring reports will be presented to the Strategic Resources and Performance Overview and Scrutiny Committee if requested.

Executive Directors will ensure that managers within their areas of responsibility work within the timescales and procedures stipulated from time to time by the Director of Finance.

The relevant Overview and Scrutiny Committee of the Council may request more frequent budget monitoring information.

The Executive Management team may recommend that budget monitoring information is presented to the relevant Overview and Scrutiny Committee in consultation with the Chair of that Committee.

The Chief Executive and Executive Directors in consultation with the Cabinet Member for Finance will take appropriate action to ensure that the overall spending of the Council is within available resources.

Executive Directors must not overspend the approved Revenue Budget for their Portfolio and will be responsible for managing their approved Revenue Budgets within the cash allocations and financial targets approved by the Council, unless specific additional resources are provided by the Cabinet during the year.

Executive Directors must not make commitments relating to spending in future years without the agreement of the Director of Finance and consultation with the Cabinet Member for Finance. Any such commitments must be within the financial parameters set in the Medium Term Financial Strategy.

As soon as practical after the end of the financial year, the Director of Finance will report the overall Revenue out-turn position including details of reserves, balances and provisions held by Portfolios to Cabinet. The report should include recommendations relating to the treatment of any under and over spending by Portfolios.

[Back to Contents page](#)

3.5. Virements and Variations to the Annual Revenue Budget

Virement – the transfer of money from one account or budget to another – may be necessary during the year to respond to changes in Portfolio circumstances that were not anticipated as part of the Annual Budget process. They typically involve moving funds and or service delivery functions between services with no overall change to the Council's budget.

Variations are changes to the total amount of spend either across a Service, Portfolio or the Council as a whole during the year. Variations are typically changes in the spending plans of one or more services that result in a change to the Council's overall spending level.

Virements will not be permitted from capital financing charges, levies or other areas of spending as prescribed by the Director of Finance without the specific approval of the Director of Finance.

Virements requested by Community Assemblies will be proposed by the relevant Director and the process and limits below followed.

3.6. Approval of Virements

Virements are permitted;

- from one type of spending to another within Services,
- between Services within Portfolios, and
- between Portfolios

provided they are in line with the Corporate Plan and within the approved budget.

Both parties to the virement must agree to it and approval of the virement must be in line with the limits shown below and the Leader's Scheme:

- Under £500,000: the virement may be approved by the Director of Finance.
- £500,000 and Over: The virement may only be approved by the Executive in line with the [Leader's Scheme](#)

Where a virement would represent a major change of policy it must be approved in accordance with the Leader's Scheme regardless of its value.

If the cumulative effect of virements is over £500,000 during a financial year, these must be approved by the Executive (as above).

[Back to Contents page](#)

3.7. Approval of Variations

Variations may be approved as detailed below:-

- Under £500,000 – the variation may be approved by an Executive Director in consultation with the Director of Finance and the portfolio holding Cabinet Member.
- £500,000 and Over: The variation may only be approved by the Executive in line with the [Leader's Scheme](#).

Variations to the Annual Revenue Budget that require Executive approval will be proposed by the Executive Director and actioned by the Director of Finance.

Where a variation would represent a major change of policy it must be approved in accordance with the Leader's Scheme regardless of its value.

Variations requiring Cabinet approval will normally be presented to Cabinet as part of the normal budget monitoring cycle and in line with the requirements of the [Leader's Scheme](#).

Any report to the Executive recommending a variation to the Annual Revenue Budget must comply with [Section 4](#) of these regulations in respect of the reporting and approval of Financial Implications.

Specific reserves may only be established by Executive Directors for future years' spending in consultation with the Director of Finance and approved as part of the Annual Budget process.

Requests to carry forward underspends will require the initial review of the Director of Finance and will be presented to the Executive as part of the Annual Budget process.

3.8. Recording Virements and Variations

All approved Virements and Variations must be recorded on the Council's Finance System.

3.9. Borrowing and Investment

The Director of Finance will set out the Borrowing Strategy and the Treasury Management Policy for approval by the Council in line with the [Constitution](#) .

Only the Director of Finance may enter into any borrowing or investment on behalf of the Council.

In undertaking the Council's borrowing and investment operations (its "Treasury Management" function), the Director of Finance will ensure compliance with the Borrowing Strategy and the Treasury Management Policy Statement.

The Treasury Management Policy is issued and updated in accordance with recommended Codes of Practice.

[Back to Contents page](#)

4. Financial Implications

All reports to Cabinet, Individual Members, Scrutiny Committees, Community Assemblies and reports supporting Key Decisions by Officers must include a section entitled 'Financial Implications'. This section must summarise the capital and revenue expenditure implications of the proposals in the report together with any associated risks.

Although not mandatory, it is good practice to include a 'Financial Implications' section when reports are made to other meetings, e.g. less formal Member meetings, management teams etc. This will help to ensure that, from the beginning of the decision making process;

- the financial implications of decisions are given proper consideration,
- there is professional input from the officers in the Finance Service, and
- discussions and subsequent decisions take place with all the available information.

4.1. Completion of the Financial Implications section of reports

Executive Directors are responsible for ensuring that a Financial Implications section is included in any report. This must be completed with the advice of the Director of Finance or one of his / her officers and all relevant financial issues must be addressed.

The officer preparing the report must ensure that the Director of Finance or one of his / her officers is provided with a draft of the report in sufficient time to allow the financial implications section to be completed, checked and signed off prior to any deadlines.

The Director of Finance and Finance Business Partners will work with Executive Directors to ensure that reports are completed in line with planned timescales. However, Executive Directors must ensure that that reports are not issued with agenda papers if the Financial Implications have not been signed off by, or on behalf of, the Director of Finance.

The covering sheet of each report must indicate whether or not there are financial implications to the report. If there are no such implications then the covering sheet should state that this is the case.

[Back to Contents page](#)

4.1.1. Information to be included in the Financial Implications section

The financial implications section in the body of the report must;

- appear towards the end of the report, i.e. after the substantive description of the proposals in the report but before the recommendations.
- include a summary of the costs and income, including cashflow impacts, of the proposals in the same format as the appendix – see 4.2 below. Where the financial implications are relatively simple and can be understood from such a summary then the appendix may be dispensed with.
- show how any net additional cost will be met or identify the use to which it is proposed that any savings should be put. Where costs are to be contained within existing budget provision, sufficient information must be given to show that this can be achieved.
- show a clear comparison of the financial implications of any options associated with the proposals in the report.
- include an analysis of any risks associated with the proposals and their financial effect compared to the position shown in the appendix. Any risk management or avoidance measures that could be taken should also be set out.
- include any other narrative information required to enhance the understanding of the financial implications.

4.2. Appendices to Reports

Where reports do have financial implications then they should also include, as an Appendix to the report:

- a Revenue Financial Implications Appendix'. A template for the Financial Implications section is available as [Appendix G](#) to these Regulations
and / or
- a summary of the Capital financial implications

4.2.1. The Revenue Financial Implications Appendix

The Revenue Financial Implications Appendix must provide an adequate breakdown of expenditure and income for the current and following financial year, together with the full year effect - usually the ultimate position or the year of the highest cost.

The standard template should always be used as a starting point but lines that do not apply can be deleted or additional ones included if this assists with understanding the financial implications.

[Back to Contents page](#)

4.2.2. The Capital Financial Implications Appendix

All relevant Capital financial implications should be summarised in this appendix. There is no standard format for this Appendix but officers should consult the Capital Approval Form 'Commentaries Completion Guide' for an outline of the issues that need to be detailed.

4.3. Sign-off of Financial Implications

The Director of Finance, or an officer on his / her behalf, is responsible for signing off all Financial Implications summaries and, where applicable, the Appendices to the report.

Only the Director of Finance, as the budget holder for the Council's Capital Financing costs, or Officers specifically authorised to do this on his / her behalf may approve Financial Implications which affect the cash-flow of the Council.

The Finance Service officer is responsible for ensuring that the officer preparing the report has taken all relevant advice, e.g. specialist financial or taxation advice, before signing off financial implications.

The name of the Finance Service Officer who has signed-off the financial implications must appear on the Financial Implications Section summary.

[Back to Contents page](#)

5. Capital Programme

5.1. Background

5.1.1. The Capital Programme

The Capital Programme is made up of a number of schemes / projects which meet the definition of capital spending. It is the planned list of projects, together with supporting funds, that is agreed by Council in March each year and can cover the next 5 years.

The Programme is made up of a number of different elements which may change from time to time. This means that Capital Programmes may not be comparable in terms of size and scope over time.

Accounting for capital projects will be in accordance with current and approved International Financial Reporting Standards and the Statement of Recommended Accounting Practice (SORP).

5.2. Roles and responsibilities

5.2.1. The Executive

The Executive is responsible for ensuring that the Council's expenditure remains within the resources available to the Council. It is responsible for agreeing the Capital Programme before recommending it to Full Council, and for reviewing the monthly monitoring reports.

This responsibility extends to the approval of any requests for in year additions and variations to approved projects to the value stated in [S5.3.4](#) (below) and as submitted through the guidelines laid down in these Regulations.

5.2.2. Capital Programme Group

The Capital Programme Group is responsible for;

- oversight of Capital Management,
- advising and making recommendations to the Executive Management Team on new project approvals. The recommendations will be made to Cabinet on a monthly basis,
- approving progress to next stage of delivery, variations to existing projects, and
- the use of capital receipts and grants.

[Back to Contents page](#)

5.2.3. Director of Finance

The **Director of Finance** is responsible for ensuring that capital projects are financially approved and reported in line with these Regulations and for producing a schedule (timetable) for reviewing, approving, managing and reporting capital spending.

In conjunction with the Executive Directors, the Director of Finance is responsible for approving Capital expenditure under the emergency approvals procedure.

5.2.4. Executive Directors

Executive Directors are responsible for ensuring that managers within their areas of responsibility comply with these Regulations and the procedures and timescales related to capital project management as defined by the Director of Finance.

They are also responsible for ensuring that managers adhere to the [SCC Project Management Guidelines](#) as appropriate.

In conjunction with the Director of Finance, the Portfolio Executive Directors are responsible for approving Capital expenditure under the emergency approvals procedure.

5.2.5. Directors and Project Managers

Directors and Project Managers are responsible for ensuring that the Council has the relevant legal authority to undertake a Capital Project and that all arrangements comply with these Regulations, Standing Orders, published Codes of Practice and relevant EU and domestic procurement rules.

Where consideration is being given to external funding for a capital project, either wholly or in part, Directors and Project Managers are responsible for complying with these Regulations and all associated procedures in relation to external funding.

5.2.6. Budget Managers

It is Council Policy that all projects are managed in accordance with the [SCC Project Management Guidelines](#). These define a Project Manager as the officer who is responsible for the day to day running of the project on behalf of the Project Sponsor / Board. They are also responsible for delivery of the projects to **cost**, time and specification.

To avoid unnecessary duplication of terminology in these Regulations the term Budget Manager can also be read to mean Project Manager.

Budget Managers are responsible for considering revenue, environmental, property, and opportunity costs related to a project. They are also responsible for considering the legal, human resources, equalities impact and sustainability implications of the project.

Budget Managers must also consider the impact of Value Added Tax (VAT) on Capital projects and seek the advice of the Director of Finance if required. On a day-to-day basis this advice will be provided by the Council's Tax Manager.

[Back to Contents page](#)

Budget Managers are responsible for managing the project to cost thus preventing overspends. They must consider the risks of, and the solutions to, any forecasted Capital overspends.

5.2.7. Business Partner (Capital) Team

The Business Partner Capital Team is responsible, alongside the Budget Manager, for steering a project through the financial approval process.

The Finance Business Partner Capital Team is also responsible for reviewing, quality checking and, where appropriate, challenging the Budget Manager's monthly review of actual and forecasted expenditure and income.

The Business Partner Capital Team is responsible for reporting capital expenditure and its financing in accordance with the Capital Projects Approval Hierarchy (see [Section 5.3.4](#)) on a monthly basis.

5.3. Capital Programme Approval

The proposed Capital Programme for the coming financial period is collated by the Director of Finance, in collaboration with Executive Directors.

The Programme must be reviewed by the Capital Programme Group prior to recommendation to the Executive Management Team then to Cabinet.

The agreed Programme must be presented annually, by the Director of Finance and the Executive Directors, to Full Council at the same time as the Annual Revenue Budget.

Inclusion of a project within the approved programme does not convey automatic authority for that project to commence.

The Annual Capital Programme report to Full Council will request delegated authority for the Director of Finance and the Director of Property and Facilities Management Services to;

- authorise approved projects within the programme to proceed through each stage,
- authorise how approved projects are funded,
- authorise reductions in the approved capital programme or constituent projects,
- authorise the issue and acceptance of tenders, subject to confirmation from Directors and Project Managers that a procurement professional has approved the issues and acceptance, and that all standing orders and regulations have been complied with.

The Budget Manager must obtain approval for each stage of design, procure, build, and completion through the delegated powers of the Director of Finance or the Director of Property and Facilities Management Services and the Capital Programme Group and in accordance with the provisions of the Leader's Scheme.

[Back to Contents page](#)

5.3.1. The Capital Approval Form

Financial Approval for projects within the Capital Programme; additions to the programme and variations to approved projects are facilitated through the Capital Approval Form (CAF).

A fully endorsed CAF, including all required documentation, which has been approved at Cabinet (or otherwise in accordance with the Leader's Scheme), gives authority to proceed with a project, subject to stage approvals.

The Capital Approval Form (CAF) requires the following endorsements (signatures):-

- for Annual Inclusions and Variations - the signatures of the Project Manager, sponsoring Director, and Finance Business Partner (Capital) Team
- for Emergency approvals - the signatures of the Project Manager, sponsoring Director, Finance Business Partner (Capital) Team, an Executive Director and the Director of Finance
- for cases considered sensitive by, or otherwise at the direction of, the Executive Director and / or the Director of Finance, the signatures of the Project Manager, sponsoring Director, Finance Business Partner (Capital) Team and the Individual Cabinet Member for the Portfolio.

5.3.2. Reports with financial implications

All reports with capital implications or other requests for approvals must be included within the capital programme approval process as described in these Regulations.

5.3.3. Project funding

Capital expenditure cannot take place unless it is fully funded or any funding gaps are approved by the Director of Finance.

In line with [Section 6](#) of these Regulations bids for, or acceptance of offers of funding cannot take place until approved by either the Director of Finance or other authorised Finance Officers.

Authorisation should follow recommendations by the Capital Programme Group, taking account of the SCC resources, match funding availability and risk involved.

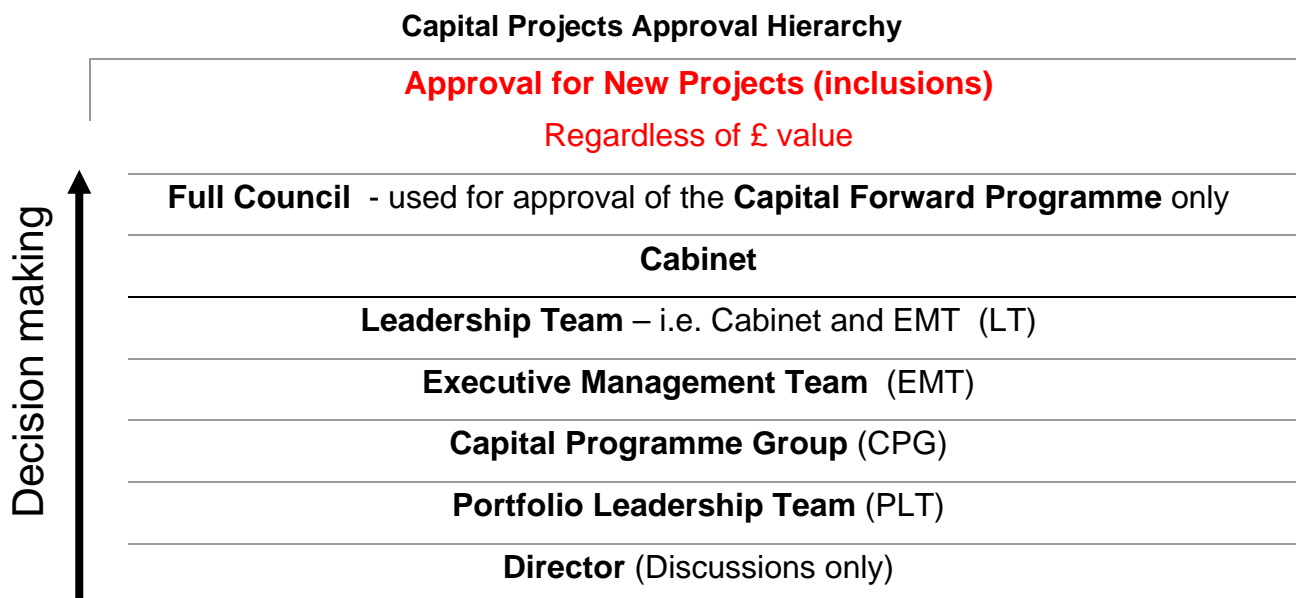
Funding cannot be recognised until all conditions for its receipt have been met. Before this point any shortfall against actual expenditure must be covered by either Portfolio revenue contributions to capital or by specific agreement for each project through corporate funding sources.

Capital Funding cannot be used to fund revenue expenditure.

[Back to Contents page](#)

5.3.4. Approval for New Projects / Inclusions / Changes

All new capital projects / inclusions in year and significant changes to the Capital Programme must be approved by Cabinet or otherwise in line with the [Leader's Scheme](#), and these Regulations. The approval chain is detailed below:-



5.3.5. Variations to projects in the Capital Programme

Changes to a project's finance require approval as a 'Variation' subject to necessary capital resources being available.

Variation Approval levels on an existing approved project are as follows:-

- A variation in cost of up to £25k can be approved by the responsible Director
- A variation in cost between £25k and £100k requires EMT approval
- All other variations require Cabinet approval through the monthly monitoring report

For authorisation purposes, Variations are measured cumulatively from the last approval by the Executive.

5.3.6. Emergency approvals

Where an emergency approval is required, this must be provided in accordance with any applicable urgency procedures in the Constitution or the Leader's Scheme. Any such approvals shall be reported retrospectively to Cabinet in the next monthly report by the relevant Executive Director and the Director of Finance.

Emergency approvals can be rescinded by the Cabinet.

[Back to Contents page](#)

5.3.7. Virements

Virements are not permitted between Capital schemes. Changes from Cabinet approved amounts must be treated as Variations.

5.3.8. Slippage and / or accelerated spend

Where the timing of expenditure deviates from the annual profile approved by Cabinet, Budget Managers should reflect this in their monthly forecast and advise Finance Business Partner Capital of the situation.

Where the forecast has changed such that expenditure will move between financial years, the monthly report to Cabinet will seek approval for this change.

5.3.9. Change in Scope

Where material output from the project will be different from that of the last approved Executive authority, Budget Managers must seek new Executive approval.

5.3.10. Revenue implications

The revenue expenditure implications of the proposed Capital Programme will be considered as part of the approval process outlined in these Regulations and as part of the [Annual Revenue Budget](#) and [Medium Term Financial Strategy](#) processes.

Where a Budget Manager identifies that the project will overspend even after all mitigating action, and that no alternative capital funding source is applicable, then the overspend must be made good from revenue funding.

5.3.11. Capital Receipts

Any decision on the use of Capital Receipts will be taken as part of the overall approval for the project through recommendation by the Capital Programme Group as outlined in [S 5.3.4](#) above.

Any use of Capital Receipts must first be reviewed by the Asset Management Group as part of the development of the proposed Capital Scheme.

5.3.12. Project Stage Approval

Approval for the Design, Procure and Build stages of a project will not be granted without recommendations from the Director of Finance in respect of funding implications. As part of this process the Director of Finance will need to consider both the Revenue and Capital implications of such approvals for the level of contractual commitments in future years.

The Budget Manager must obtain approval for each stage of design, procure, build, and completion through the delegated powers of the Director of Finance or the Director of Property and Facilities Management Services and the Capital Programme Group.

[Back to Contents page](#)

The build stage of a project cannot proceed until a thorough review has been produced by the Project Manager, approved by the appropriate sponsoring Director and reported to the Capital Programme Group. In line with the [Council's Project Management Guidelines](#), a Project Review must be undertaken and appended in support of the submission for project stage approval.

Executive Directors and Directors must ensure that agreed formal procedures are in place with the Head of Design and Project Management and the Director of Commercial Services in respect of all procurement related to capital projects.

5.4. Financial Management and Reporting of Capital accounts

5.4.1. Financial Management

Inclusion of a project in the capital programme and its subsequent progression to completion will be managed through the use of the Council's financial management system.

In line with the requirements of these Regulations, Budget Managers are required to carry out a monthly monitoring and forecasting process in respect of the 'actual to date' and 'forecast' position for both revenue and capital accounts.

5.4.2. Reporting

The Director of Finance is responsible, with Executive Directors, for providing a consolidated monthly report to the Executive in relation to Capital accounts.

Monthly capital reporting will be based on Capital Approval Forms (CAF), Project Closure Forms (PCF), financial monitoring and approval request reports.

At year end the Director of Finance will report to the Executive the overall Capital out-turn position at the same time as the Revenue Out-turn position is reported to the Executive.

[Back to Contents page](#)

6. External Funding / Grants

6.1. Background

External Funding in its broadest sense refers to the identification and securing of additional resources, above and beyond those normally provided to organisations, which enables them to develop and enhance the quality of their services, better meet the needs of clients and to do something that could not otherwise be achieved.

The Council relies on a significant amount of external funding to finance the service activity and specific projects / programmes needed to meet its six ambitions as highlighted in the [Corporate Plan](#).

6.2. Roles and responsibilities

6.2.1. The Director of Finance

The Director of Finance is responsible for ensuring that:-

- there are proper processes and procedures in place for the completion, authorisation and submission of applications for external funding and any subsequent claims. In practical terms this responsibility is discharged through the External Funding Team which is part of the Shared Service function within the Finance Service,
- grant applications are correctly completed and submitted by the required date with a view to maximising the income to the Council in terms of cash flow,
- all completed grant claims and certifications are approved by the Director of Finance or other authorised Finance Officers as published in The Financial Protocol ([Appendix A](#) to these Regulations) and maintained by the Director of Finance,
- all documentation related to match funding, e.g. certificates, letters of comfort, heads of terms, contracts, is approved by the Director of Finance or other authorised Finance Officers as published in the Financial Protocol,
- all statutory financial returns related to external funding are completed and submitted in line with relevant guidelines,
- the income due from grant claims is received, and
- records are kept for the reconciliation of grants due and received. Such records must have robust audit trails and meet External Audit requirements.

[Back to Contents page](#)

6.2.2. Executive Directors

Executive Directors are responsible for ensuring that;

- all available external funding is claimed. In practical terms this responsibility will be discharged by the Directors and Budget Managers within the Portfolio,
- all applications for external funding within their area of responsibility are made in line with the processes and procedures laid down by the Director of Finance,
- grant claims are prepared and submitted as required,
- where the City Council is providing match funding, all documentation as required by the funding body is duly authorised by the Director of Finance, or other authorised Finance Officers as published in the Financial Protocol. Documentation includes but is not confined to Match Funding Certificates, Letters of Comfort and Heads of Contract,
- risks to the Council are appropriately identified and managed,
- any legal implications and risks of working with partners are appropriately addressed,
- all required evidence related to the external funding body's qualifying conditions and / or criteria is collected and retained as appropriate,
- all external funding within their area of responsibility is managed using the Council's systems and processes.

6.3. Grant / External Funding accounting

All accounting processes related to external funding / grants will be controlled by the External Funding Team in the Shared Services Function of the Finance Service.

6.4. Audits of external funding

Audits of external funding shall be carried out in accordance with the conditions / criteria related to the funding.

Where there is a charge for the audit this is payable from the relevant Business Unit

6.5. Retention of documentation

All evidence required by the funding body must be collected and retained in line with the conditions / criteria related to the funding.

[Back to Contents page](#)

7. Financial Administration – Purchase to Payment

This section covers the principles related to procurement in the Council, the roles and responsibilities of officers and the principles that apply to the Council's Purchase to Payment (P2P) process. These are standard across all portfolios and must be complied with, unless an exception has been approved in writing in advance by the Director of Finance.

All Orders for goods or services are to be placed on the Council's Finance system or other systems as approved by the Director of Finance. Irrespective of the system used, the controls and processes detailed in these regulations will be applied.

All procurement must comply with Contracts Standing Orders and the Leader's Scheme of Delegation of Executive Functions,

7.1. Roles and responsibilities

7.1.1. Director of Commercial Services

The Director of Commercial Services is responsible for ensuring that the Council's Standing Orders remain technically correct, up to date and fit for purpose.

The Director of Commercial Services is responsible for ensuring that the Council's Standing Orders are adhered to and all unauthorised breaches must be reported to him / her.

All requests for a waiver of Standing Orders must be made through the Director of Commercial Services.

The Director of Commercial Services is responsible for ensuring there are proper processes and procedures in place for the commissioning and procurement of goods and / or services and for providing advice and guidance on the procurement process.

7.1.2. Director of Finance

The Director of Finance is responsible for ensuring that training and guidance is available for officers involved in the P2P process, including the use of the Council's finance system.

The Director of Finance will ensure that VAT related records e.g. invoices or credit notes, are stored and made available in line with H.M. Revenue and Customs (HMRC) directives.

The Director of Finance will ensure compliance with the requirements of the Construction Industry Tax Deduction Scheme (CITDS) in relation to the payment of invoices relating to repairs and renovation over the stipulated monetary limits.

The Director of Finance will ensure that, where required, employment status of individuals are validated and all related records are stored and made available in line with HMRC directives.

The Director of Finance will be responsible for the approval and administration of all leasing and other credit arrangements. Records will be kept by the Director of Finance of all relevant financial information relating to these arrangements.

[Back to Contents page](#)

7.1.3. Director of Finance and Executive Directors

The Director of Finance and Executive Directors are responsible for ensuring that all purchasing within their area of responsibility complies with the following principles:

- Expenditure shall not be incurred where it represents a departure from Council policy or where it is not in accordance with the approved Budget unless such expenditure is considered a matter of urgency. In these cases the Director of Finance must be consulted before incurring such expenditure.
- Where any consents are required from a Government Department or other relevant body, these shall be obtained before any expenditure or commitment is incurred.
- Appropriate controls must be in place that ensures the integrity of expenditure incurred in the name of the Council and constrains expenditure within the legal powers of the Council.

The Director of Finance and Executive Directors are also responsible for ensuring that purchasing to payment arrangements within their area of responsibility comply with;

- these Regulations
- the Council's Constitution,
- the Leader's Scheme of Delegation of Executive Functions,
- Standing Orders for Contracts,
- Procurement policies
- The Guide for the Procurement of Consultancy
- HMRC requirements for checking employment status of individuals or groups of workers
- Corporate financial policies and standards
- EU and domestic law,
- Health and Safety Regulations
- Environmental Policy

The Director of Finance and Executive Directors will be responsible for ensuring that all suppliers providing services to the Council have the necessary HMRC certification enabling them to be paid through the Council's payments system. Contractors failing to comply with the conditions or to provide evidence of the necessary certification should be set up as temporary employees of the Council and paid through the payroll.

[Back to Contents page](#)

7.1.4. Budget Managers

Budget Managers with responsibility for incurring expenditure on behalf of the Council must ensure that the Council is obtaining value for money and that all expenditure complies with the Council's Contracts Standing Orders.

Budget Managers are responsible for ensuring that In–House and Corporate Contract providers are used wherever possible. Where this is not considered appropriate, advice must be sought from Commercial Services on choosing an alternative supplier and Contracts Standing Orders must be complied with.

Budget Managers must ensure that any relationships with existing or potential Council contractors are declared prior to the obtaining of quotations or the awarding of contracts.

7.1.5. All Officers involved in P2P process

All officers involved in the ordering and purchasing processes must refer to the Council's Contracts Standing Orders for details of procurement procedures to be followed, with special attention to the need to use In–House and Corporate Contract providers.

Officers must formally declare any relationships with existing or potential Council contractors prior to the obtaining of quotations or the awarding of contracts.

Officers must withdraw from any P2P process when either they themselves or a member of their family or one of their close associates are involved directly or indirectly with the transaction.

Officers' attention is drawn to the provisions of Section 117, Local Government Act 1972, under which certain failures by an Officer to declare an interest in a contract with the Council may be punishable as a criminal offence.

7.1.6. Ordering of goods and services

A purchase order is required for all purchases of goods and services and one must be processed before requesting the supply.

An exception to this would be for the payment of utilities as defined by Financial Policy 3.2. paragraph 36

Verbal orders must not be used in normal Council operations. Verbal orders should take place only in wholly exceptional circumstances and must be followed immediately by the issue of a fully authorised order. Officers making verbal orders can expect to be asked to support their decision by the Director of Finance and Director of Commercial Services.

Different Purchase Order types are in place to meet expenditure requirements including those that are not for the supply of goods or services

Orders must fully detail the goods and services to be supplied and the budget from which the expenditure is to be met. Final costs or an estimate of the costs of the goods or services ordered (net of VAT) should also be provided.

[Back to Contents page](#)

Orders over £250 will require a declaration form to be completed as part of the order process to evidence that the proper procurement process has been followed.

Orders must only be raised for goods and services provided to the Council or on official Council business. Individuals must not raise official orders for their own private use.

Variations must only be actioned through properly authorised amendments to orders. Issued orders must not be amended verbally with the supplier.

7.2. Authorisation

Before authorising the order, Approvers must ensure that the proper approval for the spending has been obtained in line with the Council's decision making framework. In other words, the decision to spend the money must have been taken by Council, the Leader, Cabinet, a Community Assembly or a committee, an individual Member or Officer exercising delegated powers.

These Officers must also ensure that the Council's procurement rules and Standing Orders have been complied with before approving any order.

Authorisation in accordance with the requirements set out below is not a substitute for formal approval as required by Leader's Scheme, the Council's Standing Orders and Procurement Policy

Before authorising an order, managers, who must have written delegated authority from the Head of Service, should be satisfied:-

- that the Order represents legitimate liabilities of the Council,
- that the required checks have been evidenced,
- that sufficient budgetary provision exists to cover the payment,
- that the expenditure is correctly coded, and
- that all necessary documentation is attached

[Back to Contents page](#)

7.2.1. Authorisation Matrix

The list of Officers authorised to approve Purchase Orders will comply with this section of the Regulations and will be held in the Council's Finance System.

All purchase orders must be approved in line with the Council's authorisation matrix as shown below.

Order Amount	Authorisation Level
£0 - £249	Supervisor / Line Manager
£250 - £499	Middle Manager
£500 - £2,499	Business Unit Manager
£2,500 - £24,999	Assistant Head of Service / Assistant Director
Over £25,000	Head of Service / Director / Asst Chief Executive / Chief Executive
Orders over £250 must also be reviewed by the Council's Commercial Processes Team to ensure compliance with Council Standing Orders etc	

The values in this matrix are set at levels deemed necessary by the Director of Finance for the proper control of expenditure.

Where, after consultation, the Director of Finance considers that the values should be revised in order to maintain that control, she / he may change them at any time.

For the avoidance of doubt, this matrix will apply to all orders including orders connected to the spending of Grant funding, contract payments and partnership arrangements where the Council's finance system is used to make a payment.

The existence of a Cabinet report approving a grant payment or awarding a contract does not over-ride the authorisation matrix.

[Back to Contents page](#)

7.3. Delivery of Goods and Services

Deliveries of goods and services should be checked to ensure that they are in accordance with official order, taking account of, as a minimum;

- cost
- quantity
- quality, and
- fitness for purpose

Delivery notes must be retained for verification purposes in accordance with the Retention of Documents requirements.

Officers are required to make an entry on the council's finance system to confirm delivery of the goods or services, by attaching either a scanned image of the delivery note, or by making a note on the order header.

7.4. Payment of Invoices

No payment will be made unless supported by an appropriately authorised Purchase Order.

All invoices should be sent directly to the Council's outsourced provider of the accounts payable service for prompt processing. Failure to do this may result in delays to the payment process.

Invoices will be scanned and attached to the invoice records by the outsourced provider of the accounts payable service.

The Council's standard payment terms are 30 calendar days from the date that a valid invoice is received by the Council. Variations to this standard must be agreed by the Director of Commercial Services either as part of the letting of a contract or by ad-hoc exception to the standard terms.

In accordance with the [Council's Standing Orders \(C.4.7\)](#) advice must be sought from Director of Commercial Services where a supplier makes a request for payment in advance.

7.4.1. Matching

Supplier Invoices will go direct to the outsourced provider of the Accounts Payable service where it will be scanned and attached to the invoice records in OEO.

After the invoice has been logged and, as soon as the goods have been received to the council's satisfaction, the person raising the order or other authorised Officer must match the invoice to the approved order.

The matching process will clear the invoice for payment in accordance with the payment timescales recorded on the Council's finance system.

[Back to Contents page](#)

8. Financial Administration : Income

This section covers the principles that apply to charges set by, income collected and all debt raised by the Council and the detailed rules applicable to Sundry Debt.

Separate detailed rules apply to the collection of Housing Rent, Council Tax, Business Rates and Benefit Overpayment debt and are not covered by these Regulations.

8.1. Roles and responsibilities

8.1.1. The Executive

In accordance with the [Leader's Scheme](#) the Executive is responsible for agreeing the overall charging policy for fees and charges levied by the Council, even if the actual level of the charge is set by an outside body i.e. Government. In this context Fees and charges excludes Council house rents, Council Tax, National Non-domestic Rates and Housing Benefit overpayments.

Fees and charges are normally set as part of Business Planning process and recommendation of changes should be made as part of the Annual Revenue Budget Report to Council.

Any changes in Fees and Charges that are not approved as part of the Annual Revenue Budget Report to Council must be approved in line with the requirements of the [Leader's Scheme](#).

8.1.2. Individual Cabinet members

The [Leader's Scheme](#) may provide for Individual Cabinet Members having responsibility for agreeing changes to existing fees and charges in relation to their Portfolio areas.

8.1.3. Director of Finance

The Director of Finance is responsible for developing and maintaining an Income policy on behalf of the Council. The income policy will take account of such factors as statutory obligations and Council policies and will be reviewed at least annually.

The Director of Finance is responsible for providing training and advice on the raising of invoices. On a day-to-day basis this responsibility is discharged by the Financial Systems Support Group within the Shared Services function of the Finance Service.

The Director of Finance is responsible for all debt recovery actions except Housing Rents.

In respect of sundry debt this responsibility is discharged by the Debt Recovery Team within the Shared Services function of the Finance Service.

[Back to Contents page](#)

In respect of Council Tax debt this responsibility is discharged by the Revenues and Benefits Team within the Shared Services function of the Finance Service

The Director of Finance is responsible for providing advice on best practice for cash storage and banking.

The Director of Finance is also responsible for receiving disclosures about Money Laundering activities within the Council

8.1.4. The Director of Transformation Services and Performance

The Director of Transformation Services and Performance is responsible for providing insurance cover for cash and cheques awaiting banking as requested by Executive Directors.

8.1.5. Executive Directors

Executive Directors are responsible for seeking, where appropriate, to recover the cost of their services through setting fair fees and charges in line with the 'Fair Charging Policy' contained within the 'Future Shape Policy Handbook' (August 2010) and all statutory guidance.

Executive Directors are responsible for having arrangements in place for payment up front wherever possible and for having appropriate arrangements for the storage and banking of cash and cheques. They are also responsible for requesting insurance cover for this cash and cheques.

Where accounts are raised in respect of charges for works done, goods supplied or services rendered on behalf of the Council and all other income due to the Council, Executive Directors are responsible for ensuring they are raised and issued to the customer(s) concerned in accordance with these regulations and all associated policies and procedures.

To effect this, Executive Directors are responsible for ensuring that their staff receive training and follow the published guidance on invoice raising.

Income and Sundry debt processes can be susceptible to money laundering activities. Executive Directors are responsible for ensuring that their staff are aware of this possibility and comply with the Council's Anti – Money Laundering Policy.

8.2. Payment of fees and charges

8.2.1. Payment Up Front

Wherever possible, customers must pay for services up-front. This avoids the need for invoicing thus reducing administration costs to the Council, and the potential for invoices not being paid by customers.

Where there are significant cash payments, i.e. £1,000 or more in cash, or up to £2,500 in linked transactions, officers should check the identity of the client in line with the Council's Anti – Money Laundering Policy.

Payments in cash must not be accepted by employees of the Council or any of its agents where the amount is over the limit to be determined by the Council's Money Laundering Reporting Officer. Currently (June 2011) the limit has been determined as £2500.

[Back to Contents page](#)

8.2.2. Billing

It is critical to any future recover process that the information on an invoice is correct, complete and supported by all necessary and relevant information. To ensure this, invoices sent on behalf of the Council must only be raised by trained Officers.

In line with standard accounting practice income will be credited to the relevant Business Unit at the point the invoice is raised not when it is actually received.

8.2.3. Refunds / Credit Notes

Credit notes are required for an invoice that is incorrectly raised. However, credit notes represent a control risk and as such must be properly authorised. Credit notes must be authorised jointly by the manager responsible for the budget affected and the Director of Finance or his / her designated Officers.

Refunds are required if a customer or other member of the public has paid an incorrect invoice or has paid money into a Council bank account in error. Refunds may only be actioned by the Director of Finance or his / her designated Officers.

Where a refund is for a significant amount, i.e. £1,000 or more, officers should check the identity of the client in line with the Council's Anti – Money Laundering Policy.

8.3. **Debt Recovery**

8.3.1. Recovery process

The Council will undertake robust action including Court action to recover money owed to it.

8.3.2. Bad and Doubtful Debt Provisions

If a debt is not paid within 60 days and no arrangement to pay is in place, a full provision will be made for the debt. A permanent charge will be made against the Business Unit meaning that, even if the debt is subsequently paid the Business Unit will not receive the income.

Creating a provision for bad or doubtful debt does not mean that recovery action will stop. The Council will continue to take recovery action after the provision is made.

Debts are not subject to 60 day bad debt provision where:

- an arrangement to pay has been agreed
- the account has been put into dispute, or
- the debt is covered by a Charge (e.g. on property, land etc.)

[Back to Contents page](#)

8.3.3. Write-offs

If recovery action is unsuccessful, the Council may write-off debts owed to it. Writing a debt off involves removing a debt from the Council's accounts using money that has been set aside as part of the bad and doubtful debt provision.

By the time a debt is written off, a full provision must have been created for it and reported to Members as part of the budget monitoring process.

Writing off of debts will only be done in exceptional circumstances and will be proposed by the relevant Executive Director and approved and actioned by the Director of Finance.

[Back to Contents page](#)

9. Financial Administration : Bank Accounts and Banking Arrangements

9.1. Bank Accounts

Bank accounts in the name of the authority may only be opened and / or closed with the authority of the Director of Finance. This includes associated bank accounts which the Council does not directly control, e.g. joint arrangements etc. The Director of Finance is responsible for all negotiations of banking terms with the Council's Bankers.

9.2. Credit cards etc

Credit cards, charge cards and other payment methods held in the Council's name may only be opened, closed and managed by the Director of Finance.

9.3. Collection and receipt of income

9.3.1. Separation of duties

The system adopted for the collection and banking of income will incorporate the separation of duties between the following functions as a principal form of internal control;

- Identification of charges or booking.
- Billing.
- Collection and receipt of income.
- Reconciliation of receipts to income.
- Banking.
- Monitoring of balances received, banked and outstanding.

No one officer should be responsible for all of the above functions. All transfers of money between members of staff shall be evidenced by the recorded signature of the officer receiving the money.

9.3.2. Safe storage of collected income

Executive Directors are responsible for ensuring that all income collected prior to banking is safeguarded and that adequate insurance cover has been arranged. The Director of Finance will advise on best practice for cash storage and banking.

The Director of Transformation Services and Performance is responsible for providing insurance cover for cash and cheques awaiting banking as requested by Executive Directors and providing the insurance cover requested by Executive Directors.

9.3.3. Banking of income

All income received on behalf of the Council must be receipted and paid into the appropriate bank account without unnecessary delay and, except on the approval of the Director of Finance, without deduction. Third party and personal cheques must not be cashed from monies held on behalf of the Council.

[Back to Contents page](#)

9.3.4. Reconciliations

Bank reconciliations should be completed on at least a monthly basis by an officer who is not responsible for the processing of payment and receipt transactions through the bank accounts. The Director of Finance will ensure that reconciliations, together with supporting documentation, are reviewed and appropriately certified.

Reconciliation of receipts to banked income should be performed on a regular basis and at least monthly, reflecting the value of the receipts. Staff responsible for reconciliation should not be involved in day to day banking or receipting procedures.

9.4. Banking arrangements

The Director of Finance will maintain an authorised signature list for Banking Transactions.

For Banking Transactions, the authorised signatories will be determined and approved by the Director of Finance in consultation with the Individual Cabinet Member for Finance. Authorised Signatories will normally be senior Officers who report directly to the Director of Finance.

A copy of the list is available in the [Financial Protocol](#) appended to these Regulations.

10. Financial Administration : Payroll, Expenses and Petty Cash Floats

10.1. Payroll

The payment of all salaries, wages, pensions, expenses and any other payments to all employees and former employees of the Council should only be made under arrangements approved and controlled by the Director of Human Resources and approved by the Director of Finance.

Changes to the accounting and taxation elements of the payroll system must be approved by the Director of Finance.

Executive Directors are responsible for ensuring that payroll information is correct and that information is provided within the agreed timetables for the running of the payroll.

Amendments to the payroll, e.g. for absences and variations to pay, shall be limited to those Officers authorised to do so.

Executive Directors will ensure that payroll costs are checked by officers not responsible for amendments to the payroll on at least an annual basis.

Payment and personnel records should be held securely.

10.2. Expenses

Members and officers will only be entitled to travel, subsistence and incidental expenses where these are incurred legitimately in performing duties on behalf of the Council in line with the agreed policy and rates. Claims should be made in line with relevant Council policies including the requirement to provide receipts. All such payments will be made through the payroll system.

[Back to Contents page](#)

10.3. Petty Cash floats

The use of monies from petty cash floats must be limited to minor non-payroll items for which there is proper authority and provision in the budget and which do not justify an order being raised through the accounts payable system. Petty cash should not be used for the payment of regular suppliers other than in exceptional circumstances, when prior approval should be obtained from Heads of Service.

Executive Directors are authorised to determine the petty cash requirements for their Directorate subject to Financial Policy 3.11 - Petty Cash and Floats. The officer responsible for the cash float must sign to formally accept responsibility for it.

Staff authorised to hold petty cash are responsible for:

- Obtaining proper receipts etc for all cash payments made.
- Obtaining receipts which identify and support the reclaiming of VAT paid through petty cash transactions.
- Retaining VAT receipts in line with the requirements of H. M. Revenue and Customs.
- Ensuring the safe custody of cash.
- Reconciling the float either at the time of reimbursement or monthly, whichever is the more frequent.
- Producing on demand to the auditor or other authorised person, cash or voucher receipts equal to the total petty cash issued.

Cash income from other sources should not be used to reimburse petty cash unless specific arrangements are in place.

The use of personal credit cards by officers for petty cash transactions shall be limited to **exceptional** circumstances where petty cash would be appropriate but is not available.

Personal or third party cheques must not be cashed or money borrowed from petty cash floats. Private monies are not to be used to supplement the floats.

[Back to Contents page](#)

11. Financial Administration: Taxation

The Director of Finance is responsible for the preparation and submission of VAT Returns to H M Revenue and Customs. Such Returns are to be submitted at times which maximise the cash flow benefit to the Council, but in any event not later than the deadlines agreed with H. M. Revenue and Customs..

The Director of Finance will ensure that appropriate taxation advice is available to Executive Directors to ensure compliance with relevant legislation. Executive Directors must ensure that Officers in their Portfolios make appropriate use of the available taxation advice.

The Director of Finance and Executive Directors are responsible for;

- ensuring that VAT is properly accounted for on all transactions entered into by the Council,
- compliance with all VAT legislation and regulations applying to the delivery of their service, and
- monitoring and planning for any changes in VAT legislation or regulations which affect their areas of activity.

Executive Directors are responsible for ensuring that the VAT element of any transaction is considered with the objective of minimising the level of irrecoverable VAT being incurred by the Council.

Executive Directors must advise the Director of Finance of any capital projects which are under consideration which contain the risk of irrecoverable VAT being incurred by the Council, whether by way of exempt input tax or otherwise.

They are responsible for planning service delivery and projects with a view to maximising VAT recovery where this is consistent with effective delivery of the service.

Portfolio budgets will bear the financial impact of any penalties or other charges imposed by H M Revenue and Customs in respect of transactions entered into by that Portfolio.

[Back to Contents page](#)

12. Financial Administration: Stores, Stock, Equipment and Security

Executive Directors are responsible for the care, custody and recording of stocks and equipment. This will include the following:

- Controlling access to stores etc and ensuring that stocks and assets are only used on Council business.
- Ensuring that arrangements are sufficient to ensure that additions to, as well as issues from, stock are controlled and accurately entered on the appropriate records.
- Maintaining a record of stock in hand of each item held to be physically checked at a frequency determined by Executive Directors which reflects such factors as stock values, usage etc.
- Maintaining a register of assets removed from Council premises. This includes but is not limited to assets such as laptops, mobile phones, Blackberries and RAS cards issued to officers.
- Maintaining an inventory of all assets over £100 in value, together with all attractive and portable items below this figure. The inventory should detail make, model, serial number and purchase value. Items should be recorded promptly in the inventory, at the point of purchase. The inventory should as a minimum be checked on an annual basis by physical verification of assets by an officer not involved in its compilation. A list of missing items should be provided to the Heads of Service, who will decide on the action to be taken.
- Reporting obsolete items to the relevant Head of Service for approval to write-off. Following formal, documented approval, the relevant Inventory Records should be amended accordingly.

Assets shall not be removed from the Council's premises, unless on official Council business and should not be used other than for official Council purposes or in line with arrangements sanctioned by the Council, Cabinet, an Executive Director or a Director.

All information assets such as non-public paper records, IT equipment used to access information and the computer network, must be identified, recorded and have an appointed asset owner and be appropriately protected at all times. Further details can be found in the Information Security Policy.

Some external funding regimes require specific arrangement for recording the equipment that is purchased and used to deliver the objectives of the funding. Executive Directors are responsible for ensuring that all requirements are met in this respect.

Executive Directors will provide the Director of Finance with a certificate of the stock and value held by their Portfolios at the end of each financial year as well as such information as is required in relation to stores for the accounting, costing and financial records.

[Back to Contents page](#)

13. Financial Administration : Retention of Records

Executive Directors will ensure that all business records are retained for a period that satisfies the requirements of H M Revenue and Customs, the Council's External Auditors and any other appropriate Body.

The Director of Finance will produce and maintain a policy on the retention periods covering financial records in accordance with current best practice. For any service specific records, Executive Directors are responsible for determining the retention periods with the appropriate external bodies.

14. Financial Systems

The Council's finance system is Oracle Enterprise One and this system will be the Council's prime source of accounting and financial information

14.1. Roles and responsibilities

14.1.1. Director of Finance

The Director of Finance is responsible for the Council's accounting system from which the Council's audited Accounts are produced.

The Director of Finance is responsible for controlling access to the Council's systems and information and for ensuring both the accuracy and security of the data.

The Director of Finance will ensure that the financial controls of systems interfacing with the corporate accounting system are robust and in line with the Council's information governance policies.

14.1.2. Executive Directors

Executive Directors are responsible for reconciling relevant feeder systems back to the information reported in the corporate accounting system.

Executive Directors are responsible for ensuring that Portfolio systems, e.g. CareFirst, produce financial returns in a format and to timescales required by the Director of Finance.

Executive Directors are responsible for controlling the access to Portfolio systems and information, and for ensuring both the accuracy and security of the data.

Executive Directors, in consultation with the Data Protection and Information Security Officer, are responsible for ensuring that the data held on their systems, whether held as hard copy or in electronic format, is in accordance with EU or domestic data protection legislation. Business Partners from the Business Information Systems (BIS) Team should be consulted for advice and guidance on data protection and information management issues.

Executive Directors must ensure consultation with the Director of Finance and their Business Information Systems Business Partner prior to the purchase and implementation of any new computerised financial systems.

[Back to Contents page](#)

15. Accounting

The Director of Finance is responsible for the form and content of the Council's Accounts and for producing the Council's Accounts for approval by the Audit Committee.

The Accounts must present a true and fair view of the financial position and transactions in respect of that financial year and be prepared in accordance with statutory requirements and all applicable professional Codes of Practice.

The Accounts will be prepared on an accruals basis.

The Accounts will be prepared on a prudent basis with income only included if it is likely to be received. Proper allowance should be made for known liabilities and losses.

15.1. Accounting during the Financial Year

All Accounts and Accounting Systems must be properly maintained throughout the year to provide timely and accurate information.

All financial transactions must be properly accounted for and adequately supported and referenced back to original documents and working papers which initiated the transaction.

Holding and Suspense Accounts must be reconciled at least once monthly. Reconciliations must be produced and authorised by Officers not directly responsible for the transactions in the accounts.

Control accounts, e.g. debtors and Bank Accounts, must be reconciled on a monthly basis.

Access to accounting information will be controlled by the Director of Finance.

15.2. Year-end Requirements

At the end of each financial year the Director of Finance will produce a timetable and notes of guidance for the production of Final Accounts.

All balances on Control Accounts, e.g. Debtor Control, must be justified. Balances may only be carried forward into the next year if there is a reasonable prospect that they will be cleared.

The Accounts for the year should be "closed" at the end of business on 31 March and all income received and payments made to that date must be accounted for. The Officers responsible must certify sums held, i.e. not banked, at the close of business on 31 March.

Accruals must be supported by evidence and the Director of Finance will require copies of evidence for material accruals. The process and amounts will be specified in the year-end guidance issued by the Director of Finance.

[Back to Contents page](#)

The Officers responsible for cash floats and other cash accounts must balance and certify the amount of cash held at the close of business on 31 March.

Officers responsible for stocktaking must certify the value of stock / stores at close of business on 31 March.

Expenditure and Income due for the year, but not paid or received by 31 March must be accounted for. The Officers responsible must certify the transactions concerned.

Appropriate working papers, records and prime documentation must be maintained in support of the above requirements. These will be used to substantiate the Accounts and provide a clear Audit trail.

16. Internal Audit

The Council's S151 Officer is responsible for maintaining a continuous internal audit of all the Council's financial records and operations, and shall be given such facilities, information and explanations as is deemed necessary to enable this to be done. Internal Audit has been provided with the authority to access any Council Officer and information necessary to carry out their duties on behalf of the Section 151 Officer.

The scope of Internal Audit includes all of the Council's operations, resources, services and responsibilities in relation to other bodies. The Council's fundamental financial systems are subject to a degree of inspection on an annual basis, whilst Internal Audit also identifies other financial and non-financial systems and functions as important areas for review.

Internal Audit produces an annual plan which is agreed by the Audit Committee and the Council's Section 151 Officer. This plan is designed to cover the most significant risks faced. Executive Directors and Directors have a responsibility to inform Internal Audit of the risks that are prevalent in their area as part of the audit planning process.

Audit recommendations are discussed with management who are responsible for agreeing and implementing recommendations. The responsibility to manage risk always resides with management as per the Council's Risk Management Framework.

Internal Audit report the output of its activity to the Council's Audit Committee.

Executive Directors are responsible for ensuring that they have in place adequate processes for ensuring that the Section 151 Officer is immediately notified of any circumstances indicating the possibility, or actual identification, of irregularity in funds, stores or other property of the Council are discovered. The reporting of such matters to the Council's Internal Audit Service shall be considered adequate for discharging this responsibility.

The Council's "Code of Conduct for Employees" and 'Whistleblowing Policy' as contained in [Part 5 of the Council's Constitution](#) requires any Council officer, who becomes aware of potential theft, fraud or corruption, to bring any concerns to the attention of the appropriate manager.

All employees of the Council are required to conduct themselves and carry out their duties in line with the requirements of the Code of Conduct and to comply with all Council agreed policies and procedures.

[Back to Contents page](#)

17. Companies, Joint Ventures, Partnerships, Joint Committees etc

Where the Council has a controlling interest in Companies, Joint Ventures, Partnerships, Joint Committees, or is the Lead Authority, then these organisations will be required to use the Council's finance system and to follow these regulations.

Where the Council is involved as a minority interest in partnership arrangements or Joint Committees that use their own finance systems, the arrangement must include an agreement on appropriate, robust financial governance control arrangements to the satisfaction of the Director of Finance. In these circumstances the controls in these Regulations will be used as a starting point for that agreement

No agreement shall be entered into with a Partnership which commits the Council to additional expenditure or other financial risk without approval as set out in the arrangements contained in other sections of the Regulations.

The relevant Executive Director, in conjunction with the Director of Finance will report at least annually to the appropriate portfolio holding Member and the Cabinet Member for Finance on the financial affairs of the partnership body.

18. Grant (Gift) Aid

18.1. Roles and Responsibilities

18.1.1. Director of Commercial Services

The Director of Commercial Services is responsible for ensuring there are proper processes and procedures in place for the commissioning and procurement of goods and / or services, and for the making of grant aid or 'investing' agreements.

18.1.2. Executive Directors

Executive Directors are responsible for ensuring that any Grant / Gift Aid arrangements within their area of responsibility are made in line with the [Commissioning and Procurement Policy](#), and all other relevant processes and procedures.

Executive Directors are responsible for ensuring that all grant payments to voluntary organisations or other recipients of grant aid are properly approved in accordance with the Leader's Scheme of Delegation of Executive Functions, these Regulations and all other relevant documentation.

Executive Directors are also responsible for ensuring that the external relationship is managed in accordance with all guidance provided by the Director of Legal Services.

[Back to Contents page](#)

Appendices

A. Financial Protocol for Financial Year []

A.1. Introduction

The Council's Financial Regulations set out the high level financial rules within which all officers are required to work, without exception. More detailed Financial Policies and Procedures are available on the intranet that set out how the detailed processes underpinning these Regulations operate.

This annual Financial Protocol complements the Regulations and Policies by describing the roles and relationships of the main parties involved in the Council's financial management arrangements. It is therefore a means to help ensure that those roles and relationships;

- ensure adherence to Financial Regulations and Policies;
- help the Council to achieve Sound Financial Management and work towards World Class standards;
- support the statutory ("section 151" – see below) duties of its Chief Finance Officer.

The Protocol will be refreshed annually by the Director of Finance for signing off with Executive Directors and Directors of Business Strategy.

A.2. Role of the Executive Director - Resources

The Executive Director – Resources will be the responsible officer (Chief Finance Officer - CFO) for the purposes of s151 of the Local Government Act 1972 and s114 of the Local Government Finance Act 1988. The Executive Director – Resources therefore has a statutory responsibility to ensure that the Council makes arrangements for the proper administration of the Council's financial affairs. This includes ensuring the production and monitoring of these Financial Regulations. The Executive Director – Resources will recommend amendments to these Financial Regulations to the Council where she / he considers these to be in line with any changes to recommended best practice or essential service requirements or otherwise appropriate.

The Executive Director – Resources, as a member of the Council's Executive Management Team will ensure that the s151 role is discharged at this strategic level. On a day-to-day basis all s151 responsibilities may be discharged by the Director of Finance, who will act on behalf of the Executive Director – Resources in ensuring proper discharge of these statutory responsibilities. The Director of Finance is authorised to sign any and all grant claims, statutory returns or other documents that require the authority of the s151 officer on behalf of the Council. Nothing in this paragraph diminishes the ultimate financial responsibility of the Director of Corporate Resources.

[Back to Contents page](#)

A.3. Role of the Director of Finance

A.3.1. Statutory requirements

The Executive Director – Resources is the Council’s responsible officer (Chief Financial Officer - CFO) for the purposes of s151 of the Local Government Act 1972 and s114 of the Local Government Finance Act 1988. On a day-to-day basis these duties are discharged by the Director of Finance.

The duties of the CFO can be summarised as:

- s151 – One officer shall have the responsibility to ensure that the local authority makes arrangements for the proper administration of its financial affairs.
- s114/114A - The CFO shall make a report if it appears to him / her that the Authority, a Committee, an Officer, the Executive or someone on behalf of the Executive;
 - has made, or is about to make, a decision involving the authority incurring expenditure which is unlawful,
 - has taken, or is about to take, action which if pursued would be unlawful and likely to cause loss or deficiency on part of the authority, or
 - is about to make an unlawful entry in the accounts

The CFO shall also make a report if it appears that expenditure of the authority is likely to exceed its resources.

A.3.2. Contravention of Standing Orders

In addition to the above statutory requirements, the CFO shall make a report if, in his / her view, Standing Orders have been contravened.

A.3.3. Responsibility for the Finance Service

The Director of Finance is responsible for the whole of the unified finance service within the Council. Beyond its statutory duties the Finance Service will:

- lead on the corporate financial strategy for the Council, in conjunction with the Executive Management Team,
- set clear corporate standards for “world class” financial management and ensure adherence to them,
- provide an effective business partner service to Portfolios,
- maximise efficiency and effectiveness by providing excellent shared and self service financial services,
- ensure that finance staff are confident and competent in their duties, and
- provide support and training for service managers in finance competencies.

[Back to Contents page](#)

A.3.4. Financial implications of all decisions

The financial implications of all decisions, through reports or other means, will be signed off by Finance Business Partners on behalf of the Director of Finance or directly by the Director of Finance as appropriate.

Directors of Business Strategy will also need to be involved in this process but they cannot substitute for the Finance Business Partners. The Council's Financial Regulations set out the rules for reporting financial implications.

A.3.5. Financial Returns and Grant Claims

The Director of Finance or authorised Finance Officers will sign-off all Financial Returns and Grant Claims for the Council. Details of the authorised Finance Officers are shown below and will be published alongside the Constitution as amended from time to time. The authorised Finance Officers will be responsible for signing returns / claims relating to their managerial areas of responsibility but will also authorise other returns / claims in the absence of the Director of Finance.

Deputy Director of Finance (Strategic Finance)	Allan Rainford	Grants and returns relating to Strategic Finance and other corporate issues.
Assistant Director of Finance	Andy Dolling	Grants and returns relating to Shared Services
Assistant Director of Finance (Place, Resources and Deputy Chief Executive's Portfolio and Capital)	Paul Schofield	Grants and returns relating to Place, Resources and DCX Portfolio's.
Assistant Director of Finance (Communities Portfolio)	Elizabeth Orme	Grants and returns relating to Communities Portfolio Revenues & Benefits
Assistant Director of Finance (Children, Young People and Families Portfolio)	Laura Pattman	Grants and returns relating to CYPF Portfolio

[Back to Contents page](#)

A.3.6. Documentation related to banking transactions

The Director of Finance or authorised Finance Officers will sign-off documentation related to banking transactions (see Section 9.4 of the Financial Regulations). The authorised Finance Officers, as per Band A Report of 6th Oct 2010, are;

Executive Director of Resources	Lorraine Manley
Director of Finance	Eugene Walker
Deputy Director of Finance (Strategic Finance)	Allan Rainford
Assistant Director of Finance (Shared Services)	Andy Dolling
Assistant Director of Finance (Project & Commercial)	David Belton
Assistant Director of Finance (CYPF)	Laura Pattman
Assistant Director of Finance (Communities and Revenues & Benefits)	Elizabeth Orme
Assistant Director of Finance (DCX/Place/Resources/ Capital)	Paul Schofield
Financial Services Manager (DCX/Place/Resources)	Chris Nicholson
Financial Services Manager (Communities)	Ray Wright
Financial Services Manager (Capital)	Mike Thomas
Financial Services Manager (CYPF)	John Plant

[Back to Contents page](#)

A.3.7. The Finance Business Partner

The Director of Finance will designate Finance Business Partner resources to provide financial advice and support to each Portfolio. The Finance Business Partners will be part of the unified finance service and their line report will be within the Director of Finance's structure. They will be held accountable for their performance to the Portfolio via the Director of Business Strategy role on behalf of the Executive Director and PLT. The ultimate responsibility for performance of the Finance Business Partner role remains with the Director of Finance.

The Director of Finance will ensure that arrangements are in place to effectively manage the relationships between Finance Business Partners and their services, Directors of Business Strategy and Executive Directors.

A.4. Role of the Executive Director:

A.4.1. Responsibility to run services within cash allocation

The Executive Director reconfirms his / her responsibility to run services within the cash allocation agreed at the special meeting of the Sheffield City Council on 4 March 2011, subject to subsequent adjustments approved within the Council's Financial Regulations, Constitution and Leader's Scheme of Delegation of Executive Functions.

A.4.2. Framework of Financial Accountability

In order to meet the statutory requirements and to protect the Council's overall financial interest the Executive Director agrees that;

- they have in place a clear, written accountability framework for the budgets held by each service and Business Unit / cost centre manager,
- arrangements are in place to ensure that the Portfolio has a clear framework for ensuring compliance with the Council's Financial Regulations and Financial Policies,
- their Director of Business Strategy will liaise with the Finance Business Partners and provide assurance annually to the Executive Director and Executive Director – Resources that the arrangements are sound;

Details are attached of the resource / cost centre hierarchy within the Portfolio and this shows how budget / financial responsibility is delegated from Executive Director to service managers and cost centre managers. Executive Directors are responsible for ensuring that these arrangements are working effectively, that there are proper arrangements for making managers accountable for the use of financial resources and for reviewing financial management performance.

[Back to Contents page](#)

A.4.3. Provision of financial advice to Portfolio

Finance Business Partners will act on behalf of the Director of Finance in their Portfolio and will be given the access to information and meetings that this requires.

The Finance Business Partner will be the professional financial adviser to the Portfolio and will agree the Financial Implications of all reports.

A.5. Joint Responsibilities of the Director of Finance and Executive Directors

The Executive Directors and Director of Finance will work co-operatively within the Council's Financial Regulations to ensure the effective management of the Council's financial arrangements. This will involve a commitment to influence the culture of financial management in the Council through joint working of core and business partner finance staff and the relationships between Finance Business Partners and service managers in areas such as:

- ensuring there are adequate forums for staff meetings and communications, e.g. between Finance Business Partners and Directors of Business Strategy and between Finance Business Partners and other Directors,
- training and development of finance staff and service managers to meet required financial competencies, and
- rotation and secondment of Finance Service staff to meet service needs and individual development needs.

A.6. Role of the Directors of Business Strategy

A.6.1. General responsibilities of the Directors of Business Strategy

The Director of Business Strategy (DoBS) is responsible for ensuring that:

- the Executive Director - Resources' S151 responsibilities can be discharged.
- Portfolio business is conducted in a manner that meets the highest standards of financial management, and
- the resources of the Portfolio's services are targeted at priorities and demonstrate value for money.

A.6.2. Reporting of financial issues

In relation to financial issues and implications the Director of Business Strategy is responsible for;

- making an immediate report to the Director of Finance on any financial issues of significance
- ensuring that financial implications are brought to the attention of PLT or other decision making bodies in the Portfolio, and
- ensuring that no decisions with financial implications are considered or made without being signed off by the Finance Business Partner.

[Back to Contents page](#)

A.6.3. Framework of Financial Accountability

The Director of Business Strategy is responsible for;

- agreeing a framework for financial accountability with the Finance Business Partners,
- providing annual assurance to the Executive Director and Director of Finance on the accountability frameworks for budgets and compliance with financial regulations,
- working closely with the Finance Business Partner(s) for the Portfolio to agree a more detailed protocol on roles with the Director of Finance and Finance Business Partner for key processes such as the financial strategy and budget monitoring.

A.6.4. Collaboration and Communication.

The Director of Business Strategy is responsible for ensuring that;

- the Finance Business Partner has direct access to PLT or other meetings in the Portfolio when required,
- there are opportunities for regular liaison with the Finance Business Partners and Director of Finance,
- the Finance Business Partner or corporate shared services are the only means through which financial services and advice are provided to the Portfolio (preventing “grow back” of financial services)

A.6.5. Recruitment to post of Director of Business Strategy

The Executive Director – Resources will be involved in agreeing role descriptions and all recruitment processes to the Directors of Business Strategy posts.

Signed:

Executive Director - Resources.....

Executive Director.....

Director of Finance.....

Director of Business Strategy

Date:

[Back to Contents page](#)

-
- B. CYPF Financial Accountability Framework**
 - C. DCX Financial Accountability Framework**
 - D. Place Financial Accountability Framework**
 - E. Resources Financial Accountability Framework**
 - F. Communities Financial Accountability Framework**

G. Financial implications template



Revenue Financial
Implications Template

(Double click to download the Template)

[Back to Contents page](#)