

FINANCIAL REGULATIONS (wef 14 April 2015)

| INDEX | Paragraph | Page No. |
|---|-----------|----------|
| Financial Management | A | |
| Financial management standards | A100 | 3 |
| Managing expenditure | A200 | 4 |
| Accounting policies | A300 | 5 |
| Accounting records and returns | A400 | 5 |
| The annual statement of accounts | A500 | 7 |
| Financial Planning | B | |
| Performance plans | B100 | 7 |
| Budgeting | B200 | 8 |
| Maintenance of reserves | B300 | 11 |
| Risk Management and Control of Resources | C | |
| Risk management and Insurance | C100 | 12 |
| Internal controls | C200 | 13 |
| Audit requirements | C300 | 13 |
| Preventing fraud and corruption | C400 | 14 |
| Assets | C500 | 15 |
| Treasury management | C600 | 17 |
| Staffing | C700 | 18 |
| Partnership Risks | C800 | 19 |
| Financial Systems and Procedures | D | |
| General | D100 | 19 |
| Income and expenditure | D200 | 21 |
| Taxation | D300 | 24 |
| External Arrangements | E | |
| Partnerships | E100 | 25 |
| External funding | E200 | 26 |

Financial Regulations

FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

INTRODUCTION

Director of Finance and Resources

The Director of Finance and Resources has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 1996 or as amended.

The Director of Finance and Resources is responsible for:

- the proper administration of Waverley's financial affairs
- setting and monitoring compliance with financial management standards advising on the corporate financial position and on the key financial controls necessary to secure sound financial management providing financial information
- preparing the revenue budget and capital programme preparing the medium-term financial strategy
- treasury management
- ensuring arrangements for preventing fraud are in place

The Director of Finance and Resources's responsibilities included in these Financial Regulations relate to the Director of Finance and Resources and any nominated officer representatives.

Executive Director, Directors and Heads of Service

Executive Director, Directors and Heads of Service are responsible for:

- ensuring that members of the Council are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance and Resources
- signing contracts on behalf of the authority (see Contract Procedure Rules).

It is the responsibility of Executive Director, directors and Heads of Service to consult with the Director of Finance and Resources and seek approval on any matter liable to affect Waverley's finances materially, before any commitments are incurred.

In relation to these Financial Regulations, the term Director and Service Head covers any officer nominated by a Director and Service Head as their representative and it covers the Director of Finance and Resources's role as a service manager.

FINANCIAL MANAGEMENT STANDARDS

Why this is important

All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues including complying with the CIPFA/SOLACE guide on Corporate Governance. This duty is facilitated by ensuring that everyone is clear about the standards to which they are working and that the necessary controls are in place to ensure that these standards are met.

Responsibilities of the Director of Finance and Resources

- A101** To ensure the proper administration of Waverley's financial affairs.
- A102** To set the financial management standards and to monitor compliance with them.
- A103** To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.
- A104** To advise on the key strategic controls necessary to secure sound financial management.
- A105** To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of Executive Director, Directors and Heads of Service

- A106** To promote the financial management standards set by the Director of Finance and Resources in their services and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance and Resources.
- A107** To promote sound financial practices in relation to the standards, performance and development of staff in their services.

Joint Responsibility

- A108** To ensure that robust procedures are in place to provide the necessary assurance to the Council about the adequacy of the finance and governance arrangements in place as presented in the Annual Governance Statement.

MANAGING EXPENDITURE

Scheme of Virement

Why this is important

The scheme of virement is intended to enable budgets to be managed with a degree of flexibility within the overall policy framework determined by the full Council. Virement is a tool to change the intended purpose of a budget and should only be used to assist in the managing of budgets to deliver services, not to cover overspends that have already occurred.

Virements should be considered in conjunction with the budget monitoring process and, at the discretion of the Director of Finance and Resources, virements should be approved in accordance with the table below. In instances where a major item of expenditure or external income is subject to volatility in the year and/or it is the subject of specific monitoring, the Director of Finance and Resources may decide that a virement is not appropriate, provided that Members are kept informed through the budget monitoring and outturn process. Any budget transfer should be treated as a virement with the specified limits being applied.

Scheme of Virement

A201 A virement is the transfer of budget provision from any one single budget head to another. All virements must be requested by e-mail to the Chief Accountant and can not be requested after the end of the financial year to which they relate. For the purpose of this scheme, a budget head is a line in the budget book. The following virement limits apply to each individual transfer.

| Amount | Approval Required |
|---|--|
| < £ 500 same service | Budget manager notify Executive Director |
| £ 500 to £1,000 same service | Director and Service Head agree with Director of Finance and Resources |
| £1,001 to £ 10,000 same service | CMT |
| £ 10,000 to £50,000 same service | Executive |
| < £ 10,000 between services or between capital/revenue | CMT with agreement of Finance Portfolio Holder |
| £ 10,000 to £50,000 between services or between capital/revenue | Executive |
| > £50,000 | Executive & Council |

Treatment of year-end balances

A202 Overspends of more than £1,000 on any individual revenue budget head will, at the discretion of the Director of Finance and Resources, be carried forward to the following year, and will constitute the first call on that budget in the following year. The Director of Finance and Resources will report the extent of overspendings carried forward to the Executive.

A203 Planned/Programmed carry forwards on revenue service estimates may occur in exceptional cases where, for reasons outside of the budget manager's control, the budget could not be spent in the year and is still required in the following year for the same purpose. Carry forwards are subject to the approval of the Director of Finance and Resources if less than £5,000 and CMT and Executive if they are over £5,000. **A204** Carry forward requests for underspending on capital schemes will be subject to consideration by the Capital Monitoring Group and approval by the Director of Finance and Resources who will also set a timetable for the scheme's completion.

ACCOUNTING POLICIES

Why this is important

The Director of Finance and Resources is responsible for the preparation of Waverley's statement of accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), (the SORP) and the *Best Value Accounting Code of Practice* for each financial year ending 31 March.

Responsibilities of the Director of Finance and Resources

A301 To select suitable accounting policies and to ensure that they are applied consistently and appropriately. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year.

Responsibilities of Executive Director, Directors and Heads of Service

A302 To adhere to the accounting policies and guidelines approved by the Director of Finance and Resources.

ACCOUNTING RECORDS AND RETURNS

Why this is important

Maintaining proper accounting records is one of the ways in which Waverley discharges its responsibility for stewardship of public resources. The authority has a statutory

responsibility to prepare its annual accounts to present its operations during the year fairly. These are subject to external audit. This audit provides assurance that the accounts are free from material mis-statement and that the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

Responsibilities of the Director of Finance and Resources

- A401** To determine the accounting procedure and record requirements for the authority. Where these are maintained outside the finance department, the Executive Director should advise the Director and Service Head concerned.
- A402** To arrange for the compilation of all accounts and accounting records within the Director of Finance and Resources's control.
- A403** To comply with the following principles when allocating accounting duties:
 - (a) separating the duties of providing information about sums payable to or by Waverley and about calculating, checking and recording these sums from the duty of collecting or disbursing them
 - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- A404** To make proper arrangements for the audit of Waverley's accounts in accordance with the Accounts and Audit Regulations.
- A405** To ensure that all claims for funds including grants are made by the due date.
- A406** To prepare and publish the audited accounts for each financial year, in accordance with the statutory timetable.
- A407** To administer Waverley's arrangements for under and overspends to be carried forward to the following financial year.
- A408** To ensure the proper retention of financial documents.

Responsibilities of Executive Director, Directors and Heads of Service

- A409** To consult and obtain the approval of the Director of Finance and Resources before making any changes to accounting records and procedures.
- A410** To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- A411** To supply information required to enable the statement of accounts to be completed in accordance with guidelines and timescales issued by the Director of Finance and Resources.



THE ANNUAL STATEMENT OF ACCOUNTS

Why this is important

Waverley has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The full Council is responsible for approving the statutory annual statement of accounts by the prescribed deadline.

Responsibilities of the Director of Finance and Resources

A501 To select suitable accounting policies and to apply them consistently.

A502 To make judgments and estimates that are reasonable and prudent.

A503 To comply with the Statement of Recommended Practice.

A504 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

A505 To report major changes in requirements to the Audit Committee.

FINANCIAL REGULATION B: FINANCIAL PLANNING

INTRODUCTION

Waverley's constitution requires the full Council to agree the policy framework and budget, which will be proposed by the Executive

PERFORMANCE PLANS

Responsibilities of the Director of Finance and Resources

B101 To advise on and supply the financial information for the Corporate Plan and service plans in accordance with statutory requirements and timetables.

B102 To contribute to the development of corporate and service targets and objectives and performance information.

B103 To ensure that the Financial Strategy is in line with corporate objectives.

Responsibilities of Executive Director, Directors and Heads of Service

B104 To contribute to the development of service and performance plans in line with statutory and corporate requirements.

B105 To contribute to the development of corporate and service targets and objectives and performance information.

B106 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.

B107 To ensure that performance information is monitored frequently enough to measure success and improvements and to allow corrective action to be taken if targets are not likely to be met.



BUDGETING

Revenue budget preparation, monitoring and control

Responsibilities of the Director of Finance and Resources

B201 To establish an appropriate framework of budgetary management and control that ensures that:

- (a) budget management is exercised within annual cash limits
- (b) each Director and Service Head has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) expenditure is committed only against an approved budget head
- (d) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations
- (e) each cost centre has a single named manager, determined by the relevant Director and Service Head. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- (f) significant variances from approved budgets are investigated and reported by budget managers regularly.

B202 To submit reports to the Executive and to the full Council, in consultation with the relevant Director and Service Head, where a Director and Service Head identifies unavoidable expenditure not in the approved budget

B203 To prepare and submit reports on Waverley's projected income and expenditure compared with the budget on a monthly basis to budget managers and to CMT.

Responsibilities of Executive Director, Directors and Heads of Service

B204 To maintain budgetary control within their departments, in adherence to the principles in B201, and to ensure that all income and expenditure is properly recorded and accounted for.

B205 To ensure that spending remains within their services' overall budget, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

B206 To prepare and submit to the CMT and Executive reports on the service's projected expenditure compared with its budget, in consultation with the Director of Finance and Resources.

B207 To ensure prior approval by the full Council or Executive (as



appropriate) for new proposals, of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce services.

B208 To ensure compliance with the scheme of virement.

Budgets and medium-term planning

Responsibilities of the Director of Finance and Resources

B209 To prepare and submit reports on medium-term budget prospects for the Executive including resource constraints set by the Government.

B210 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full Council, and after consultation with the Executive and CMT.

B211 To prepare and submit reports to the Executive on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.

B212 To advise on the medium-term implications of spending decisions and the adequacy of reserves.

B213 To encourage the best use of resources and value for money by working with Executive Director, directors and Heads of Service to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

B214 To advise the full Council on Executive proposals in accordance with the Director of Finance and Resources's responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of Executive Director, Directors and Heads of Service

B215 To prepare estimates of income and expenditure, in consultation with the Director of Finance and Resources, Directors to be submitted to the Executive.

B216 To prepare budgets that are consistent with Waverley's Corporate Strategy, Medium Term Financial Strategy, the annual budget cycle and with guidelines issued by the Executive

B217 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.



B218 In consultation with the Director of Finance and Resources and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.

B219 When drawing up draft budget requirements, to have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process and the Medium Term Financial Strategy.
- (b) legal requirements
- (c) policy requirements as defined by the full Council in the approved policy framework
- (d) initiatives already under way.

Resource allocation

Responsibilities of the Director of Finance and Resources

B220 To advise on methods available for the funding of resources, such as external grants and borrowing and financing requirements.

B221 To assist in the allocation of resources to budget managers.

Responsibilities of Executive Director, Directors and Heads of Service

B222 To work within budget limits and to utilise resources allocated in the most efficient, effective and economic way.

B223 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

Capital Programmes

Responsibilities of the Director of Finance and Resources

B224 To prepare capital estimates jointly with CMT and to report them to the Executive for approval and recommendation to the full Council.

B225 To prepare and submit reports to the Executive on the projected income, expenditure and resources compared with the approved estimates.

B226 To obtain authorisation from the Executive for individual schemes where the estimated expenditure exceeds the capital budget for the scheme by more than £20,000 or 10%, whichever is the lesser.

Responsibilities of Executive Director, Directors and Heads of Service

B227 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance agreed in Waverley's Capital Strategy.

B228 To ensure that adequate records are maintained for all capital contracts and



ensure compliance with Waverley's Contract Procedure Rules.

- B229** To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Executive Director where required.
- B230** To notify the Director of Finance and Resources of any known or potential variation in a capital scheme's costs greater than £20,000 or 10%, whichever is the lesser
- B230a** To report to the Capital Monitoring Group if it is likely that a capital project will underspend or slip against its agreed timetable, particularly if this will result in the project not being delivered in the approved financial year.
- B231** To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Executive Director.

MAINTENANCE OF RESERVES

Responsibilities of the Director of Finance and Resources

- B301** To advise the Executive and/or the full Council on prudent levels of reserves and balances in accordance with the requirements of the Local Government Act 2003, and to take account of the advice of the external auditor in this matter.
- B302** To ensure that reserves are used only for the purpose originally intended.

Responsibilities of Executive Director, Directors and Heads of Service

- B303** To ensure that revenue and capital resources are used only for the purposes for which they were intended.

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to Waverley. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT AND INSURANCE

Responsibilities of the Director of Finance and Resources

- C101** To prepare and promote Waverley's risk management policy statement.
- C102** To include all Waverley employees in a suitable fidelity guarantee insurance.
- C103** To effect corporate insurance cover, through external insurance and internal funding as appropriate, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of Executive Director, Directors and Heads of Service



- C104** To notify the Director of Finance and Resources immediately of any loss, liability or damage that may lead to a claim against Waverley, together with any information or explanation required by the Director of Finance and Resources or the authority's insurers.
- C105** To take responsibility for risk management, having regard to advice from the Director of Finance and Resources and other specialist officers.
- C106** To ensure that there are regular reviews of risk within their departments.
- C107** To notify the Executive Director promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- C108** To consult the Director of Finance and Resources and the Solicitor to the Council on the terms of any indemnity that the authority is requested to give.
- C109** To ensure that employees, or anyone covered by Waverley's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- C110** To ensure that all contractors or consultants employed have in place adequate insurance, as defined by the Executive Director and head of legal services, to cover the risks associated with the contract.

- 111** To identify, evaluate and report on key risks associated with policy decisions and service developments, and in the preparation of service plans, in accordance with Waverley's agreed risk framework agreed in the Risk Management Strategy.
- C112** To identify and evaluate risks before entering any form of partnership with outside organisations or individuals.

INTERNAL CONTROLS

Responsibilities of the Director of Finance and Resources

- C201** To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity, fraud elimination and compliance with laws and regulations.

Responsibilities of Executive Director, Directors and Heads of Service

- C202** To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- C203** To review existing controls in the light of changes affecting Waverley and to establish and implement new ones in line with guidance from the Director of Finance and Resources



C204 To ensure that staff have a clear understanding of the benefits of sound controls.

AUDIT REQUIREMENTS

Internal audit

Responsibilities of the Director of Finance and Resources

C301 To ensure that internal auditors have the authority to:

- (a) access all assets, records, documents, correspondence and control systems
- (b) receive any information and explanation from members and staff considered necessary concerning any matter under consideration
- (c) require any employee of the authority to account for cash, stores or any other authority asset under their control
- (d) access records belonging to third parties, such as contractors, when required
- (e) direct the head of paid service, the Executive and the full Council if required.
- (f) access authority premises at reasonable times

C302 To approve the strategic and annual audit plans prepared by the Internal Audit Client Manager, which take account of the characteristics and relative risks of the activities involved.

C303 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

C304 To ensure there is effective liaison between external and internal audit.

C305 To report on the adequacy of the control arrangements in place.

Responsibilities of Executive Director, Directors and Heads of Service

C306 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

C307 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

C308 To consider and respond promptly to recommendations in audit reports.

C309 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

C310 To notify the Executive Director immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Waverley's property or resources. Pending investigation and reporting, the Director and Service Head should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

C311 To ensure that new systems for maintaining financial records, or records of



assets, or changes to such systems, are discussed with, and agreed by, the Internal Audit Client Manager prior to implementation.

PREVENTING FRAUD AND CORRUPTION

Responsibilities of the Director of Finance and Resources

- C401** To develop and maintain an anti-fraud and anti-corruption policy.
- C402** To maintain adequate and effective internal control arrangements.
- C403** To ensure that all suspected irregularities are reported to the Internal Audit Client Manager, the Executive Director and the Executive

Responsibilities of Executive Director, Directors and Heads of Service

- C404** To ensure that all suspected irregularities or financial improprieties are reported to the Internal Audit Client Manager.
- C405** To initiate proceedings in accordance with the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

ASSETS Security

Responsibilities of the Director of Finance and Resources

- C501** To ensure that an asset register is maintained in accordance with CIPFA's good practice guide for all fixed assets with a value in excess of Waverley's current asset de-minimis levels.
- C502** To ensure that assets are valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).

Security

- C503** To maintain a property database in a form approved by the Executive Director for all land, buildings, plant and machinery and moveable assets currently owned or used by the authority
- C504** To ensure that lessees and other prospective occupiers of council land and buildings are not allowed to take possession or gain entry until a lease or agreement, in a form approved by the Director and Service Head in consultation with the Director of Finance and Resources and the Solicitor to the Council, has been established as appropriate.
- C505** To ensure the proper security of all buildings and other assets under their control.
- C506** Where land or buildings are surplus to requirements, the disposal must be considered in accordance with the Contract Procedure Rules.
- C507** To ensure that no Waverley asset is subject to personal use by an employee without proper authority.
- C508** To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other



property belonging to Waverley.

- C509** To ensure that assets are identified, their location recorded in an inventory and that they are appropriately marked and insured.
- C510** To ensure cash holdings on premises are kept to a minimum and are kept securely in accordance with insurance requirements.
- C511** To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Finance and Resources as soon as possible.
- C512** All asset disposals should be carried out in accordance with the Contract Procedure Rules.
- C513** To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Director of Finance and Resources.
- C514** To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records, and that all employees understand that this may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to Waverley in some way.

Inventories

- C515** To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £200 in value. Inventories should be kept securely.
- C516** To carry out an annual check of all items on the inventory in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly
- C517** To ensure that property is only used for the authority's business, unless the relevant Director and Service Head gives permission for other use.

Responsibilities of Executive Director, Directors and Heads of Service -

Stocks and stores

- C518** To make arrangements for the care and custody of stocks and stores.
- C519** To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and reported to internal audit.
- C520** To authorise or write off disposal of redundant stocks and equipment.

Asset disposal

Responsibilities of the Director of Finance and Resources

- C521** To issue guidelines representing best practice for disposal of assets based on the advice from the Asset Advisory Group.



Responsibilities of Executive Director, Directors and Heads of Service

- C522** To seek the best price in the disposal of surplus or obsolete materials, stores or equipment and ensure that the current Contract Procedure Rules are applied in every case.
- C523** To ensure that income received for the disposal of an asset is properly banked and coded.

TREASURY MANAGEMENT

Responsibilities of Director of Finance and Resources – treasury management and banking

- C601** To execute and administer all treasury management decisions and act in accordance with Waverley's agreed policy statement and treasury management practices, CIPFA's Standard of Professional Practice on Treasury Management and the Prudential Code. The main requirements are as follows:
- (1) To create and maintain a treasury management policy statement, stating the policies and objectives of Waverley's treasury management activities
 - (2) To create and maintain a set of treasury management practices which state how the policies and objectives will be achieved and how Waverley will manage and control those activities.
 - (3) To report to the Executive and Corporate O&S Committee on Waverley's treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year and an annual report after its close.
- C602** To operate bank accounts as are considered necessary. Opening or closing any bank account require the Executive Directors approval.

Responsibilities of Executive Director, Directors and Heads of Service – investments and borrowing

- C603** To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without approval of the Executive, after consultation with the Director of Finance and Resources.

Responsibilities of Executive Director, Directors and Heads of Service – trust funds and funds held for third parties

- C604** To arrange for all trust funds to be held, wherever possible, in Waverley's name. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Solicitor to the Council, unless the deed otherwise provides.
- C605** To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Finance and Resources, and to



maintain written records of all transactions.

C606 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust for their intended purpose.

Responsibilities of the Director of Finance and Resources – imprest accounts

C607 To provide authorised Waverley employees with cash or bank imprest accounts to meet minor expenditure after an assessment of need.

C608 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.

Responsibilities of Executive Director, Directors and Heads of Service – imprest accounts

C609 To ensure that approved employees operating an imprest account:

- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
- (b) make adequate arrangements for the safe custody of the account
- (c) produce upon demand by the Director of Finance and Resources cash and all vouchers to the total value of the imprest amount
- (d) record transactions promptly
- (e) reconcile and balance the account monthly; reconciliation sheets to be signed and retained by the imprest holder
- (f) provide the Director of Finance and Resources with a certificate of the value of the account held at 31 March each year

STAFFING

Responsibilities of the Director of Finance and Resources

C701 To ensure that budget provision exists to fund all employee costs.

Responsibilities of Executive Director, directors and Heads of Service

C702 Heads of Service, in conjunction with the Head of OD should produce an annual manpower budget.

C703 Heads of Service, in conjunction with the Head of Finance should monitor staff activity to ensure adequate control over costs.

C704 To ensure that the staffing budget is not exceeded without due authority and that the scheme of virement is applied to changes.



C705 To ensure that the Head of Finance is immediately informed if the staffing budget is likely to be materially over or underspent.

PARTNERSHIP RISKS (ALSO SEE SECTION E)

Responsibilities of Director of Finance and Resources

C801 To ensure that all service, contractual and financial partnerships have been the subject of a robust risk assessment prior to the Council committing to enter into the partnership, which has considered:

- The responsibilities and commitment of the Council
- Any financial obligations entered into
- The governance arrangements
- Any liabilities or insurance requirements

Responsibilities of Executive Director, Directors and Heads of Service

C802 Inform the Director of Finance and Resources prior to committing the Council to any form of partnership

C803 Complete a risk assessment as described in C801

C804 Ensure that proper review and monitoring arrangements are in place

C805 Update Waverley's central register of partnerships

FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

INTRODUCTION

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

The Director of Finance and Resources is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Executive Director, directors and Heads of Service are responsible for the proper operation of financial processes in their own departments.

GENERAL

Responsibilities of the Director of Finance and Resources

D101 To make arrangements for the proper administration of the authority's financial affairs, including to:

- (a) issue advice, guidance and procedures for officers and others acting on the authority's behalf

- (b) determine the accounting systems, form of accounts and supporting financial records
- (c) establish arrangements for audit of the authority's financial affairs
- (d) approve any new financial systems to be introduced
- (e) approve any changes to be made to existing financial systems.

Responsibilities of Executive Director, Directors and Heads of Service

- D102** To ensure that accounting records are properly maintained and held securely.
- D103** To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Finance and Resources.
- D104** To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- D105** To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- D106** To ensure there is a documented and tested disaster recovery plan.
- D107** To ensure that systems are documented and staff are trained in operations.
- D108** To consult with the Head of Customer IT and Office Services before changing any existing IT-based system or introducing new systems.
- D109** To establish a scheme of delegation identifying officers authorised to act upon the Director and Service Head's behalf in financial matters; including payments, income collection and placing orders.
- D110** To supply lists of authorised officers to the Director of Finance and Resources showing specimen signatures and the limits of the individual's authority, together with any subsequent variations.
- D111** To ensure that effective contingency arrangements, including back-up procedures, exist for all computer systems. Wherever possible, back- up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- D112** To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation following consultation with Waverley's data protection and freedom of information officer. Staff should be made aware of their responsibilities under the legislation.
- D113** To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the authority is used on its computers

- (b) staff are aware of legislative provisions
- (c) in developing systems, due regard is given to the issue of intellectual property rights.
- (d) All staff comply with Waverley's IT Code of Conduct.

INCOME AND EXPENDITURE

Income

Responsibilities of the Director of Finance and Resources

- D201** To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- D202** To order and supply to departments all receipt forms, books or tickets and similar items and to ensure that satisfactory control arrangements are in place.
- D203** To agree the write-off of bad debts in all Waverley services according to the following limits:

| Amount | Approval Required |
|------------------------|--|
| < £25* | Service manager and Internal Audit Client Manager |
| £25 to £ 5,000* | Director of Finance and Resources |
| >£ 5,000 up to £ 7,500 | Director of Finance and Resources and Executive Director |
| >£ 7,500 | Executive |

* Includes the write-back of credit balances

- D204** To report all write-off schedules to the Executive for noting within the budget monitoring reports.
- D205** To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- D206** To issue official receipts or to maintain other documentation for income collection.
- D207** To hold securely receipts, tickets and other records of income for the appropriate period.
- D208** To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- D209** To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis.
- D210** To ensure income is not used to cash personal cheques.
- D211** Ensure that once raised, no debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to



correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

Responsibilities of Executive Director, Directors and Heads of Service

- D212** To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies. Where charges are not included in the approved fees and charges schedule, the proposed charging policy must be determined in conjunction with the Head of Finance.
- D213** To notify the Director of Finance and Resources of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance and Resources and not later than 30 April.
- D214** Executive Director, directors and Heads of Service have a responsibility to assist the Director of Finance and Resources in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on Waverley's behalf.

Ordering and paying for work, goods and services

General

- D215** Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.
- D216** Official orders should only be made by authorised officers and in accordance with the Contract Procedure Rules.
- D217** Official orders must not be raised for any personal or private purchases, nor should the authority's contracts be used for personal or private benefit.

Responsibilities of the Director of Finance and Resources

- D218** To approve the form of official orders and associated terms and conditions having regard to the Contract Procedure Rules.
- D219** To make payments from Waverley's funds provided that the Director and Service Head has authorised the expenditure and certified that the expenditure has been incurred in accordance with financial regulations.
- D220** To make payments to contractors on the certificate of the appropriate Director and Service Head, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- D221** To provide advice on making payments by the most economical means.

Responsibilities of Executive Director, Directors and Heads of Service

- D222** To ensure that the department obtains best value from all purchases by taking

appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the Procurement Strategy and Contract Procedure Rules.

- D223** Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Director of Finance and Resources in the 'Exceptions to Official Orders Schedule' or otherwise detailed in the Contract Procedure Rules.
- D224** To ensure that official orders are only used for goods and services provided to the service and are raised in accordance with the Contract Procedure Rules.
- D225** To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order.
- D226** To maintain an up-to-date list of officers authorised to sign orders.
The list should include specimen signatures and identify in each case the limits of the individual's authority. The officer authorising the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained as necessary. Best value principles of assessing quality against cost should underpin the authority's approach to procurement.
- D227** To ensure that payment is made within 30 days of receipt of invoice, unless in dispute, and that a proper VAT invoice (if supplier registered) has been received, checked, coded and certified for payment.
- D227a** To ensure that every endeavour is made to pay invoices for local suppliers and small businesses within 10 days
- D228** To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.
- D229** To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Director of Finance and Resources.
- D230** To ensure that payments are not requested on a photocopied or faxed invoice, statement or document other than the formal invoice.
- D231** To notify the Director of Finance and Resources of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance and Resources and, in any case, not later than 30 April.
- D232** To notify the Director of Finance and Resources immediately of any expenditure to



be incurred as a result of statute/court order where there is no budgetary provision.

Payments to employees and Members

Responsibilities of the Director of Finance and Resources

- D233** To arrange and control secure and reliable payment of salaries, wages, or other emoluments to employees.
- D234** To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- D235** To make arrangements for payment of all travel and subsistence claims and members' allowances.
- D236** To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

Responsibilities of Executive Director, Directors and Heads of Service

- D237** To ensure appointments are made in accordance with Waverley's regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- D238** To send an up-to-date list of the names of officers authorised to sign records to personnel, together with specimen signatures. The Head of Finance should have signatures of officers authorised to sign timesheets and claims.
- D239** To ensure that payroll transactions are processed only through the payroll system.
- D240** To certify travel and subsistence claims and other allowances to ensure that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved

TAXATION

Responsibilities of the Director of Finance and Resources

- D301** To complete all Inland Revenue returns regarding PAYE, VAT and the construction industry tax deduction scheme and make the appropriate payments or claims.
- D302** To monitor Waverley's VAT partial exemption position periodically.

Responsibilities of Executive Director, Directors and Heads of Service



D303 To ensure that the correct VAT liability is attached to all income due and that all VAT shown as recoverable on purchases complies with HM Customs and Excise regulations.

D304 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

INTRODUCTION

Waverley provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

Responsibilities of the Director of Finance and Resources

E101 To advise on the key elements of funding a project including:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

E102 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Executive Director, Directors and Heads of Service

E103 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Director of Finance and Resources.

E104 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared.

E105 To ensure that such agreements and arrangements support the corporate objectives and do not impact adversely upon the services provided by the authority.

E106 To ensure that all agreements and arrangements are properly documented.

E107 To provide appropriate information to the Director of Finance and Resources to enable a note to be entered into the authority's statement of accounts concerning material items.

EXTERNAL FUNDING

Responsibilities of the Director of Finance and Resources

E201 To ensure that all funding notified by external bodies is received and



properly recorded in the authority's accounts.

E202 To ensure that the matched funding or sponsored organisation scheme requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

E203 To ensure that audit requirements are met.

E204 To ensure that funds are received from only appropriate sources and that their purpose is clearly documented.

Responsibilities of Executive Director, Directors and Heads of Service

E204 To ensure that all claims for funds are made by the due date.

E205 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.