

### FINANCIAL PROCEDURE RULES

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### 1. FINANCIAL GOVERNANCE

#### **Council's responsibilities**

- 1.1 The Council has a statutory duty to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Council has resolved that the Chief Finance Officer (the post is currently designated as the Director of Finance) is the responsible officer.
- 1.2 The Council is responsible for the approval of the Financial Procedure Rules to be used by all Members and officers, including any amendments or additions presented by the Director of Finance. The Council is responsible for approving the procedures for recording and reporting decisions taken by the Council itself, or by the Executive, or under approved delegation arrangements. The Scheme of Delegation, which includes financial limits, is set out in the Constitution at Part 3.

#### **Cabinet's responsibilities**

- 1.3 The Cabinet is responsible for ensuring that the Financial Procedure Rules are followed across the Council. The Cabinet is also responsible for arranging for a review of the Financial Procedure Rules at least every three years and for recommendations for any changes to be made to the Council. This is normally arranged through the Constitutional Working Group.
- 1.4 The Cabinet is responsible for preparing and recommending to Council the annual revenue budget and Council Tax level and, once approved, for implementing and monitoring that budget
- 1.5 The Cabinet is responsible for reviewing and recommending to Council a Capital Strategy and Capital Programme, a Housing Revenue Account Budget, a Treasury Management Strategy and a Council Tax Reduction Scheme, and once approved for implementing and monitoring the budgets and strategies.
- 1.6 The Cabinet is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management arrangements.

#### **Overview and Scrutiny responsibilities**

- 1.7 The Council will identify a relevant Overview and Scrutiny Committee or Committees to be responsible for scrutiny of the Cabinet's Budget proposals, including all related calculations, Policies and Strategies that are recommended to the Council, and for the forwarding of comments and recommendations on those matters to the Cabinet.

- 1.8 The Council will identify a relevant Overview and Scrutiny Committee or Committees to be responsible for the overview of the Council's in-year financial performance.

### **Audit Committee's responsibilities**

- 1.9 The Audit Committee is responsible for reviewing the draft Annual Statement of Accounts and the Annual Governance Statement and approving the audited Council's Annual Statement of Accounts which incorporates the Annual Governance Statement.

### **Capital Investment Programme Board (CIPB)**

- 1.10 The Capital Investment Programme Board has the following terms of reference. It will oversee the preparation and the delivery of the capital strategy and capital programme by:

- (a) Developing the overall Capital Strategy and annual programme in accordance with the priorities set out in the corporate plan
- (b) Recommending the overall capital strategy and programme to Cabinet and Council
- (c) Once the overall strategy and annual programme of expenditure has been approved at Council, the role of the CIPB is to:
  - Consider and recommend approval of the detail of the thematic programmes
  - Consider and recommend the approval of any amendments to the annual programme
  - Undertake the detailed appraisal of projects taking into account the Council's Capital Strategy, priorities and annual aims and objectives
  - Recommend approval of any new capital projects
  - Review the potential commercial risk and Value for Money issues on any proposal for the use of Capital resources
  - Provide a forum for establishing and providing robust challenge and debate around the capital programme
  - Undertake a detailed annual review of the Capital programme
  - Review the Council's Capital Programme on an on-going basis and to ensure it is achieving agreed outcomes

Monitoring of the performance of projects and programmes within the Council's Capital Programme including the consideration of the capital programme financial monitoring report.

The Board oversees capital projects from inception to completion to ensure they are delivered efficiently and effectively and in line with the Council's corporate objectives.

The Board assesses all submissions for capital expenditure prior to them entering into the normal reporting process for approval. The Board therefore makes recommendations to the appropriate decision maker/forum, whether this is a Member under delegated responsibility, Cabinet or Council.

### **The Director of Finance**

- 1.11 The Director of Finance is responsible for the proper administration of the Council's financial affairs, and particularly for: -
- (a) maintaining a continuous review of this Financial Procedure Rules and the submission of any additions or changes necessary for Council approval
  - (b) providing corporate financial advice and information to the Council i.e. on those issues where the Authority is regarded as one legal entity
  - (c) setting standards for good financial management including the accounting policies and financial procedures and records for the Council and monitoring compliance with those standards
  - (d) advising on the key financial controls necessary including maintaining an effective internal audit function to secure sound financial management
  - (e) ensuring that proper systems of internal control are operated and reporting breaches of the Financial and Contract Procedure Rules to Council, Cabinet, Audit Committee, or the Standards Committee as appropriate
  - (f) co-ordinating the preparation of the General Fund Revenue Budget and Medium Term Financial Strategy, the Housing Revenue Account Budget, Capital Strategy and Programme, the Treasury Management Strategy, the Council Tax Reduction Scheme, preparing the annual financial statements in accordance with the relevant accounting standards and codes of practice and any necessary technical accounting adjustments
  - (g) treasury management activities, including reporting on prudential indicators

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- (h) preparing a risk management policy statement and promoting/embedding it throughout the Council
- 1.12 The Director of Finance also has a range of statutory duties, rights and responsibilities in relation to the financial administration and stewardship of the Council and will have regard to the Statement of the Chartered Institute of Public Finance and Accountancy on the Role of the Chief Finance Officer in Local Government
- 1.13 The Director of Finance must report to the Council under Section 114 of the Local Government Finance Act 1988, if:-
- (a) a decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful;
  - (b) there has been, or is about to be, an unlawful action resulting in a financial loss to the Council; or
  - (c) anyone or anybody is about to make an unlawful entry in the Council's accounts.
- 1.14 The Director of Finance may issue any instruction intended to fulfil these responsibilities and is entitled to any information or explanations as he/she may require.
- 1.15 The Director of Finance shall issue instructions and guidance to the Council in line with Section 25 of the 2003 Local Government Act. With regard to the robustness of the estimates.
- Deputy Chief Executive, Strategic Directors, Service Managing Directors, Directors and Heads of Service**
- 1.16 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors/Heads of Services must ensure that proper financial controls are maintained in their service area.
- 1.17 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors/Heads of Service must make arrangements to ensure that all Officers involved in financial matters are aware of, and competent in the use of, these Financial Procedure Rules and the Council's financial ledger. The extent of delegated authority to officers must be recorded. See further guidance on the Scheme of Delegation in Part 3 of the Constitution. The main documents are also available on the Council's Website – [https://www.oldham.gov.uk/info/100004/about\\_the\\_council](https://www.oldham.gov.uk/info/100004/about_the_council)
- 1.18 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors/Heads of Service must ensure that the financial implications of all proposals in advance of any "key decision" report have been subject to approval by the Director of Finance and their representatives and the subsequent report sets out the financial implications.

- 1.19 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors /Heads of Service must ensure that the legal implications of all proposals in advance of the “key decision” report production have been subject to approval by the Director of Legal Services and the subsequent report sets out the legal implications.

### **Head of Paid Service (the Chief Executive)**

- 1.20 The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. They must report to and provide information for the Council, the Cabinet; the Overview and Scrutiny Committees, and any other Committees of the Council. The Chief Executive is responsible for establishing the framework for management direction, style and standards and for the monitoring of performance for the organisation. The Head of Paid Service and the Monitoring Officer (the post is currently designated as the Director of Legal Services) are responsible for the system(s) of record keeping in relation to all the Council’s decisions (see below).

### **Monitoring Officer (Director of Legal Services)**

- 1.21 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct, including about financial matters, and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of law or maladministration to the Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- 1.22 The Monitoring Officer must ensure that executive decisions and the reasons for them are made public as required by the Council’s Access to Information Procedure Rules. The Monitoring Officer must ensure that Councillors are aware of such decisions made by the Cabinet, a Council Officer, or anyone else acting on the Authority’s behalf, who have delegated executive responsibility.
- 1.23 The Monitoring Officer is also responsible for providing advice to anyone regarding who has responsibility or authority to take a particular decision. In relation to financial matters, s/he will consult with the Director of Finance before giving advice.
- 1.24 The Monitoring Officer is responsible for advising the Council or Cabinet about whether a decision is likely to be considered contrary to or wholly in accordance with the Policy Framework. Responsibilities for actions contrary to the budgetary framework lie with the Director of Finance.

### **External agencies and partnerships**

- 1.25 Where, as a result of legislation or a decision of the Council or the Executive, as the case may be, part of the Council's or the Executive's functions are delivered by an associated organisation, funded partly or wholly by the Council, the organisation must submit for approval by the Council its own arrangements for corporate governance. These arrangements will incorporate the spirit of the Council's Financial Procedure Rules and will include the Council's right of access to financial information about the associated organisation and information of the Council processed by the third-party organisation. Whilst Cabinet is responsible for overall risk management and strategy, the Audit Committee shall monitor the specific Council risks in relation to partnerships as part of its governance role
- 1.26 Specific technical terms and conditions may be used when the Council is deemed the Accountable Body for external Government or other funding. Where the establishment of such terms and conditions is a condition of the funding, the obligations of and risk to the Council in its role will be set out in reports where approval to act as the Accountable Body is sought.
- 1.27 Schools with delegated budgets are subject to, and must comply with, the 'Oldham Scheme for Financing Schools', which has tailored these Financial Procedure Rules for use in those Schools.
- 1.28 A reference in the Financial Procedure Rules to the Director of Finance includes his or her nominees; and to an officer means any employee of the Council, or other persons contracted to carry out functions where these Financial Procedure Rules apply.

### **Staff and Councillors**

- 1.29 All staff and Councillors within the Authority are required to maintain and provide the highest standards of financial management, integrity and administration in line with those Financial Procedure Rules. Their conduct is also set out in the relevant Codes of Conduct included at Part 5 of the Constitution which they must be aware of and comply with at all times.

### **Council Owned Companies**

- 1.30 If the Council wants to set up an alternative delivery model for its services which involves the creation of a company including a Shareholding of the Council, it can only do so following consultation on the implications with the Director of Finance and the Director of Legal Services.

## **2. PREPARING AND MANAGING THE REVENUE AND CAPITAL BUDGET**

### **Financial Planning Framework**

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- 2.1 It is a legal requirement for the Council to ringfence and separately manage many of its financial resources and expenditure. The main “ringfenced” areas include:
- Housing Revenue Account income and expenditure;
  - Income and expenditure relating to schools (including Dedicated Schools Grant);
  - Capital expenditure and resources;
  - The Collection Fund (Council Tax and Business Rates income)
- 2.2 Any income or expenditure which does not fall within the above categories is deemed to fall within General Fund (non-schools).
- 2.3 Ringfencing means that the Council is either not permitted or is heavily restricted in its ability to move resources in or out of a particular ring-fenced area. For example, the Council is not generally permitted to use capital resources to fund revenue expenditure (an exemption to this exists for the period 2019/20 to 2021/22 in relation to expenditure incurred on transformational activity)
- 2.4 The situation is further complicated by the fact that certain resources within each of the above ring-fenced areas have to be earmarked to particular activities. For example, capital grants that have been provided specifically to finance particular schemes.
- 2.5 Having regard to all statutory ring-fencing arrangements, the Director of Finance, after consulting the Cabinet and the Senior Management Team, shall be responsible for designing and implementing the annual budget and medium-term financial planning. The Director of Finance is responsible for the preparation of a corporate revenue budget and advice on the setting of a Council Tax, a Capital Strategy and programme, a Treasury Management Strategy, a Housing Revenue Account budget and a Council Tax Reduction Scheme.

### **Preparation of the Corporate Plan**

- 2.6 The Chief Executive is responsible for proposing the Corporate Plan to the Cabinet for consideration before its submission to the Council for approval. When compiling the Plan, and in conjunction with other members of the Senior Management, the Chief Executive will ensure that the plan is assessed and moderated by the Director of Finance

### **Budget Preparation**

- 2.7 The Director of Finance will advise the Cabinet of each year about the detailed plans to prepare both the Annual Budget for the next financial year or two years and to update the five year Medium Term Financial Strategy. The budget process will then be prepared following the standards set out by the Director of Finance.



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- 2.8 The Director of Finance, following the detailed work, will submit to the Budget Council meeting (usually held in February) each year a Medium Term Financial Strategy for the following three to five years, and budget planning totals for all services and central budgets.
- 2.9 Prior to final decision making, and in good time to allow meaningful consultation, the Council will make arrangements to consult with the public, partners and business community on the budget reduction proposals being considered for future financial years.
- 2.10 The Cabinet will consider these budget reduction proposals in detail and make its recommendations to the Council before the date set for the meeting of the Council which will determine the budget (Budget Council).
- 2.11 The Director of Finance will advise the Cabinet and the Council on the overall budget, the levels of Council Tax, the use of reserves and the need for contingency budgets/balances, the robustness of the estimates and affordability and prudence of capital investments and on the risks that may exist in relation to the forecasts of spending levels and income.
- 2.12 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors/Heads of Service will, in accordance with the Business Planning timeframe, produce draft service plans and budgets in accordance with the Budget Planning totals. These draft plans will explain the service changes proposed to be made, taking into account the Council's Corporate Plan, performance targets and the resources allocated.

### **Resource Allocation**

- 2.13 The general level of balances and reserves to be maintained by the Council shall be calculated and recommended for approval by the Director of Finance using a risk based approach in advance of the setting of the Budget for the approaching financial year. This will support the budget decisions being taken at the Council meeting which sets the Council Tax. The level of balances and reserves shall be subject to regular review in the budget monitoring reports presented to Cabinet during the financial year. At the year-end as part of the production of the Annual Statement of Accounts the Director of Finance shall assess the risks facing the Council and prepare the Statements to minimise future unbudgeted expenditure including the assessment of required reserves in accordance with the Council's agreed policy on Reserves.
- 2.14 The Director of Finance is responsible for developing and maintaining a resource allocation process which: ensures due consideration of the Council's policy framework; and takes into account properly, current information on the Council's financial position and prospects for the future. It will also include over an annual review of the budget to ensure that the resources allocated to each budget heading remain appropriate in the light of corporate priorities, business developments and national and local spending trends.

### **Reporting**

- 2.15 The Cabinet is responsible for ensuring that Service and Corporate Plans are implemented within the resources allocated in the Revenue and Capital Budgets. The Director of Finance will provide information on the Council's performance against the Revenue and Capital Budgets to Cabinet and the relevant Overview and Scrutiny Committee at regular intervals over the financial year. The report will include the projected out-turn on the agreed budgets, Collection Fund, Housing Revenue Account and Dedicated Schools Grant. In addition, and as appropriate, the Audit Committee will receive reports that include financial information on key partners and the progress made on issues identified with the Annual Governance Statement.
- 2.16 The general format of the budget proposed by the Cabinet to Council will follow that advised by the Director of Finance. The draft budget should include allocation to different services and projects, proposed taxation levels and any contingency funds/balances. The headings proposed will be those advised by the Director of Finance.
- 2.17 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors and Heads of Service will control income and expenditure within their areas of responsibility. They will monitor performance, taking account of financial information provided by the Director of Finance. They should report on actual variances within their own areas, and on the possible likelihood of them. They must also: alert the Director of Finance to any problems; consult with the Director of Finance about the remedial action necessary to avoid exceeding their budget allocations: and take the remedial action agreed.
- 2.18 CIPB is responsible for advising Cabinet on the overall financial commitments on the overall capital programme in accordance with the overall capital strategy agreed by Cabinet.

### **Managing Budgets**

- 2.19 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors are responsible for managing budgets within their delegated authority. They must take action to avoid overspending budgets and report any difficulties to the Director of Finance.
- 2.20 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors should delegate authority to commit budgets to the appropriate level of management, make arrangements to set out clearly the extent of authority of managers, and review the performance of managers in managing these budgets.
- 2.21 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors must, in consultation with their financial support officers use the financial reports on the financial ledger and review their budgets on

a monthly basis. This must inform the regular budget monitoring undertaken by the Director of Finance.

- 2.22 The Director of Finance is accountable for all corporate and contingency budgets, which will be managed in the same way as service and activity budgets.
- 2.23 Where, as a result of a mistake or error by an officer, the Council becomes liable for any charges, penalties or additional expenses, such costs will be met by the Service in which the error is made.

### **Carry forwards and recovery of overspends**

- 2.24 Carry forward is a mechanism for transferring budgetary resources from one year to the next, or vice versa. This will be determined during the production of the Statement of Accounts.
- 2.25 The Cabinet is responsible for determining changes to the Council's Revenue Budget arising from the carry forward process.
- 2.26 The Cabinet is responsible for recommending changes to the Revenue Budget arising from the carry forward process.
- 2.27 If the carry forward process is to be applied, there will be a presumption that underspending will only be allowed subject to a Directorate managing its resources in line with its agreed budget. All overspendings may be recovered in the following financial year following the advice of the Director of Finance.
- 2.28 The Council, in determining the Revenue Budget for a particular year, will review any arrangements for carry forward for that year and can change the guidance on advice from the Director of Finance.

### **Risk Management and Control of Resources**

- 2.29 It is essential that robust, integrated systems exist to identify and evaluate all significant operational risks to the Council. These systems will be maintained by the proactive participation of everyone associated with the planning and delivery of Oldham Council's services to its citizens.
- 2.30 The Director of Finance is responsible for preparing the Council's Risk Management Strategy and Framework, which includes the approach to ensuring proper insurance cover, and for promoting the Strategy and Framework throughout the Council, and for ensuring advice to the Cabinet Member for Finance and Corporate Services on proper insurance cover.
- 2.31 The Cabinet is responsible for approving the Council's Risk Management Strategy and Framework. Monitoring of the effectiveness of risk management is undertaken by the Audit Committee on behalf of the Cabinet.

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- 2.32 Internal Control is the systems of control devised by management to help ensure the Council's objectives are achieved in ways which promote economic, efficient and effective use of resources and which ensure that the Council's assets and interests are safeguarded.
- 2.33 The Director of Finance will advise the Council at all levels on the requirements for an effective system of Internal Control. Arrangements devised and implemented will ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They will also ensure that public money is properly safeguarded; and is used economically, efficiently, effectively and in accordance with the statutory and other authorities which govern their use.
- 2.34 It is the responsibility of Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. In doing this they must consult as necessary with the Director of Finance about matters past and present and future which bear upon the framework of Internal Control.
- 2.35 The CIPB will develop and maintain sound arrangements for managing the Council's Capital Programme in accordance with the instructions of the Cabinet.

### **Production of Accounts**

- 2.36 The Director of Finance shall consolidate and produce the Authority's statutory accounts. Accounts will be prepared in accordance with the relevant statutory requirements.
- 2.37 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors shall assist the Director of Finance to undertake the closure of their Directorate accounts which must be in accordance with the standards, timescales and format set by the Director of Finance.
- 2.38 The Director of Finance is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the CIPFA/LASSAC Code of Practice on Local Authority Accounting in the United Kingdom. This will include an assessment of the financial risks facing the Council. The Audit Committee has delegated authority from the Council for approving the Annual Statement of Accounts.
- 2.39 The Director of Finance shall report to Cabinet and Council after the accounts have been audited the out-turn for the previous year for both revenue and capital, identifying the out-turn against budget.

### **Grants from third parties**

- 2.40 Where a Head of Service proposes to accept grant funding from a third party or taking on accountable body status, which exceeds the sum of £50,000, then the Head of Service should, in advance of accepting the funding, seek an appraisal of that proposal which will involve the approval of the Director of Legal Services and Director of Finance.
- 2.41 Where the amount of the proposed third party grant exceeds the sum of £250,000, this will become a key decision and therefore a report to Cabinet will be required in order to gain approval to accept the funding.

### **3. CHANGES TO THE OVERALL AGREED REVENUE AND CAPITAL BUDGET**

- 3.1 The Council will propose items during its normal course of business which could have financial implications to increase the overall agreed net revenue and/or capital budget of the Council. Where the expenditure is capital, the revenue implications also need to be calculated. Notification of Government grant funding often arrives late and is outside the normal budget approval cycles. If the net impact of a Government grant is neutral (i.e. the grant covers in full the anticipated expenditure) to the overall agreed budget, then the grant can be accepted, and funding committed in accordance with the grant conditions. Where there is additional cost to the Council, then in each case the potential commitment needs to be fully costed setting out the impact on the budget with details of how any additional cost will be financed and its performance effect. In all instances a report must be presented to Cabinet for consideration, but a capital matter must first be considered at the CIPB.
- 3.2 Any motion or report submitted to the Council which, if carried, would increase the Council's net revenue or capital budget or might otherwise contravene Financial Procedure Rules shall stand adjourned without debate and be referred to the Cabinet to receive a report on the detailed financial implications. When the Council reconvenes to consider the motion or report it shall receive the recommendation of the Cabinet on the matter before making a decision on the motion or report and on whether to effect any change to the Council's approved Budget.
- 3.3 In the event of urgency, the Council may consider such an item without delay on receipt of a report from the Cabinet Member with responsibility for Finance as to the financial implications.
- 3.4 All proposals which involve a change to the overall revenue or capital budget need to be considered in accordance with the advice of the Director of Legal Services and Director of Finance.

#### **Virements**

##### **Revenue Budget Virements**

3.5 The Cabinet is responsible for agreeing procedures for virements (the transfer of resources) between department, earmarked reserves and service budget headings. The framework that exists ensures that:

- Virement which is associated with a significant change in the level of service from that set out in the service plan must be approved by the Member with Portfolio in consultation with the Deputy Chief Executive or relevant Strategic Directors/Service Managing Directors
- Deputy Chief Executive/Strategic Directors/Service Managing Directors are responsible for formally approving, and for notifying to the Director of Finance, the record of their approval to in-year virements within service budget headings, and within the limits delegated to them. They must consult with the Director of Finance about all virements above the limits approved to them before allowing any action in respect of them to take place.
- A Deputy Chief Executive/Strategic Directors/Service Managing Directors may approve a virement in an approved budget head by a transfer from another approved budget head under the Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors control where: -
  - (i) both budget heads are cash limited; and
  - (ii) the virement does not exceed £100,000
- Directors and Heads of Service, in consultation with the Deputy Chief Executive/Strategic Directors/Service Managing Directors are authorised to transfer resources within a service budget subject only to the maximum amount of virement on any one activity not exceeding 5% or £50,000, whichever is the smaller.
- Where the aggregate of such virements exceeds £50,000 in a financial year, or where in the opinion of the Director of Finance it is appropriate to do so, the Director of Finance and the appropriate Deputy Chief Executive/Strategic Directors/Service Managing Directors. will jointly report to the relevant Member with Portfolio and the cabinet Member with responsibility for finance.
- The Director of Finance may approve an increase in an approved Department budget by a transfer from another approved Department budget under the control of another Chief Officer where: -
  - (i) both budget heads are cash limited; and
  - (ii) the variation does not exceed £25,000

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- All virements above these limits must be approved by the relevant Members with Portfolios and Deputy Chief Executive/Strategic Directors/Service Managing Directors.

Note - "Approved budget" above means the original provision made when the annual budget was approved by Council, plus or minus any variation which has been approved subsequently.

### Capital Budget Virements

The Council has agreed that CIPB will make recommendations on virements within the overall agreed capital plan of the Council in the following areas:

- Between programme areas. This will be actioned by the Deputy Chief Executive, People and Place in consultation with the Director of Finance and Cabinet Member for Finance and Corporate Services.
- Within approved programme areas. This will be actioned by the Deputy Chief Executive, People and Place in consultation with the Director of Finance and Cabinet Member for Finance and Corporate Services

### Virements – General Protocols

- 3.6 The Director of Finance will report as part of the regular budget monitor to the Cabinet and the relevant Overview and Scrutiny Committee, summarising any variations of the annual estimates including transfers to and from earmarked reserves for consideration at that meeting.
- 3.7 A virement is specifically not allowed where the transfer of resources is from budgets for capital charges and statutory taxes and levies.
- 3.8 All virements will be recorded in a way prescribed by the Director of Finance, who will arrange for virements to be reported to the Cabinet.
- 3.9 Heads of Service are authorised to incur any expenditure included in the approved revenue budget for the Service, as amended by any virement.
- 3.10 Whenever a project is to be funded via prudential borrowing it shall be done in accordance with the Council's Borrowing Strategy.

## 4. CAPITAL PLAN PREPARATION AND MANAGEMENT

### Responsibilities

- 4.1 The Council is responsible for agreeing the overall allocation of resources to the Council's Capital Strategy and Programme.
- 4.2 The Cabinet is responsible for recommending to the Council a multi-year Capital Strategy and Programme. The CIPB undertakes overall management

oversight for the Capital Strategy and Capital Programme on behalf of the Cabinet.

### **Capital Strategy and Programme Preparation**

- 4.3 The Cabinet will submit to the Council each year a multi-year Capital plan with planning totals for the main programme areas for at least the three following years, to align with the Medium Term Financial Strategy.
- 4.4 The Capital Investment Programme Board determine the criteria for the selection of projects to form the Capital Programme. This will assist the Director of Finance to prepare a programme of capital schemes for consideration by Cabinet.
- 4.5 The Cabinet will recommend, and Council will approve the initial allocations to projects and programme areas.
- 4.6 CIPB will recommend the subsequent allocations of resources from programme areas to projects within the overall total agreed by Council
- 4.7 The Director of Finance will advise the Cabinet and the Council on the overall Capital Programme and levels of funding available.
- 4.8 Heads of Service are responsible for providing details of all projects in a format prescribed by the Director of Finance.

### **Capital Programme Management**

- 4.9 The Cabinet is responsible for implementing the Capital Programme within the resources allocated. The Cabinet will provide summary monitoring information to the Council when required. The CIPB delivers the detailed implementation of the Capital Programme. CIPB operates in accordance with the principles set out in these Finance Procedure Rules.
- 4.10 The CIPB will recommend capital budget virements in accordance with the protocol set out at paragraph 3.5
- 4.11 The Leader of the Council may also delegate authority under Financial Procedure Rules 4.10 to individual Cabinet members, in consultation with Deputy Chief Executive, People and Place and key statutory officers. The Leader of the Council is required to determine arrangements for delegation, which may differ between service areas. The Leader may delegate to Directors authority to exercise virement within a programme area, provided that: -
  - (a) the spending on the whole programme area being contained within the resources allocated;



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- (b) Directors report retrospectively to Cabinet on the use of this authority as part of the regular monitoring on the Capital Programme.

Such delegations will be recorded in a scheme of delegation to Cabinet members included at Part 3 of the Constitution.

- 4.12 All virement will be recorded in a way prescribed by the Director of Finance, who will arrange for virements to be reported to the Cabinet.
- 4.13 Heads of Service are responsible for managing programmes and projects. They must take action to avoid overspending the amounts provided in the Capital Plan and report any difficulties to the Director of Finance.
- 4.14 Heads of Service must prepare regular reports on the progress of projects in a format and to a timetable prescribed by the Director of Finance.
- 4.15 The Director of Finance will report to the Cabinet and the relevant Overview and Scrutiny Committee on the projected overall out-turn of the Capital Programme as part of the regular budget monitoring reports.
- 4.16 The inclusion of a project within the Capital Programme confers authority to proceed with planning applications and the completion of feasibility studies and option appraisals.
- 4.17 Heads of Service must prepare a business case in respect of each project before proceeding to detailed project design or land acquisition. The business case should be prepared in a format prescribed by the Director of Finance and must be considered by the CIPB. The Cabinet will in some instances decide that the business case should be prepared for a whole programme area, or a group of projects. The Cabinet may delegate its authority to recommend business cases to individual Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors in consultation with Cabinet members or CIPB.
- 4.18 Once a business case is approved, Heads of Service are authorised to proceed to detailed design and to commit to contracts providing: -
  - (a) that the total costs of a project including tenders or quotations, fees etc, are estimated to be less than or equal to the amount approved in the business case and the Capital Programme;
  - (b) that where the total costs of a project exceed the amount approved in the business case and the Capital Programme and the excess is within the agreed tolerance levels, the appropriate virement has been approved to finance the additional cost;
  - (c) all necessary external approvals, if any, have been obtained;
  - (d) the incurring of the expenditure has been authorised by the Director of Finance;

- (e) that any contracts over £50,000 shall be executed in accordance with the Contract Procedure Rules.
- 4.19 The tolerance levels set out in Financial Procedure Rule 4.18(b) will be calculated at 10% of the approved estimate or £25,000 whichever is the greater. If this tolerance level is exceeded the approval to proceed must be sought by reporting to Cabinet (which may be by inclusion of the issue within the regular capital monitoring report).
- 4.20 The Director of Finance will authorise the incurring of the full project costs provided he/she is satisfied that the approval will not give rise to any further expenditure not provided for in either the Capital Programme or the Revenue Budget.
- 4.21 During the completion of corporate projects totalling £250,000 and over, Heads of Service must co-operate with the completion of gateway reviews and the production of reports to CIPB setting out the outcomes from the project and whether these are matching the planned outcomes set out in the original business cases. Further phased expenditure on a project cannot be agreed until an appropriate business case has been recommended by CIPB and an appropriate report produced as per agreed delegations.

### **5. FINANCIAL SYSTEMS AND PROCEDURES**

- 5.1 The Director of Finance is responsible for setting the standards of the operation of the Councils accounting and financial systems, the form of accounts and the supporting financial records. Any changes to the existing financial systems, processes or procedures; or the establishment of new systems to meet the specific needs of a Service must have prior written express approval of the Director of Finance before being implemented.
- 5.2 Heads of Service and key partners must ensure that officers understand and are competent to undertake their financial responsibilities and receive relevant financial training that has been approved by the Director of Finance
- 5.3 Heads of Service and key partners are responsible for the proper operation of financial processes in their own departments and must ensure that all financial, costing, and other statistical information is recorded fully and accurately.
- 5.4 Heads of Service and key partners must ensure that financial documents are retained in accordance with the Council's approved retention schedule.
- 5.5 As far as practicable, Heads of Service must make arrangements for the separation of duties between the carrying out of transactions and the examining and checking of transactions.

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- 5.6 Any departure from using corporate accounting and financial systems must be approved and justified on cost/service grounds to the Director of Finance before the commitment to change is agreed.
- 5.7 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors together with key partners must ensure that, when appropriate, computer based, and other systems are registered in accordance with Data Protection Legislation and that staff are aware of and fulfil their responsibilities under freedom of information legislation.
- 5.8 Grant claims, financial returns and submissions must be completed by the relevant Heads of Service and authorised by the Director of Finance or their designated representative prior to submission to a Government Department or other external agency.
- 5.9 Any proposals to use leasing to finance any expenditure within the Council, excluding schools' budgets, should be subject to review by the Director of Finance or their representative to ensure the financial implications receive appropriate consideration.

### **INTERNAL AUDIT AND COUNTER FRAUD**

#### **Responsibility & Authority**

- 6.1 Under the Accounts and Audit Regulations 2015 the Director of Finance must arrange and direct a continuous Internal Audit, which is an independent review of the accounting, financial and other operations of the Council. The Public Sector Internal Audit Standards (PSIAS) ("Standards") came into effect on 1 April 2013, replacing the 2006 Code of Conduct, and then revised in 2017. The Standards are mandatory for all central government departments, local government and agencies and have been developed based in global and national best practice. They are intended to promote professionalism, quality, consistency and effectiveness of Internal Audit across the public sector and for local authorities, are supported by CIPFA. Therefore, the scope, objectives and operation of Internal Audit in Oldham is that recommended by CIPFA and set out in the Standards.
- 6.2 The Head of Internal Audit (the Head of Corporate Governance performs that role for Oldham Council), or role(s) designate will report directly to the Chief Executive and the Chair of the Audit Committee in any circumstance where the functions and responsibilities of the Director of Finance are being reviewed. The Standards note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The Head of Corporate Governance, in accordance with the PSIAS, will provide an Annual Opinion on the overall internal control environment of the Council.
- 6.3 Internal Audit and Counter Fraud Staff have the authority to: -

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- (a) enter at all times any Council premises or land or location from which Council services are provided;
- (b) have access to all property, records, documents and correspondence relating to all activities of the Council;
- (c) require and receive explanations concerning any matter; and
- (d) require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.

### **Reporting**

6.4 The Director of Finance must report upon: -

- (a) the risks inherent in and associated with the operational/service processes and information technology.
- (b) the soundness, adequacy and application of the financial and other management controls and systems within each Service;
- (c) the extent of compliance with, and the financial effects of, established policies, plans and procedures;
- (d) the extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause;
- (e) the suitability, accuracy and reliability of financial and other management data within the organisation; and
- (f) value for money aspects of service provision.

6.5 In respect of any Internal Audit and Counter Fraud report or communication issued, the Head of Service, and/or their nominated deputy, must reply within 3 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments a reply must be made within 2 weeks of issue.

6.6 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors responsible for an area of service provision / financial or other management system which is the subject of Internal Audit recommendations, must respond to Internal Audit and Counter Fraud requests for progress and status updates against previously agreed Internal Audit recommendations. This requirement exists until all recommendations are actioned satisfactorily.

6.7 The Head of Corporate Governance will report to the Audit Committee on a cyclical basis about the findings of Internal Audit and Counter Fraud the

progress on issues in the Directorate Risk Register and Assurance Statements in each of the Directorates. The Head of Corporate Governance will report the Annual Report and Opinion on the System of Internal Control for the year ended 31<sup>st</sup> March (year, as relevant) to the Audit Committee.

### **Investigations and Suspected Fraud or Corruption**

- 6.8 The Head of Corporate Governance is responsible for the provision of an appropriate Counter Fraud service to minimise fraud risks and to investigate potential fraud and corruption. The Counter Fraud service at Oldham Council operates as recommended by CIPFA. The Cabinet Office also provide guidance on professional Counter Fraud standards across the public sector, and such guidance is followed in Counter Fraud activities undertaken by Oldham Council.
- 6.9 The Director of Finance is responsible for the development and maintenance of the Anti-Fraud & Anti-Bribery Strategy and for directing the Council's efforts in fraud investigation. The Director of Legal Services supported by the Head of Corporate Governance and People Services is responsible for the development of the Whistleblowing Policy and the Head of Corporate Governance is responsible for the assessment of Whistleblowing disclosures against the Public Interests Disclosure Act 1998 and reporting disclosures to the Monitoring Officer.
- 6.10 The Chief Executive and Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors must ensure that all Members and employees are: -
- a) aware of the Council's Anti-Fraud and Anti-Corruption Strategy;
  - b) aware of the Whistleblowing Policy;
  - c) operating in a way that maximises internal check against inappropriate behaviour; and
  - d) able to undertake the on-line training package on preventing fraud supported by the Council.
- 6.11 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected financial irregularity in the operations or exercise of the functions of the Council to immediately advise their Head of Service. The Head of Service concerned must immediately notify the Director of Finance who may take action by way of investigation and report.
- 6.12 Where, following investigation, the Director of Finance considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held

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with the Head of Service on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

- 6.13 Where there are sufficient grounds to believe that a criminal act may have been committed and it is agreed to refer the matter to the Police for investigation, this should be recorded on a central log of “matters referred to the Police” maintained by Internal Audit and Counter Fraud.
- 6.14 The Head of Corporate Governance shall on an annual basis maintain and update the Fraud and Loss Risk Assessment of the Council.

### 7. INSURANCE

- 7.1 The Director of Finance, in consultation with Heads of Service is responsible for assessing insurable risks and for arranging all insurance cover, including the management and control of the insurance fund. He/she will control all claims and maintain records of them.
- 7.2 Heads of Service must promptly notify the Director of Finance in writing of all new risks or assets to be insured and of any alterations affecting existing insurances. All insurances held must be reviewed on an annual basis.
- 7.3 In the event of any insurance claim or occurrence Heads of Service must: -
- (a) not admit liability where this may prejudice the outcome of any settlement;
  - (b) promptly notify the Insurance Portfolio Manager in writing, of any loss, liability, damage or any event likely to lead to a claim; and
  - (c) inform the Police in the case of loss or malicious damage to Council property.
- 7.4 Heads of Service must consult the Director of Finance and the Director of Legal Services as to the terms of any indemnity the Council is required to give.
- 7.5 The Director of Finance will determine the extent of insurance cover which must be provided for in any external contract for the supply of goods, works or services. The Director of Finance, in consultation with the Head of Service and Director of Legal Services, may reduce the cover requirements in respect of specific contracts.

### 8. ASSETS

- 8.1 Heads of Service are responsible for the care and custody of all current and fixed assets of the relevant service (including stocks, stores, inventory items and all other items used for the Council's purposes, including property). These items must only be used for the authorised purposes of the Council.

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Assets must be recorded in Oldham Council's Asset Register, in accordance with the CIPFA Code of Practice.

- 8.2 Heads of Service must ensure that contingency plans exist for the security of assets and the continuity of service in the event of any disaster, significant event, or system failure. Whilst the Council's Emergency Plan, and its Disaster Recovery Plan for Information Systems are the main devices to be used and followed by the Deputy Chief Executive/Strategic Directors/Managing Directors and Directors, they are not exhaustive, and should be added to or improved upon by them when necessary.

### **Disposal of Assets**

- 8.3 Surplus or obsolete goods, materials and inventory items are to be disposed of by agreed transfer to another Service, competitive sale or public auction in accordance with both Contract Procedure Rules and the Land and Property Protocols, except when the Cabinet instructs otherwise. Where appropriate, the Council's Asset Register should be amended accordingly.
- 8.4 Leased items should only be disposed of in accordance with the instructions of the lessor.

### **Stores**

- 8.5 Heads of Service must keep records of all stock held and certify the value for accounting purpose at 31 March of each year. The Director of Finance will determine which items will be subject to stock accounting, the methods of recording and valuation.
- 8.6 Heads of Service must arrange periodical or continuous checks of stock. This should be by persons independent of the management of the stock. These arrangements must ensure that all items of stock are checked at least once per year. The Director of Finance will be notified of any discrepancies revealed by periodic checks and is authorised to amend records accordingly.
- 8.7 Stock holdings should be kept at minimum levels consistent with normal working practices

### **Inventories**

- 8.8 Heads of Service are responsible for ensuring that detailed inventories of all land, buildings, equipment, furniture, fittings, vehicles, plant and machinery are compiled and kept up to date. New inventory items must be entered promptly, and redundant items deleted and disposed of in accordance with Financial Procedure Rule 8.3. The form of inventory and the type of assets recorded thereon will be determined by the Director of Finance after consultation with the appropriate Head of Service.
- 8.9 The inventory should include: -

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- (a) the nature, type, model, serial number, location, quantity, value, date of acquisition;
  - (b) all items of, or collection of similar items valued at, more than £100;
  - (c) items of a lesser value which are portable and attractive; and
  - (d) evidence to indicate an annual inspection has been carried out.
- 8.10 When Council assets are loaned to employees, other Council services or other organisations, the Head of Service must record the reason for the loan, date/periods and name of the receiver.
- 8.11 Inventory items must be security marked, stamped or engraved with the Council's name.
- 8.12 Each Head of Service is responsible for ensuring that an annual check is made of all items on the inventory and must notify the Director of Finance of any discrepancies revealed by these checks.

### **Asset Register**

- 8.13 The Director of Finance must ensure that an Asset Register in accordance with agreed auditing standards is maintained. This will include all land and property
- 8.14 Each Head of Service must immediately notify the Director of Finance of the acquisition of any asset having a value of £10,000 or more.
- 8.15 Each Head of Service must immediately notify the Director of Finance of the disposal (or transfer to another Service) of any asset (or part of any asset) which is included on the Asset Register.
- 8.16 In respect of any item acquired by lease the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.

### **Land and Property Assets**

- 8.17 The Deputy Chief Executive, People and Place must ensure that the detailed record of all land and property owned by the Council is included in the Council's Asset Register.
- 8.18 The Director of Legal Services is responsible for the security and custody of all title deeds and must maintain a suitable register.
- 8.19 The disposal of land and property is dealt with additionally in Contract Procedure Rules and through the Land and Property Protocol.



### 9. SECURITY

#### Security of Assets

- 9.1 All staff are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and any other assets for which they are responsible. The Director of Finance must be consulted to establish adequate security arrangements.
- 9.2 All keys to safes and other places containing money, goods or other valuables are to be the responsibility of specified officers who must retain possession of such keys at all times. A register of keys and their holders must be maintained by each Head of Service. The loss of any key must be reported immediately to the Head of Service who must record details of the circumstances of the loss, and take such action as is necessary to protect the property of the Council.
- 9.3 Maximum limits for cash holdings in each separate establishment are to be agreed with the Director of Finance and must not be exceeded without permission.

#### Security of Information

- 9.4 All staff must maintain proper security, privacy and use of information held in computers and all other recording systems under their control. Heads of Service must ensure that: -
- (a) all employees are aware of and comply with the Council's Information Security and Information Management policies;
  - (b) all sensitive information is protected from unauthorised disclosure;
  - (c) the accuracy and completeness of information and software is safeguarded;
  - (d) software and other intellectual property is used only in accordance with licensing agreements;
  - (e) Data Protection legislation is complied with;
  - (f) the Freedom of Information Act and Environmental Information Regulations are complied with;
  - (g) proper controls to system and physical access are in place;
  - (h) the Council's intellectual property rights are protected; and
  - (i) data taken off site by staff has the appropriate security such as encryption in place to protect the data should it be lost.

### **Security of Property Relating to Clients and Customers**

- 9.5 Heads of Service must provide detailed written instructions on the collection, custody, investment, recording, safekeeping and secure disposal of customer/clients' property (including instructions on the disposal of property of deceased clients) for all staff whose duty is to administer, in any way, the property of clients. Due care should be exercised in the management of a customer or clients' money in order to maximise the benefits to the customer/client.
- 9.6 The Council is responsible for taking reasonable care of all items of property found by staff or members of the public on Council premises until the items are reclaimed or disposed of. Each Head of Service must nominate officers who are responsible for the custody of lost property and keep a register of such property received, detailing the item, date, time, name and address of finder and how and to whom the property is returned or disposed of. The information Management Team must be informed of any loss for which the Council is the data controller, in line with the Security Incident Management policy.
- 9.7 Heads of Service may seek Cabinet authority on how lost property will be dealt with. Otherwise, if the lost property is not claimed within three months it vests in the Council. The Head of Service will then determine if the item is of value for use by the Council and arrange for its use for this purpose. All other items are to be disposed of by sale in accordance with Contract Procedure Rules.

### **Security Passes**

- 9.8 All staff who are located in offices are responsible for accessing the building in accordance with management instruction. This will include keeping their staff security badges secure and reporting any loss promptly to their line manager.

## **10. TREASURY MANAGEMENT**

### **Policies and Strategies**

- 10.1 The Council has adopted requirements of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision Guidance, the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code.
- 10.2 The Council is responsible for adopting:
- (a) A treasury management policy statement, setting out the policies and objectives of its treasury management activities, and treasury management practices, setting out how those policies and objectives

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will be achieved and how treasury management will be managed and controlled.

- (b) An Annual Investment Strategy, determining the type and level of investments to be entered into over the coming year together with a policy on risk management and a creditworthiness policy, and the level of investment in specified and non-specified investments
  - (c) The Minimum Revenue Provision policy and the Borrowing Strategy.
- 10.3 The Director of Finance will prepare a report before each financial year recommending a treasury management strategy and investment plan, and subsequently an annual report after the end of the year. In addition, there will be a mid-year treasury management update including performance in relation to prudential indicators. Each of these reports must be considered by Cabinet where there will be a recommendation to Council where there will be final approval.
- 10.4 The Audit Committee is responsible for the detailed scrutiny of treasury management policies, procedures and practices and reviewing all treasury management reports (including reports presented to Cabinet and Council) However, the relevant Overview and Scrutiny Committee will also undertake scrutiny of the Treasury Management Strategy as part of its budget scrutiny function.
- 10.5 The Director of Finance is responsible for the execution and administration of treasury management decisions in accordance with the policy statement and agreed practices as set out at in the Treasury Management Strategy Statement report presented to Budget Council.

### **Administration**

- 10.6 All money under the management of the Council is to be aggregated for the purposes of treasury management and will be controlled by the Director of Finance.
- 10.7 Investments other than bearer securities are to be in the name of the Council or nominee approved by the Cabinet. All borrowings are to be in the name of the Council.
- 10.8 The Director of Finance will select the Council's Registrar of stocks, bonds and mortgages and must maintain records of all borrowings by the Council.
- 10.9 A suitable register must be maintained in respect of all investments, securities, bearer securities and borrowings.
- 10.10 The Director of Finance will arrange all loans. The Director of Finance is to be informed of all leases entered into by Service Managers.

### **Trust Funds**

- 10.11 All trust funds are to be, wherever possible, in the name of the Council. Officers acting as trustees by virtue of their official position must deposit all documents of title relating to the trust with the Director of Legal Services (unless the Trust Deed otherwise directs) who must maintain a register of all such documents deposited.

### **11. BANKING ARRANGEMENTS, CHEQUE SIGNING AND IMPREST ACCOUNTS**

#### **Banking Arrangements**

- 11.1 All of the Council's banking arrangements are to be approved by the Director of Finance, who is authorised to operate such bank accounts as he or she considers appropriate.
- 11.2 Bank accounts must not be opened without the approval of the Director of Finance. Where a bank account is opened, the account name must describe the purpose of the account. All new accounts should be named in the format Oldham MBC, XYZ Account.

#### **Cheques and Electronic Payments**

- 11.3 Payments to suppliers and employees will all be made by electronic means unless there is specific agreement with the Director of Finance to use another method.
- 11.4 All cheques are to be ordered only in accordance with arrangements approved by the Director of Finance, who is to ensure their safe custody. Cheques drawn on the Council's main bank accounts must either bear the facsimile signature of the Director of Finance and or be signed in manuscript by him/her or other authorised officers. All alterations and amendments are to be signed in manuscript by the Director of Finance, or other authorised officers.
- 11.5 Banking arrangements made for authorisation of payments to be made or received under electronic transfer are to be in a form approved by the Director of Finance.
- 11.6 There will only be cash advances made in relation to money for clients associated with care or specific exemptions agreed by the Director of Finance.

#### **Imprest Accounts**

- 11.7 Heads of Service will determine what amount is appropriate for an individual imprest subject to any limit set by the Director of Finance, and keep a record of every imprest issued, including the name of the imprest holder, amount and location.

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- 11.8 Any imprest holder (or sub imprest) must at any time account for the total imprest if requested to do so by the Director of Finance and keep adequate records in a form approved by the Director of Finance and supported by valid (VAT) receipts. On ceasing to be responsible for an imprest account the officer must account promptly to the Head of Service for the amount advanced.
- 11.9 Payments from imprest accounts are to be limited to minor items of expenditure and to any other items approved by the Director of Finance.
- 11.10 Where deemed appropriate by an imprest account holder a sub-imprest may be provided to another officer for which the main imprest account holder must obtain and retain an acknowledgement. In all cases where this occurs the main imprest holder must notify the Head of Service.

### 12. INCOME

- 12.1 The Revenue Budget report presented to the relevant Overview and Scrutiny Committee for scrutiny prior to the start of each financial year will include proposals for fees and charges, including any amendments, for the forthcoming financial year. This will be prepared by the Director of Finance in consultation with Heads of Service/Directors. After comments from the Overview and Scrutiny Committee, the final approval of fees and charges will align with the budget process with a report to Cabinet with a recommendation to Council. Any amendments in year should be reported to Cabinet for approval.
- 12.2 The methods of collecting, recording and banking of all income due to the Council are to be approved by the Director of Finance.
- 12.3 The Director of Finance must be notified, in accordance with practices agreed with the relevant Head of Service, of all income due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.
- 12.4 Heads of Service must ensure that to the maximum extent possible income is collected by electronic means.

#### **Collection and Banking of Income**

- 12.5 Heads of Service must make appropriate arrangements for the control and issue of all receipt forms, books, tickets, ticket machines or other acknowledgements for money.
- 12.6 All income received by the Council must be acknowledged by the issue of an official receipt or by another approved method indicating payment has been received.
- 12.7 All money received by an officer on behalf of the Council must be paid to the Council's bank account as the Director of Finance may determine, at

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intervals taking account of the security of the premises. No deductions are to be made from such monies unless specifically authorised by the Director of Finance. Personal cheques must not be cashed out of monies held on behalf of the Council. Refunds must be made through the payments system.

- 12.8 Arrangements for opening incoming mail must ensure that any money so received is immediately recorded.
- 12.9 Every transfer of official money from one officer to another must be evidenced in the records of the services concerned by the signature of the receiving officer.
- 12.10 All requests to collect income using card machines require the approval of the Director of Finance. The Service requesting the card machines shall fund, from their own budgets, any expenditure required so the process is compliant with the Payment Card Industry Data Security Standard (PCI DSS).

### **Discrepancies in accounting records**

- 12.11 Each Head of Service must maintain a detailed record of all discrepancies in records including cash surpluses and deficiencies in a manner approved by the Director of Finance, and these must be recorded in the Council's accounts.
- 12.12 The Head of Service must investigate any apparent patterns of discrepancies.
- 12.13 Where such discrepancies are in excess of £100 individually, or in total within any period of 1 month, the Head of Service concerned must immediately investigate and notify the Director of Finance who may undertake such investigations as he/she deems appropriate.

### **Debtors**

- 12.14 Wherever possible, payment should be obtained in advance or at the time of provision of a service, goods, letting or works.
- 12.15 Where credit is given, Heads of Service must ensure that the credit status of each customer is satisfactory. Heads of Service are responsible for arranging for staff to raise debtor accounts using the financial ledger approved by the Director of Finance immediately a debt falls due. Each Head of Service, in conjunction with the Director of Finance must maintain adequate records to ensure that all credit income due to the Council is promptly recovered. Where services are proposed through the year's accounts, they should be raised on a monthly basis to the body in receipt of the service.
- 12.16 Each Deputy Chief Executive/Strategic Director/Service Managing Director/Director own Scheme of Delegation must identify employees authorised to act on that Deputy Chief Executive/Strategic Director/Service

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Managing Director/Director's behalf, or on behalf of the Cabinet, in respect of: income collection, together with the limits of each person's authority

### **Debts including Council Tax, Business Rates, Sundry Debt, Housing Benefit Payments**

- 12.17 The Head of Service responsible for managing the contract to collect Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments shall regularly review the level of debts due and ensure, in conjunction with the Director of Finance, the adequate provisions required for bad and doubtful debts. Authorisation of write off for individual debts is as follows at this stage:
- a) Individual debts less than £60 by The Unity Partnership Ltd as the agreed Council contractor. Each quarter The Unity Partnership Ltd shall submit a report to the Director of Finance detailing these write offs.
  - b) Individual debts up to £2,500 by the Head of Service.
  - c) Individual debts up to £5,000 by the Director of Finance.
  - d) Individual debts over £5,000 by Cabinet.
- 12.18 As part of the closure of the final accounts the Director of Finance shall undertake a detailed review of the outstanding debts owed to the Council and write off amounts deemed irrecoverable prior to the draft annual accounts being submitted to the Audit Committee for approval. The individual debts written off as part of this process shall be reported to the Cabinet Member Finance and Corporate Services.
- 12.19 The 'writing off' of a debt does not absolve a Head of Service of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by the Head of Service.
- 12.20 Where the Director of Finance considers that individual services have not raised debtors accounts in a prompt manner the officer may calculate the interest lost to the Council and charge this amount to the service budget.
- 12.21 On an annual basis Heads of Service will review the level of debtors' accounts in their particular area which remain unpaid. This will be discussed with the Director of Finance and/or their representative and provision made for any amounts which require a provision to be made for bad debts at the end of the financial year.
- 12.22 The amount of income to be credited in respect of sundry debts to individual Directorate accounts shall be determined by the Director of Finance with a clear reference to the actual cash amount received by the Council.

## **13. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

### General

- 13.1 Every Officer and Member of the Council 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. These interests should be registered with the Director of Legal Services as per the Council's agreed procedures.
- 13.2 Public money must be spent with demonstrable probity and in accordance with the Council's policies, including ensuring suppliers' compliance with taxation in accordance with resolutions of Council. Where appropriate a valid purchasing order shall be raised. Local Authorities have a statutory duty to achieve best value in part through economy and efficiency and the Council's procedures (Contract Procedure Rules, Scheme of Delegation, Financial Procedure Rules and in accordance with Procurement Policy and Practice) must be followed to help Directorates obtain value for money from their procurement arrangements.
- 13.3 Whilst Contract Procedure Rules have a threshold for written competitive quotations, it is nevertheless an obligation on officers to be able to show that they have received value for money at much lower levels than the formal requirement of these rules.
- 13.4 Where the Council has corporately negotiated contracts for goods, services or works, Directorates shall normally use these contracts for such supplies. Information on these contracts can be obtained from the Corporate Procurement Section. Where the Council is also the supplier of a service, officers ordering shall always give the in-house provider the opportunity to quote for the supply.
- 13.5 Heads of Service must ensure that all valid invoices are paid as a minimum within 30 days of receipt. Suppliers should be encouraged to participate in the early discount scheme of the Council and that invoices are submitted in a timely manner to maximise the amount of early payment. In payment of invoices all officers should comply with the detailed guidance issued by the Director of Finance. This includes an analysis where appropriate that a supplier is financially robust to receive all payments via the early payments scheme
- 13.6 The Director of Finance will determine the method and frequency of payment from one of the Council's main bank accounts, except for: -
- petty cash and other imprest accounts
  - delegated bank accounts approved by the Director of Finance.



### Raising orders

- 13.7 All orders for goods, services and works shall be made using the Council's agreed procurement system, A1. Unless agreed by the Director of Finance as an agreed exception orders should be issued in advance of the receipt of the service and invoice.
- 13.8 Each Deputy Chief Executive/Strategic Director/Service Managing Director/Director's own Scheme of Delegation must identify employees authorised to act on that Deputy Chief Executive/Strategic Director/Service Managing Director/Director's behalf, or on behalf of the Cabinet, in respect of payments and orders, together with the limits of each person's authority.
- 13.9 Heads of Service must approve a schedule of Council officers authorised to raise requisitions, undertake approvals up to order and invoice stages and to supply their names, job titles and authorised approval levels to the Director of Finance. The schedule must be reviewed at least once per year.
- 13.10 By approving a requisition the approving officer indicates that satisfactory checks have been carried out to ensure that: -
- (a) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and necessary.
  - (b) The order value indicates that prices, extensions, calculations, discounts, other allowances and all relevant taxes are correct.
  - (c) Payment will be processed via a proper tax invoice.
  - (d) The proposed expenditure will be properly incurred, is within budget, and has been charged to the appropriate budget.
  - (e) Entries will be made in asset registers, inventories, stores and other records as appropriate.
  - (f) The order has not been processed previously.
  - (g) The commitment is a proper liability of the Council.

There should be adequate controls to agree invoice values to contracts or non A1 orders where a dispensation has been received for not using A1 ordering as detailed in section 13.7. The supplier's sales invoice reference should be recorded in spreadsheet format by the budget holder's department to allow the tracing of invoices input to A1 in the absence of an A1 purchase order reference.

- 13.11 The correct receipt of goods shall be acknowledged by recording the details on A1 or the signature of an appropriate officer who checks for quantity and quality to the details set out on the delivery note to validate the receipt of

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goods or services. This should not be the same officer who has approved the order.

- 13.12 Signed delivery notes shall be matched and checked to the appropriate electronic order and retained as a record of receipt of the delivery.
- 13.13 System procedures must be followed for the treatment of part or incorrect deliveries and the system updated appropriately.
- 13.14 Goods shall be held with appropriate security and entered into stores or an inventory, if appropriate (see section 7). Permanent valuable items shall be marked as the property of Oldham Metropolitan Borough Council. This does not apply to equipment leased by the Council, which shall be marked to indicate the equipment is leased in such a way as not to deface the equipment.

### **Paying invoices**

- 13.15 Payments shall only be made in respect of goods or services properly received on receipt of an official invoice from the supplier. The invoice must contain, if appropriate, the company registration and VAT numbers and valid Purchase Order number. Failure to quote an order number will not allow the Council system to match with the original purchase order and as a result the invoice will be returned to the sender for the inclusion of this data.
- 13.16 Invoices will be received and processed by the Accounts Payable Team, who will electronically scan the invoices, which will be matched by the system to the relevant order and goods/services received record and passed for payment if within system tolerances.
- 13.17 An exception to this matching process relates to non-order invoices input under the dispensation rule detailed in 13.7 above where the budget holder effectively gives retrospective order approval after an invoice has been input.
- 13.18 Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors are responsible for ensuring that undisputed invoices are processed for payment within a maximum of 30 days from receipt of the invoice.

### **Advance Payments**

- 13.19 Where a supplier or contractor requires payment prior to the despatch of goods or the provision of services, an official order signed by a duly authorised officer and clearly marked that payment is to be made before receipt of the goods or services must be completed. A pro forma invoice or supplier's order form detailing fully the goods/service to be obtained must be approved by an officer authorised to certify invoices and retained as a record of the payment made.

### **Transparency Agenda**

13.20 As a part of Transparency Agenda the Council shall publish all individual transaction for expenditure in excess of £500 on a monthly basis.

### **14. PAYMENT CARDS**

14.1 All arrangements regarding payment and procurement cards must be approved by the Director of Finance.

14.2 Heads of Service in conjunction with Director of Finance will determine the credit limit for individual payment and procurement cards.

14.3 Each cardholder will ensure safe custody of the card and not exceed their monthly limit.

14.4 Cards may be used only in accordance with the approved scheme and for legitimate expenses incurred by the cardholder in the course of official Council business.

They must not be used: -

(a) to circumvent the procedures for the ordering of and payment for, goods and services under these regulations; or

(b) to purchase items for the private or personal use of cardholders.

14.5 Each cardholder must ensure that all expenditure incurred is supported by adequate records and in respect of payment cards, a VAT receipt is obtained to support all expenditure.

### **15. SALARIES, WAGES AND PENSIONS**

15.1 All payments of salaries, wages, pensions, compensations, gratuities, allowances and other emoluments to current or former employees and Members are to be made by the Councils Payroll Service (which is provided by the Unity Partnership) or an agreed payroll provider (in relation to schools) in accordance with information supplied by the Head of Service. All payroll transactions must be processed through the Council's payroll system. This will include all Members and Officers expenses which are to be paid in arrears by payroll.

15.2 Heads of Service must ensure that appointments of all employees and agency staff are in accordance with the appropriate Conditions of Service of the Council or any approved scheme of delegation, and are within the approved budgets, grades and rates of pay. Any variations of terms and conditions must be in accordance with arrangements approved by the Director of Workforce and Organisational Design.

### **Records**

## APPENDIX 1

- 15.3 Heads of Services must maintain adequate records to notify the Payroll Service of all appointments, resignations, dismissals, and retirements together with changes in pay rates, bonuses due, overtime worked and other matters affecting remuneration, and provide all information to ensure that the correct adjustments are made in respect of absences, pensions, income tax, national insurance, sickness and maternity pay and any other additions, to or deductions from pay. Heads of Service must also advise the Payroll Service of any employee benefit in kind to enable reporting for taxation purposes.
- 15.4 Time records and other pay documents must be maintained in a manner approved by Unity and be certified by the Head of Service or other authorised officers. A record of all authorised officers must be maintained together with specimen signatures, a copy of which will be sent to the Payroll Service.
- 15.5 Access to Payroll Data shall be made available to authorised Council representatives by all audit providers to the Council.

### **Overpayments**

- 15.6 The Director of Finance is authorised to write-off any net overpayment of salary/wage where death-in-service of an employee occurs, except where the Council holds a statutory obligation to recover such overpayments. All other overpayments of pay must be treated for the purposes of recovery and write off in accordance with Financial Procedure Rule 12.

## **16. TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES**

- 16.1 Payment of all claims is to be made via payroll or under other arrangements approved by the Director of Finance and must be in accordance with Schemes of Conditions of Service adopted in respect of the employee to which the payment relates.
- 16.2 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses, must be made by the payroll system. The on-line system provides for certification by the Head of Service or authorised officer under individual Deputy Chief Executive/Strategic Director/Service Managing Director/Director's schemes of delegation.
- 16.3 The certification of a claim by or on behalf of a Head of Service is taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council. Expense claims which relate to a period more than 6 months before the date of submission will not be paid, except in special circumstances agreed by the Director of Finance.

## **17. TAXATION**

## **APPENDIX 1**

- 17.1 The Director of Finance is responsible for advising the Council / Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors on all taxation issues that affect the Council.
- 17.2 Each Head of Service must ensure taxation is treated correctly and consult with the Director of Finance in the event of any uncertainty as to any taxation treatment. Should an error in taxation occur due to the failure of a Head of Service to follow an appropriate procedure then there shall be a charge against that Services budget.
- 17.3 The Director of Finance will maintain the Council's tax records, make all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate, as well as lead and co-ordinate discussion or negotiations with the Her Majesty's Revenue and Customs about any taxation matter.

### **18. GIFTS AND HOSPITALITY**

- 18.1 A separate Code of Conduct is available which sets out how officers and members should deal with issues such as receipt of personal gifts and offers of hospitality. All officers and members need to be aware of the requirements of the Code and ensure they are followed. All gifts and offers of hospitality over £25 need to be registered with the Director of Legal Services.

### **19. UNOFFICIAL AND VOLUNTARY FUNDS**

- 19.1 These regulations relate to funds administered by officers of the Council, the accounts of which are not included in the Authority's accounts.
- 19.2 Any proposed unofficial funds require the prior approval of the Head of Service concerned who must maintain a record of all such funds and ensure that officers are appointed to administer each fund.
- 19.3 A separate bank account must be maintained for each fund (in the name of the fund) and fund monies must be kept separate from Council monies.
- 19.4 Heads of Service must ensure that they receive a copy of the accounts of each fund and a certificate in the prescribed form from the auditors or independent examiners of each fund that has to be audited or independently examined. Such accounts are to be prepared annually, and at the completion of the purpose for which the fund was set up.
- 19.5 The Director of Finance is to have access to any records relating to such funds and be immediately informed of any irregularities which arise in connection with them.

### **20. FINANCIAL CONTROL OF WHOLLY OWNED COMPANIES, PARTNERSHIPS, JOINT VENTURES, ASSOCIATED ORGANISATIONS AND SIMILAR ARRANGEMENTS**

### **Working in Partnership with Associated Organisations**

- 20.1 The Director of Finance is responsible for promoting and maintaining the same high standards of financial administration in wholly owned companies and partnerships that apply throughout the Council, or advising the Cabinet where he/she is aware that arrangements within a partnership are in conflict or are uncertain compared with the practices adopted by the Council.
- 20.2 The Director of Finance must ensure that the accounting arrangements to be adopted relating to wholly owned companies, partnerships and joint ventures are satisfactory, and must; -
- (a) consider the overall corporate governance arrangements and legal issues when arranging contracts with the wholly owned company/partner/joint venture or associated organisation.
  - (b) ensure that the risks have been fully appraised before agreements are entered into with the wholly owned company/partner/joint venture or associated organisation.
- 20.3 Heads of Service must ensure that in all grant agreements, contribution to partnerships and where appropriate in agreed contracts for the supply of works, goods and services, the Director of Finance has access to the accounts, records and all other documentation, and is entitled to seek explanations from Officers of the funded organisation regarding the deployment of the Council's funding payment.

### **Working for Other Organisations**

- 20.4 Heads of Service are responsible for ensuring that approval is obtained from the Director of Finance and Director of Legal Services before any negotiations commence in relation to the provision of works or services to other organisations expected to exceed £10,000.
- 20.5 The Cabinet is responsible for approving the contractual arrangements for any work for other organisations expected to exceed £100,000. The Director of Finance may agree contractual arrangements below this level.
- 20.6 Heads of Service must ensure that any proposed arrangement to work for other organisations does not impact adversely upon the Services provided to or by the Council. All agreements, contracts or arrangements must be properly documented, and appropriate information must be provided to the Director of Finance to enable a note to be entered into the Council Statement of Accounts concerning material items.

### **Grants and Loans to Other Organisations**

- 20.7 Where a Head of Service proposes to offer a loan to any organisation in excess of £10,000, he/she may do so only following: -

## APPENDIX 1

- (a) a full financial appraisal of the organisation to which the loan is to be granted, by the Director of Finance;
- (b) a full financial appraisal of the project to which the loan relates, by the Director of Finance; and
- (c) the execution of a legal agreement approved by the Director of Legal Services
- (d) It is in accordance with the agreed Council procedures on loans to third party organisations.

20.8 Where a Head of Service proposes to offer any grant in excess of £10,000, he/she may do so only;

- (a) where this accords wholly within the approved grants policy of the Council; or
- (b) following a full financial appraisal by the Director of Finance of the accounts of the organisation and an analysis of the necessity or otherwise of the funding proposal to be made and on the execution of a legal agreement approved by the Director of Legal Services.
- (c) In accordance with agreed Council procedure on grant support to third party organisations.

## 21. WORKFORCE

21.1 The Head of Paid Service is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration for a job.

21.2 The Deputy Chief Executive/Strategic Directors/Service Managing Directors/Directors are responsible for controlling total numbers in the workforce and its cost by:

- Advising the Cabinet on the budget necessary in any given year to cover the workforce levels previously approved by the Deputy Chief Executives/Strategic Directors/Service Managing Directors/Directors.
- Adjusting the workforce to levels that can be funded within approved budget provision, varying the numbers provided (though not the remuneration, or levels of remuneration for the specific categories of the workforce) as necessary, within that constraint, in order to fulfil operational needs.
- The proper use of appointment procedures.
- Ensuring an establishment list which includes job titles, names and contact details is prepared and maintained for their Directorate.

### 22. MONEY LAUNDERING

- 22.1 The legislation concerning money laundering impacts on local authorities. Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The Council has therefore established an internal Anti-Money Laundering Policy and supporting Guidance Note designed to prevent the risk of the Council being involved in money laundering and to enable staff to report suspicions of money laundering activity to the Head of Corporate Governance (as the Council's nominated Money Laundering Reporting Officer).
- 22.2 All staff should have regard to the Council's Anti-Money Laundering Policy and supporting Guidance. A member of staff should consider, in line with the Policy and Guidance, reporting any transaction which involves the receipt of £10,000 or more of cash to the Council's Money Laundering Reporting Officer; notwithstanding such financial limit, and member of staff who has reasonable grounds to believe that money laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Council's Money Laundering Reporting Officer.