Warwickshire County Council

Financial Regulations

VERSION 3: Draft as at 10 May 2021

Content

INTRODUCTION

What are Financial Regulations?

The County Council is responsible for providing a wide range of services for the residents, visitors and businesses of Warwickshire which involve receiving and spending large sums of money each year. Financial Regulations aim to ensure that the County Council protects and makes the best use of the money it receives and spends.

The Financial Regulations are very much a strategic document and, at the highest level, set out the financial responsibilities of Members, and some of the most Senior Officers, the Chief Executive, Strategic Directors, Assistant Directors (including the Chief Fire Officer) and the Chief Finance Officer (also known as the Section 151 Officer) of the County Council.

The Financial Regulations form a part of the means by which the County Council manages its business. They clarify roles and responsibilities and provide a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are set out and complied with, as well as reflecting best professional practice and decision-making of the County Council, Cabinet and Committees. In summary Financial Regulations are the regulatory framework within which the financial affairs of the County Council are operated.

Supporting the Financial Regulations are a detailed set of Finance Rules, which prescribe the procedures to be followed in the day to day work of the County Council. While these rules are not contained within these financial regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.

All Members and all Officers of the County Council must abide by both the Financial Regulations and the Financial Rules.

The Financial Regulations should be read in conjunction with other documents and sections of the constitution, in particular:

- The Budget and Policy Framework;
- Contract Standing Orders; and
- The General Scheme of Delegation.

Why are Financial Regulations important?

The County Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively, equitably and ethically. The Council's activities are furthermore guided by a set of underlying principles and responsibilities fostering openness, integrity and accountability.

In discharging these responsibilities, Members and Senior Officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercising of its functions, including arrangements for managing risk.

As a consequence of these responsibilities, the Council must require the actions taken on its behalf, that carry financial implications, to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions are within the legal powers of the Council.

These financial regulations thus form a key element of the maintenance of a robust, clear and accountable governance framework for the Council. In particular Financial Regulations:

- Provide a framework for all Members and Officers for the proper and efficient administration of the Council's financial affairs;
- Encourage all Members and Officers to abide by the highest standards of probity and integrity with clear standards which need to be continually maintained and there are controls to ensure that these standards are met;
- Ensure that there are clear roles, responsibilities and accountabilities for Members and Officers in order to protect the Council's money and assets; and
- Ensure that the use of resources is legal, properly authorised and gives value for money.

In seeking to achieve value for money all Members and Officers shall give due consideration to:

- The sustainable delivery of our strategic and statutory priorities;
- Planning and managing our resources to ensure we can continue to deliver services;
- Making informed decisions and properly managing risks to our financial resilience;
- Ensuring the appropriate scrutiny, challenge, and transparency of decision-making;
- Using information about costs and performance to improve the way we manage and deliver services; and
- Ensuring that the maximum value is obtained from both the resources used and how they are organised to achieve the desired result or predefined target.

Who do Financial Regulations apply to?

Financial Regulations apply to all Members and Officers (staff and contractors) of the County Council and anyone acting on its behalf. All Members and Officers have a responsibility for ensuring any resources or assets under their control are kept securely and used for Council business only.

The County Council is the Administering Authority for the Local Government Pension Scheme and Fire Pension Scheme in Warwickshire. These Financial Regulations also apply to the administration of the Local Government Pension Scheme and the Fire Pension Scheme in Warwickshire.

The Financial Regulations will also apply to any joint commissioning or partnership arrangement where the County Council is the Accountable Body, unless Full Council expressly agrees otherwise.

Who is responsible for ensuring Financial Regulations are adhered to?

The Chief Executive, Strategic Directors and Assistant Directors, are ultimately responsible for ensuring Financial Regulations are applied and observed by staff and contractors providing services on behalf of the Council. In addition, all Members and Officers have a responsibility for reporting any breaches of these Financial Regulations to the Chief Finance Officer as soon as they come to light.

The Chief Finance Officer in turn is responsible for reporting any breaches of these Financial Regulations to Elected Members and advising Members on alternative causes of action which may be taken.

The Chief Finance Officer is responsible for keeping the Financial Regulations under continued review, ensuring any changes are submitted to Full Council for approval.

The Chief Finance Officer is also responsible for issuing the Finance Rules on specific issues that underpin the Financial Regulations and establishing a programme of review for all relevant documents. Strategic Directors may seek the issue, amendment and clarification of the Regulations and Finance Rules for any areas of responsibility not previously addressed.

If a Senior Officer of the County Council believes that complying with Financial Regulations would either not achieve value for money or would not be in the best interest of the County Council, then this should be raised with the Chief Finance Officer. The Chief Finance Officer would then need to consider whether to seek Council approval to waive compliance with Financial Regulations or an amendment to the Financial Regulations is required.

What may happen if you do not comply with Financial Regulations?

Failure to comply with Financial Regulations and Financial Rules may have the following consequences:

- For Officers, these regulations supplement the Employer and Employee Responsibilities code and therefore a breach may be considered a disciplinary matter and could lead to dismissal; and
- For Members, these regulations supplement the Member's Code of Conduct and therefore a breach may be reported to the Audit and Standards Committee for them to take appropriate action.

What functions are covered by the Financial Regulations?

The roles and responsibilities of the most Senior Officers of the County Council (the Chief Executive, Strategic Directors, the Chief Finance Officer and Assistant Directors) can be grouped under a number of critical functions.

As well as the General Roles and Responsibilities, there are five key strategic financial management processes covered by these Financial Regulations and a range of specialist financial activities:

- Planning for the use of resources;
- Financial decision making;
- Controlling the use of resources;
- Accounting for the use of resources;
- Financial administration; and
- Specialist financial activities.

Each of these is taken in turn, explaining why they are important to ensuring sound strategic financial management and detailing the additional responsibilities of the most Senior Officers.

GENERAL ROLES AND RESPONSIBILITIES

Introduction

The County Council is a single entity with certain devolved accountabilities but the overall responsibility for financial administration of the County Council remains with the Chief Finance Officer. Members and Senior Officers also have responsibilities and accountabilities for financial administration which are outlined in this section.

Members

Members have a number of roles and responsibilities which are discharged collectively through the Audit and Standards Committee, the Cabinet or Full Council, in particular Members must:

- Approve the Financial Regulations through Full Council;
- Set the Authority's medium term financial strategy, including setting a balanced budget by the end of February for the following financial year through Full Council;
- Set the Authority's strategic direction and oversee arrangements for securing (and demonstrating) best value through Full Council;
- Set the Authority's framework for the control and management of cash resources and investments, by agreeing the treasury management and investment strategies by the end of March for the following financial year through Full Council;
- Ensure proper control is exercised over the Authority's spending, borrowing and cash management through scrutiny of periodic financial reports comparing expenditure and income with the level of budgetary provision and planning expectations through Cabinet;
- Hold senior officers to account about discharging all relevant financial responsibilities within their control through Cabinet;
- Scrutinise financial probity through the Audit and Standards Committee, Scrutiny Committees and, if necessary, Cabinet;
- Agree financial allocations to ensure the finance function is suitably resourced to support management in securing effective financial control through Full Council; and
- Encourage the development of service targets/performance measurements of a financial/non-financial nature to monitor service achievements through Cabinet.

The Head of the Paid Service (Chief Executive)

The Chief Executive has authority over all officers and is authorised to discharge any function or exercise any power delegated to any officer under the Council's Scheme of Delegation. As the officer charged with overall responsibility for the corporate management and operational functions of the Council, this includes putting in place suitable arrangements to ensure the efficient use of resources.

The Chief Finance Officer (Strategic Director for Resources)

The Chief Finance Officer is responsible for advising the Council on all financial matters and monitoring and reporting on its financial performance and position.

The Chief Finance Officer must discharge the statutory duties defined in the following legislation and codes:

- The Local Government Act 1972, section 151;
- The Local Government Finance Act 1988, sections 112-114;
- The Local Government Act 2000;
- The Local Government Act 2003 including the Local Authorities (Capital Finance and Accounting) Regulations made under the Act;
- The Accounts and Audit (England) Regulations 2015 including amendments;
- The Code of Practice on Local Authority Accounting in the United Kingdom (based on International Financial Reporting Standards);
- The Prudential Code for Capital Finance in Local Authorities; and
- Any CIPFA statements defining best practice.

One of the most significant pieces of legislation is section 151 of The Local Government Act 1972 which states:

'……every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has the responsibility for the administration of those affairs.'

The County Council has designated the Chief Finance Officer as the Officer responsible for the administration of its financial affairs and that is why the Chief Finance Officer is sometimes referred to as the 'Section 151 Officer'.

To fulfil the statutory responsibilities the Chief Finance Officer must:

- Help develop and implement strategy, and resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- Be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the Authority's overall financial strategy;
- Provide financial advice to Members to support the strategic planning and policy making processes and service development to ensure efficient and effective use of resources;

- Provide advice and financial information to Members, Strategic Directors and Assistant Directors on the optimum use and adequacy of available resources and management of both capital and revenue budgets;
- Lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively;
- Establish and monitor the compliance with the County Council's accounting records and control systems;
- Lead and direct a finance function that is resourced to be fit for purpose;
- Be professionally qualified and suitably experienced; and
- Nominate a named Officer as the Deputy Section 151 to act in this role in the absence of the Chief Finance Officer.

Monitoring Officer (Assistant Director – Governance and Policy)

The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Audit and Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to Cabinet and/or Full Council and for ensuring that the procedures for recording and reporting key decisions are operated effectively.

The Monitoring Officer is responsible for:

- Ensuring that reports encompass the statutory obligations with regard to their legal and financial advice and content;
- Ensuring Member decisions and the reasons for them are made public;
- Advising both Members and Officers about who has authority to take a particular decision;
- Advising Members about whether a decision is likely to be considered contrary or not wholly in accordance with the County Council's budget and policy framework;
- Maintaining an up to date Constitution; and
- Maintaining a register of Members and Officers interests.

The Monitoring Officer together with the Chief Finance Officer is responsible for advising Members about whether a decision is likely to be considered contrary or not wholly in accordance with the approved budget or budget setting process and may include:

- Initiating a new policy outside the budget setting process;
- Incurring inter Directorate/Service budget transfers above virement limits;
- Committing expenditure during the year which is above the approved revenue or capital budget; or
- Committing expenditure in future years which is above the approved revenue or capital budget.

Internal Audit and Risk Management

The Strategic Director for Resources, through the Internal Audit Manager, shall arrange for a continuous internal audit function, to carry out an examination of accounting, financial and other operations of the Council, through undertaking a risk-based audit plan, complying with the Public Sector Internal Audit Standards (PSIAS).

The Assistant Director – Finance and the Assistant Director – Governance and Policy will put in place appropriate arrangements to provide the Chief Executive, Chief Finance Officer, Corporate Leadership Team and Elected Members with an annual assurance statement on compliance with Financial Regulations and the Local Code of Corporate Governance.

The Strategic Commissioning Manager (Treasury, Pensions, Audit and Risk) will oversee the development and implementation of an appropriate risk management strategy.

Strategic Directors

Strategic Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and meeting associated financial targets. In doing so they should also have regard to sustainability and equalities considerations.

Strategic Directors are fully accountable for the financial performance of their service area against the budget allocated. They may incur revenue expenditure in furtherance of agreed Council policies only to the extent that budgetary provision has been made.

As part of ensuring the overall sustainability of the Council's financial planning and management arrangements, Strategic Directors also have a responsibility to review their respective budgets on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved budget reductions and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Chief Finance Officer may request that Strategic Directors report to Council during the year on measures being taken to ensure expenditure is contained within approved levels.

Strategic Directors are further charged with the implementation of the risk management strategy in their service areas and for ensuring its effectiveness and review.

Strategic Directors have overall responsibility for ensuring the Assistant Directors within their Directorate manage their resources within the revenue and capital budget limits set by Full Council each year.

Strategic Directors must act within the budget and policy framework, promote probity and sound financial control.

Strategic Directors must report, at the earliest opportunity, to the Chief Finance Officer on any matter which may result in a failure of their Directorate's financial control processes or any other matter which could adversely affect the financial standing of their Directorate.

Specifically, Strategic Directors must report to the Chief Finance Officer if:

- There are potential budget pressures and/or overspends;
- The Directorate is not going to meet any savings or efficiency targets;
- Proposed variations to policy will have financial implications; or
- Organisational changes might impact on the demand for financial support services.

Assistant Directors

Assistant Directors have responsibility for developing their service plans in line with agreed strategies and policies, having due regard for any financial planning considerations or constraints agreed organisationally. Assistant Directors should also clearly articulate their Service's plans for the annual budget cycle ensuring Strategic Directors are fully aware of any planned or future service delivery issues or opportunities.

Assistant Directors are responsible for managing expenditure and income against revenue and capital budgets and must provide information to Strategic Directors and the Chief Finance Officer, at the earliest stage, of any issue where corrective action needs to be taken to keep expenditure within their approved budget.

In managing their Service, Assistant Directors are also responsible for:

- Ensuring appropriate controls and management structures in place and actively operating throughout their Service in order to safeguard all assets and finances and fulfil their responsibilities as outlined in these financial rules and regulations.
- Monitoring and accurately forecasting the budgetary position of their Service and for keeping Strategic Directors informed of this position.

External Audit

The external audit of the Council seeks to assess the extent to which the stewardship of its financial affairs is subject to a regime of accountability where monies are properly accounted for, safeguarded and used economically, efficiently and effectively. The scope of this audit is wider than that of the private sector equivalent, encompassing coverage of the financial statements, regularity, propriety and best value, including the securing of value for money.

PLANNING FOR THE USE OF RESOURCES

Why is this important?

The County Council is a large complex organisation providing a wide range of different services and, like any organisation of this scale, it needs to plan effectively and develop systems to ensure that scarce resources are allocated in accordance with carefully weighed priorities as set out in the Council Plan.

All items of income and expenditure of the County Council are classified as either revenue or capital.

The revenue budget is the expression in financial terms of individual service's plans. It is concerned with the day to day spending required to provide a service, for example, employee pay, supplies and services, energy costs, etc. All decisions on the revenue budget are taken by Full Council except those that relate to the current year's approved budget and the use of any earmarked reserves, which have been delegated to the Cabinet.

The capital programme is the expression in financial terms of individual service's plans to purchase, construct or improve assets with a lasting value, for example, land, buildings and large items of equipment. Decisions on the capital programme are taken by Full Council, except where the cost of a project is below £2 million and no additional use of borrowing or capital receipts is required, which have been delegated to Cabinet and/or the Portfolio Holder for Finance and Property.

The process for preparing and setting the budget should ensure that it reflects the Authority's aims and objectives in financial terms for the period ahead. Budgets should be based on projections about pay, inflation and demand and all budget reductions should be identified, assessed for achievability and planned in advance. Known developments should be anticipated and full cost implications should be determined. Revenue and capital budgets should be integrated and presented as such to Members.

It is important to ensure that the full revenue consequence of capital expenditure is reflected in the revenue budget and options of either a revenue or capital approach to service delivery are considered.

The Chief Finance Officer must:

- In consultation with Corporate Board prepare and submit reports to the Cabinet outlining likely developments, including resource constraints set by the Government and changing demands on services, which will have an influence upon the revenue and capital budgets of the County Council;

- In consultation with Corporate Board prepare and submit reports to the Cabinet summarising the budget proposals and, where appropriate, identify the implications for the level of precept to be levied by the County Council and the impact on local taxpayers;

- In consultation with Corporate Board prepare and submit reports to the Cabinet on the proposals for the Authority's capital strategy and capital programme and, where appropriate, identify the implications for the level of borrowing the Council will need and the implications of financing this borrowing on the revenue budget;

- Establish formal procedures and timetables for planning the budget by:
  - Providing Assistant Directors with a framework and timetable for reporting anticipated budget reductions, spending pressures and service improvements; and
  - Providing Assistant Directors with preliminary budget targets for the following year in time for them to prepare business/service plans, and a final budget by 31 March; and

- Produce an annual treasury management policy statement and strategy and an annual investment strategy setting out the arrangements for the operation, management and performance assessment of the treasury management function, the Authority's appetite for investment risk and gain full Member approval for the policy statement and strategies.

Strategic Directors must:

- Ensure that each Service within their Directorate prepares a written statement of the Service's aims and objectives, consistent with the Council Plan, which is used as the basis for constructing budget plans;

- Prepare and submit with the Chief Finance Officer, joint reports to the Cabinet outlining likely developments, including resource constraints set by the Government and changing demands on services, which will have an influence upon the revenue and capital budgets of the County Council;

- Comply with guidance concerning capital expenditure, issued by the Chief Finance Officer; and

- Ensure that their Directorate maintains an Asset Register, as defined by the Chief Finance Officer, for the purpose of calculating notional capital charges.

Assistant Directors must:

- Comply with the formal procedures and timetable for planning their budget by:
  - Identifying, costing and reporting spending pressures and any anticipated savings, including where initial investment may be required, in accordance with the published budget framework and timetable; and
  - Preparing detailed revenue estimates of planned spending and income for the year ahead within the budget targets set by their Strategic Director;

- Notify their Strategic Director of the continuing potential financial impact in future years of decisions they are taking in the current financial year. This needs to be done so as to be taken into account when producing next year's budget; and

- Comply with capital expenditure rules issued by the Chief Finance Officer.

FINANCIAL DECISION MAKING

Why is this important?

In making financial decisions, Members take account of the information and advice given to them by Officers and, in particular, the Chief Finance Officer. The Chief Finance Officer also has delegated financial responsibilities which require him to take financial decisions, usually in consultation with the Monitoring Officer. These decisions can have major financial and legal implications, and it is therefore important that they are soundly based on accurate and appropriate information.

The Chief Finance Officer must:

Provide advice and financial information to Members, Strategic Directors and Assistant Directors on the optimum use and adequacy of available resources and management of both capital and revenue budgets. In particular this should:

- Take account of all relevant corporate and Directorate considerations;
- Take account of both long and short term costs and benefits;
- Take account of professional advice, for example legal or financial advice;
- Be compiled in accordance with best professional practices by suitable staff;
- Be appropriate and provide a sound basis for financial decision making; and
- Be presented at the most appropriate time to allow effective decisions to be made.

These requirements extend to the legal reasonableness and financial prudence of all decisions taken by both Members and Officers.

The Monitoring Officer must:

Ensure that all legal advice given to Members or used by Officers to make decisions with financial implications:

- Takes account of all relevant Directorate and corporate considerations;
- Is compiled in accordance with best professional practice by suitable staff;
- Is appropriate and provides a sound basis for decision-making; and
- Is presented at the most appropriate time to allow effective decisions to be made.

These requirements extend to the legal reasonableness and financial prudence of all decisions taken by either Members or Officers.

Strategic Directors and Assistant Directors must:

Ensure that all financial information given to Members or Officers in order for them to make decisions with financial implications:

- Takes account of all relevant Directorate and corporate considerations;
- Takes account of both long and short term costs and benefits;
- Takes account of financial advice and any financial implications (the Chief Finance Officer should be consulted, in a timely manner, when drafting Committee or other reports which contain proposals which have financial implications);
- Takes account of legal advice and any legal implications (the Monitoring Officer should be consulted, in a timely manner, when drafting Committee or other reports which contain proposals which have legal implications);
- Takes account of other professional advice, where appropriate;
- Is compiled in accordance with best professional practices by suitable staff;
- Is appropriate and provides a sound basis for financial decision-making; and
- Is presented at the most appropriate time to allow effective decisions to be made.

Strategic Directors and Assistant Directors are reminded that these requirements extend to the legal reasonableness and financial prudence of all decisions taken by either Members or Officers.

CONTROLLING THE USE OF RESOURCES

Why is this important?

Budgetary control is the process by which services' monitor, review and adjust financial targets during the financial year. The identification and explanation of variances against budgetary targets provides a mechanism by which the County Council can identify changes in trends and resource requirements at the earliest opportunity.

There is also an additional pressure to monitor capital schemes carefully, to ensure that the Council's capital financing capacity, governed by the Prudential Code for Capital Finance, including other internal funds and external grants and receipts, is fully utilised, but not exceeded.

The Chief Finance Officer must:

- Administer the County Council's scheme of Virement as set out in the Finance Rules;
- Ensure Assistant Directors and Cost Centre Managers have access to regular and frequent reports on spending, including sums committed, but not yet paid, against the approved budget;
- Prepare and submit, with Strategic Directors, joint reports to the Cabinet in respect of any revenue expenditure for which the Strategic Director concerned is unable to identify appropriate resourcing from within the existing approved budget;
- Prepare and submit reports to the Cabinet in respect of any planned or actual expenditure which the Chief Finance Officer (in consultation with the Monitoring Officer) believes to be unlawful; and during the time between the possibility of unlawful expenditure coming to light and its consideration by Cabinet, prevent any payments other than those which are contractual commitments (this applies equally to revenue and capital expenditure);
- Prepare and submit regular reports to the Cabinet on progress against the approved capital programme, highlighting any variances and detailing any requests for amendments to approved programmes;
- Administer the authorisation of capital schemes approved by Full Council as detailed in the Finance Rules;

- Provide Strategic Directors, Assistant Directors and Cost Centre Managers with appropriate guidance and Finance Rules;

- In consultation with Corporate Board, administer the Council's arrangements for under and overspendings to be carried forward to the following financial year as outlined in the Finance Rules and the reserves strategy approved as part of the annual revenue budget; and

- Prepare and submit a report to the Cabinet by 30 June each year comparing actual treasury management performance against the approved strategy, for the previous financial year.

Strategic Directors must:

- Ensure that their Assistant Directors comply with the County Council's Scheme of Virement and notify the Chief Finance Officer of any additional authorisation limits/reporting arrangements they may wish to set; and

- Inform the Chief Finance Officer immediately of any planned or actual expenditure that the Strategic Director believes to be illegal. During the time between informing the Chief Finance Officer and receiving his response, ensure that no payments are incurred other than those required to meet contractual commitments (this applies equally to revenue and capital expenditure).

Assistant Directors must:

Revenue Expenditure

- Prepare and submit with the Chief Finance Officer and their Strategic Director, joint reports to the Cabinet in respect of any revenue expenditure for which the Assistant Directors concerned is unable to identify appropriate resourcing from within their existing approved budget;

- Make sure that expenditure for each financial year does not exceed the available budget;

- Do everything reasonably possible, report and make aware any action/strategy in place to correct;

- Make sure that all income and expenditure, including forecasts of future income and expenditure and variations from the approved budget, are accurate and timely and entered on the general ledger;

- Seek Cabinet approval for all virements within their Service which exceed the lower of £500,000 or 5% of the Service's net revenue budget (whether individual or as part of a cumulative total) where this is as a result of a change in policy;

- Seek Cabinet approval for all virements between Services irrespective of the amount of the virement, except where virements do not change the approved use of the resource;

- Ensure that, when budgets are delegated, responsibility for financial control is clearly defined and seek prior Finance approval for any changes; and

- Ensure that Cost Centre Managers are notified of any virements affecting their cost centre and that the reason for the virement is explained.

Capital Expenditure

- Ensure a Project Manager is allocated to all capital projects;

- Ensure that all Project Managers comply with all the rules relating to capital expenditure and financing;

- Ensure all appropriate approvals have been granted before committing to any capital expenditure, recognising any pre-approval work is a revenue cost until approval is received;

- Ensure adequate funding is in place for all capital expenditure over the lifetime of a project and that accurate phasing of capital expenditure over financial years is undertaken at the same time;

- Record capital income and capital expenditure separately;

- Ensure capital expenditure does not exceed the approved budget limit;

- Ensure that capital expenditure is not moved between programmes or stand-alone projects without Member approval;

- Ensure that adequate information is kept that delivers accurate capital accounting;

- Ensure Members, their Strategic Director and the Chief Finance Officer are kept informed of progress and latest cost estimates for all capital projects; and

- Provide financial and performance information on capital projects when requested by Members, their Strategic Director or the Chief Finance Officer.

ACCOUNTING FOR THE USE OF RESOURCES

Why is this area important?

The County Council has a statutory responsibility to prepare its annual accounts to fairly represent its operations during the year. Full Council is responsible for approving the annual accounts. The accounts are subject to external audit scrutiny before publication. External audit scrutiny provides assurance that all expenditure is legal, the accounts are properly prepared and appropriate accounting practices have been followed.

The Chief Finance Officer must:

- Provide Assistant Directors with guidance and a timetable for closing their accounts, to ensure compliance with the statutory timetables;

- Prepare and submit reports to the Cabinet outlining, firstly, probable and, subsequently, the actual income and expenditure of the County Council, for each financial year;

- Prepare and publish the audited accounts of the County Council for each financial year in accordance with the Accounts and Audit Regulations 2015 (as amended), in particular:
  - Make appropriate arrangements for the external audit of the County Council's accounts;
  - Publish the draft statement of accounts in accordance with the statutory within four months of the end of the financial year; and
  - Publish the statement of accounts, with the auditor's certificate or report, within six months of the financial year end.

Assistant Directors must:

- Ensure that all expenditure and income is coded to appropriate areas of their budget to accurately reflect service activity in the financial year;

- Make sure that they comply with the procedures and timetable for closing the accounts at the end of the financial year; and

- Maintain suitable accounting records and make these records available for inspection by external auditors when requested.

FINANCIAL ADMINISTRATION

Why is this area important?

The County Council, being a public body, has a responsibility to the local community to ensure that its financial affairs are properly managed, and its assets safeguarded. The public is entitled to expect the highest standards of financial conduct and integrity. It is the Chief Finance Officer's responsibility to ensure that appropriate systems and controls are in place to satisfy these expectations.

The County Council has a statutory responsibility to make arrangements for the proper administration of its financial affairs. This includes determining the accounting systems and procedures, the form of accounts and supporting financial records.

The Chief Finance Officer must:

- Produce detailed Finance Rules outlining the roles and responsibilities of officers for the financial administration of services under their control;

- Ensure that both Members and Officers comply fully with the Finance Rules as they have equal importance along with the Financial Regulations and non-compliance will be dealt with in the same way as non-compliance with the Financial Regulations;

- In consultation with the Monitoring Officer, review the adequacy of the Financial Regulations annually and where necessary recommend amendments to either the Financial Regulations or the Finance Rules; and

- Ensure arrangements are in place to maintain and promote the financial literacy of the organisation and provide all staff with access to the skills and tools needed to meet their roles and responsibilities under the Financial Regulations and Finance Rules.

Strategic Directors and Assistant Directors must:

- Comply with the Finance Rules put in place by the Chief Finance Officer; and

- Ensure appropriate arrangements are in place and actively operating throughout their Service to ensure compliance with the Finance Rules.

List of Financial Rules

Planning

- Medium Term Financial Strategy
- Budgeting
- Treasury Management
- Reserves
- Financing Capital Projects
- Charging Policy
- Role of Budget Holders
- Capital Budget
- Reporting and Approval Process
- Investments

Decision-making

- Financial Risk
- Subsidy control/compliance
- Loans
- Financial Guarentees
- Due Diligence and Assurance
- Investment Appraisal
- Financial Implications Paragraphs
- Procurement
- Section 106 contributions
- Grants to third parties

Control

- Cost Centre Management
- Virements
- Financial Management
- Restructuring

Accounting

- Tax
- Work for Third Parties
- Pooled Budgets
- Unofficial Funds
- Accounting Records and Returns
- Statement of Accounts
- Capital Accounting
- Accounting to Statutory Bodies
- Maintenance of Accounts
- Group Accounts

Administration

- Assets
- External Funding and Grants
- Income
- Money Laundering
- Bank Accounts
- Financial Systems and Procedures
- Payments to Employees and Ex-Employees
- Debt Collection
- Scheme of Financial Delegation
- Stocks and Stores
- Purchase Cards
- Petty Cash/Imprest Accounts
- IT Security and Data
- Leasing
- Payment for Goods and Services

Other

- Pensions
- Insurance
- Traded Services
- Joint Commissioning
- Partnerships
- Intellectual Property
- Interests in Companie
- Internal Market
- Member Payments
- Audit
- Deterring Fraud and Corruption
- Gifts and Hospitality