

# PART 5

# FINANCIAL REGULATIONS

# BOURNEMOUTH, CHRISTCHURCH AND POOLE (BCP) COUNCIL



## FINANCIAL REGULATIONS live from 01-04-2021 (EVO21v1)

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Within these Regulations **Chief Finance Officer (CFO)** means:

- Officer with statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Operating Officer.
- Or those officers authorised to act on his/her behalf. (in accordance with Financial Services Scheme of Delegation)

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## PART A STATUS OF FINANCIAL REGULATIONS

### PURPOSE

- 1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs.

### STATUTE

- 2 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (CFO) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities and form part of the Council's Constitution (part 5).

### SCOPE

- 3 The Regulations set out the Council's requirements in respect of:
  - Financial management roles and responsibilities
  - Financial planning and budgeting
  - Financial monitoring and control
  - Internal control, audit and risk
  - Financial systems and procedures
  - Procurement activity
  - External arrangements
- 4 The Regulations apply to the control of both the General Fund finances (including BCP maintained schools) and the Housing Revenue Account (including any neighbourhood accounts therein). Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by their respective Boards. For the avoidance of doubt the Regulations apply to Poole Housing Partnership (PHP) where projects, programmes and resources are charged directly to the BCP Housing Revenue Account (Poole neighbourhood account).
- 5 Appendix 1 to the Regulations comprises the 'Corporate Schedule of Financial Delegations' which sets out the approved financial limits within which officers and councillors may conduct the Council's business. This schedule does not apply to BCP maintained schools who will operate their own schemes of delegation.
- 6 The Regulations are supported by a series of financial procedures and strategies which provide more detailed direction on the arrangements in respect of:
  - Anti-fraud and corruption policy (including money laundering guidance and reporting)
  - Risk management strategy
  - Financial document retention
  - Income collection and local debt recovery systems
  - Asset management including disposals and acquisitions
  - Procurement strategy and code

### COMPLIANCE

- 7 These Regulations, and the appendices, apply to every councillor and officer of the Council and to anyone acting on its behalf, including agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body.
- 8 All councillors and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is undertaken in accordance with the law, properly authorised, and

achieves value for money. In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

- 9 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.
- 10 The term 'Manager' used throughout the Regulations refers to members of the Council's extended management team including the Chief Executive, Corporate Directors, Service Directors, Heads of Service and Team Managers as appropriate and as they relate to the specific matters set out within these Regulations. For maintained schools the Governing Body is defined as the 'Manager' for the purposes of these Regulations.
- 11 If decisions have been formally delegated to others, such as to The Head Teacher or to individuals as specified in Service Schemes of Delegation, reference to the term 'manager' in these Regulations should be read as referring to them.

## **MAINTAINING AND UPHOLDING THE REGULATIONS**

- 12 The CFO is responsible for:
  - a. Maintaining and updating these Regulations and the Corporate Schedule of Financial Delegations. Minor amendments and editing changes, including in year changes necessary to align with new or revised legislation or UK law, are logged on page 61.
  - b. Ensuring that any revisions affecting the powers of councillors are approved by Council on the recommendation of the Council Leader and in consultation with the Monitoring Officer (MO).
  - c. Reviewing and reissuing the financial procedures as necessary to support the effective operation of these Regulations.
  - d. Reporting, where appropriate, any breaches of these Regulations to councillors on at least an annual basis.
  - e. Reporting to councillors all waivers and exemptions of Regulations, requested by Services and approved by him/her during the course of any financial year which he/she has delegated authority to determine.
  - f. Interpreting and/or arbitrating should any uncertainty or dispute arise pursuant to these Regulations in consultation with the MO.
- 13 The Regulations are subject to an annual 'evolution' which will be approved by Council and will incorporate:
  - a. Minor amendments and editing changes, described at 12a above, into the relevant section of the Regulations.
  - b. Changes of a more fundamental nature, as identified by a proportionate officer working group made up from representatives of Services and Schools.
- 14 For transparency purposes all changes in the annual 'evolution' will be flagged using red text, this will enable both experienced and inexperienced users of the Regulations to clearly identify where changes have occurred year on year. Changes from previous years 'evolution' will be incorporated into standard colour text, only the latest 'evolution' is shown in red text.

## PART B FINANCIAL MANAGEMENT ROLES & RESPONSIBILITIES

### PRINCIPLES

- 1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.
- 2 All councillors and officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

### COUNCILLORS

- 3 Councillors' responsibilities for the overall management of the Council's financial affairs are exercised through:
  - **Council**, which is responsible for approving the Council's Key Policy Framework as defined within the Constitution and for setting the budget.
  - **The Leader and Cabinet – “the Executive”**, which is responsible for recommending the key policy framework and budget to Council; making decisions in respect of the executive functions of the Council in accordance with the Key Policy Framework and Budget approved by Council. Executive decision making can be delegated to a formally constituted committee of the Cabinet, an individual cabinet member, an officer or a joint committee in accordance with the Scheme of Delegation as set out in the Council's Constitution.
  - **The Audit & Governance Committee**, which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, oversight of audit, governance, counter fraud and corruption, risk management and treasury management activity. This Committee's full functions and responsibilities are set out in Appendix 2.
  - **The Standards Committee**, which is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Councillors' Code of Conduct, and for monitoring the operation of the Code.

### OFFICERS

- 4 Officer responsibilities for the overall management of the Council's financial affairs are variously set out by legislation, the provisions of the Council's Constitution and the Council's Corporate and Service Schemes of Delegation.
- 5 Certain legislation requires the Council to designate particular officers as the 'appropriate officer' for the performance of certain functions. 'Appropriate Officer' functions include the responsibilities of the Head of Paid Service (HPS), the Monitoring Officer (MO) and Chief Finance Officer (CFO) in managing the overall financial affairs of the Council. Formal recognition is also given to the particular responsibilities and functions of the Council's Chief Internal Auditor (CIA) in accordance with best practice advice and guidance. The role of the CIA is set out in CIPFA's 'The Role of The Head of Internal Audit'.

## **THE HEAD OF PAID SERVICE (HPS)**

- 6 The HPS is designated as the Chief Executive and is responsible for the corporate and strategic management of the Council. He/she is responsible for establishing the management style, direction and leadership of the organisation including overall staff management arrangements, monitoring performance and achievement. The HPS is responsible, together with the MO, for the system of record keeping in relation to Councils' decisions.

## **THE MONITORING OFFICER (MO)**

- 7 The MO is responsible for promoting and maintaining high standards of financial conduct and provides support to the Standards Committee. The MO is also specifically responsible for:
- a. Reporting any actual or potential breaches of the law or maladministration to Council and/or to Cabinet.
  - b. Ensuring that procedures for recording and reporting key decisions are operating effectively.
  - c. Ensuring that Cabinet decisions and the reasons for them are made public.
  - d. Ensuring that all councillors are aware of decisions made by the Cabinet and of those made by cabinet member, officers, or a joint committee which has delegated Cabinet responsibility.
  - e. Advising all councillors and officers about who has authority to take a particular decision.
  - f. Maintaining an up-to-date Constitution and reporting any proposed changes to Council for approval.

## **THE CHIEF FINANCE OFFICER (CFO)**

- 8 The CFO has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:
- Section 151 of the Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Local Government and Housing Act 1989
  - The Accounts and Audit Regulations 2015 (and as amended)
  - The Local Authorities Goods and Services Act 1970
  - The Local Government Acts 2000 and 2003
  - The Localism Act 2011
- 9 The CFO's responsibilities include:
- a. The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurances, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
  - b. Determining the contents of Financial Procedures and ensuring compliance with these and Financial Regulations.
  - c. Preparing the Revenue Budget and reporting to the Council on the robustness of the estimates and the adequacy of reserves.

- d. Preparing the Capital Programme, ensuring effective forward planning and sound financial management in its compilation.
  - e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting and taking action if overspends or shortfalls in income emerge.
  - f. Reporting to Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
  - g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
  - h. Maintaining an adequate and effective internal audit function and effective counter theft, fraud and corruption arrangements.
  - i. Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
  - j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
  - k. Preparing and publishing the Council's annual statement of accounts and governance statement for approval by Audit & Governance Committee in accordance with all applicable codes of practice on local authority accounting.
  - l. Making proper arrangements for the audit of the Council's accounts in accordance with statutory and legislative provisions.
  - m. Preparing and implementing an effective treasury management strategy and effecting all investments and borrowings within the limits imposed by the Council.
  - n. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
  - o. Ensuring that effective asset management arrangements are in place.
  - p. Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.
- 10 The CFO may allocate his/her day-to-day responsibilities to an appropriate representative in accordance with the Financial Services Scheme of Delegated Authority to Officers and/or the Corporate Schedule of Financial Delegations.

## **THE CHIEF INTERNAL AUDITOR (CIA)**

- 11 The CIA is designated by the CFO as part of his/her Service Scheme of Delegation further to Part 3 (Schedule 1) of the Council's Constitution and plays a key role in providing assurance to the councillors, the CFO, the HPS and corporate Management Team about the probity, practical deployment and effectiveness of financial management at the Council.
- 12 The CIA has rights of access to information and data held by officers or councillors of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and councillors outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local tax payers.

## MANAGERS

- 13 Whilst the CFO has overall responsibility for the finances of the Council, managers are responsible for the day-to-day management of their respective Unit's finances. Their responsibilities in relation to financial management include:
- a. Promoting and ensuring compliance with these Regulations and associated Financial Procedures and taking corrective action in the event of any non-compliance.
  - b. Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by the CFO.
  - c. Ensuring that the financial implications of all proposals, or any matter which is liable to materially affect the resources of the Council, are agreed with the CFO or his/her nominated representative in advance of any decision making report to councillors.
  - d. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
  - e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
  - f. Complying with the Council's counter theft, fraud and corruption policy and reporting suspected fraud and financial irregularities immediately to internal audit for investigation.
  - g. Complying with the Council's risk management strategy and notifying the CFO immediately of significant risks to the Council's financial position.
  - h. Ensuring that all financial transactions are recorded through the main accounting system.
  - i. Assisting cash flow through timely billing of income due and minimising advance payments wherever possible.
  - j. Ensuring that all expenditure incurred complies with the requirements of these Regulations, the procurement code and has the necessary budgetary approval.
  - k. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
  - l. Ensuring that all claims for funds, including grants, are compiled and submitted by the due dates.
  - m. Ensuring the proper security and safe custody of all assets under their control.
  - n. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the prior approval of the CFO.
  - o. Ensuring that financial authorities are operated in accordance with the limits contained within the Corporate Schedule of Financial Delegations (Appendix 1), and that a written record of authorised officers is maintained.

## ALL EMPLOYEES

- 14 In addition to the specific responsibilities set out above the Council expects all employees to:
- a. Act in good faith, adopting the highest standards of integrity, propriety and impartiality in accordance with the 'Nolan principles' (7 principles of public life which apply to all people appointed to work in local government).

### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

## **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

## **3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

## **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

## **5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

## **6. Honesty**

Holders of public office should be truthful.

## **7. Leadership**

Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs.

- b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions in accordance with advice and requirements of the CFO.
- d. Comply with these Regulations, the associated financial procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- e. Co-operate in audits of the Council's financial systems.
- f. Report any suspected financial irregularities for investigation to the Chief Internal Auditor.

### PRINCIPLES

- 1 The purpose of financial planning and budgeting is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 2 Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. The Budget is the financial expression of the Council's ambitions and priorities. The budget process must ensure that resources are:
  - Required in accordance with the law and properly authorised.
  - Used only for the purpose of achieving approved policies, objectives and service priorities.
  - Held securely for use when required.
  - Used appropriately to avoid waste, inefficiency and/or loss.

It is unlawful for the Council to budget for a deficit.

- 3 As such the Budget sets agreed parameters around the annual resource allocations, activities and functions of Services and is constructed within the context of a medium term financial plan (MTFP). The MTFP represents a multi-year forecast (usually 3 or more years) to identify and address those issues which have medium to long term implications for the Council.
- 4 The Capital Programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the organisation, such as land, buildings, and major items of plant, equipment and vehicles.
- 5 To enable councillors to make informed decisions, all Council, Cabinet and Committee reports must incorporate a separate section on 'financial implications'. Reports must show the costs or savings of proposals together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations and must be produced in consultation with the CFO or his/her nominated representative.

### COUNCILLORS

- 6 Councillors' responsibilities for financial planning and budgeting are exercised through:
  - **Council**, which is responsible for approving the Council's key policy framework and for setting the Budget. This approval encompasses:
    - All the plans and strategies making up the Policy Framework, including the Council's corporate plan/strategy.
    - The MTFP.
    - The revenue budget (The Budget), proposed by the Cabinet to Council for approval on the advice of the CFO. The Budget will include details of proposals for local taxation levels, contingency funds and use of and levels of all reserves.
    - The capital budget (The Capital Programme).

Council may amend the Budget and the Capital Programme or ask the Cabinet to reconsider it before approving in exceptional circumstances in consultation with the CFO. Any councillor or group of councillors who wish to submit alternative budget proposals must do so no less than 3 clear working days before the Budget setting meeting. The CFO will only support alternative proposals which deliver a balanced budget to be taken forward to the Council for consideration.

- **The Cabinet** is responsible for proposing the key policy framework and budget to Council. Cabinet is also responsible for monitoring performance against revenue and capital budgets and taking executive decisions to deliver priorities, within the Budget and key policy framework agreed by the Council. It is responsible for issuing guidance on the detail of the Budget in consultation with the CFO as soon as possible following the Budget's approval by Council.

## REVENUE BUDGET (THE BUDGET)

7 The CFO is responsible for:

- a. Advising the Council on the Cabinet's budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act 1972. (Council may amend the Revenue Budget or ask the Cabinet, in consultation with the CFO, to reconsider it before approving)
- b. Ensuring that an annual Revenue Budget and Council Tax Report are prepared in the context of a medium term financial plan for consideration by Cabinet and approval by Council.
- c. Maintaining a resource allocation process that properly reflects the Council's policy framework, ambitions and priorities.
- d. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
  - legal requirements
  - medium-term planning prospects and known issues
  - the corporate strategy and Council priorities
  - available resources
  - spending pressures
  - government initiatives and public policy requirements
  - internal policy directives
- e. Advising the Cabinet and Council on a prudent level of reserves and any appropriate contingency provisions.
- f. Undertaking the statutory consultation with NDR payers.
- g. Issuing detailed procedures to managers on the preparation of Revenue Budget estimates.

8 Managers are responsible for:

- a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the CFO, ensuring that these are a realistic reflection of agreed priorities, and advising cabinet members on service implications. (see d. above)
- b. Establishing detailed budgets for each service area in advance of the financial year (along with indicative estimates for the two years thereafter) and requiring such budgets to be properly managed by responsible named budget holders.
- c. Integrating financial and budget plans with service planning.
- d. Ensuring that any earmarked reserves held are applied to their intended purposes.
- e. Giving due and proper regard to the asset management concerns of the wider organisation in planning service delivery, consulting in advance with the Corporate

Property Officer (CPO) in any financial planning or budgeting decision to be made relating to the use of Council land and property.

## **CAPITAL BUDGET (THE CAPITAL PROGRAMME)**

- 9 The CFO is responsible for:
- a. Ensuring that a multi-year rolling Capital Programme (usually 3,4 or 5 years) is prepared for consideration by the Cabinet for recommendation to Council for approval as part of the MTFP and annual budget setting process.
  - b. Issuing strategic guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions.
  - c. Issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
  - d. Ensuring that the revenue implications of the Capital Programme are contained within the Revenue Budget and MTFP.
  - e. Ensuring that all schemes relying on the use of prudential borrowing powers are properly appraised and provide value for money.
  - f. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
  - g. Issuing detailed procedures to managers on the preparation of capital budget estimates.
  - h. Ensuring that sources of funding (general fund, capital grants, self-financing, etc.) are identified for the entire Capital Programme.
- 10 Managers are responsible for:
- a. Complying with the guidance issued by the CFO regarding capital schemes and controls and in the preparation of the Capital Programme.
  - b. Ensuring that all capital schemes put forward for consideration have been properly appraised and that each scheme and estimate includes a project plan, progress targets, and sets out the funding sources including all associated revenue expenditure.
  - c. Undertaking a comprehensive annual review of the Capital Programme and consequential revenue expenditure, for inclusion in the MTFP.

## **FINANCIAL IMPLICATIONS OF DECISIONS**

- 11 The CFO is responsible for:
- a. Issuing guidance in relation to the presentation of financial implications within the Council's decision making processes.
  - b. Ensuring the adequacy of the financial implications information presented within individual decision making reports and for appropriate sign-off.
- 12 Managers are responsible for:
- a. Ensuring that all decision making reports properly set out the financial implications of the proposed actions in accordance with guidance issued by the CFO.
  - b. Arranging for all financial implications to be validated and formally signed-off by the CFO, or his/her nominated representative, prior to their progression through the approval process.
  - c. Consulting with relevant parties where there may be financial implications for other cabinet members, committees or services.

### PRINCIPLES

- 1 To ensure the Council does not exceed its overall budget, Services (and appropriate corporate projects and programmes where relevant) are required to manage their own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 2 Any forecasted revenue overspends or income shortfalls should be mitigated through a compensating underspend or over-achievement of income elsewhere. Any under-spending or over-achievement of income cannot be carried forward from one year to the next without the approval of the CFO and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.
- 3 No expenditure may be incurred on a capital project unless the project has been approved in accordance with the Corporate Schedule of Financial Delegations (Appendix 1) or as part of the annual Council approval of the Capital Programme. Any forecast overspending must be contained within the overall Capital Programme and reported to the approved senior officer Capital Programme Board. Similarly, variations to the approved budgets for capital schemes and re-phasing or slippage between years must be reported to the approved senior officer Capital Programme Board and approved in accordance with the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- 4 The term virement refers to transfers of budgets between or within cost centres. Virement may only be used in the very specific circumstances set out in the Regulations and the Corporate Schedule of Financial Delegations (Appendix 1).

### CONTROL OF REVENUE BUDGETS

- 5 The CFO is responsible for:
  - a. Establishing and maintaining a robust framework of budget management and control which ensures that:
    - Budget management is exercised within annual cash limits and the MTFP.
    - Appropriate, accurate and timely information is available to corporate Management Team, managers and budget holders that enable budgets to be monitored and controlled effectively.
    - Revenue expenditure is recorded on the Council's financial systems and is committed only against approved budget headings and associated structure of detailed cost centres.
    - All officers responsible for committing expenditure comply with these Regulations.
    - Each cost centre is allocated to a named budget holder determined by the relevant manager.
    - Significant variances from budget are investigated and reported by budget holders on a regular basis.
  - b. Monitoring and controlling the quantum of income and expenditure against budget allocations overall. He/she must ensure monitoring reports are prepared for corporate Management Team and councillors' consideration on a regular basis

throughout the financial year (to be determined and advised by the CFO) and a report after the year end setting out the revenue outturn.

- c. Ensuring that budget monitoring reports include:
  - Sufficient information and explanatory notes to allow cabinet members to fully exercise their duties in respect of the resources for which they have portfolio responsibilities.
  - Explanations of all variations to cost centres which are projected to be in excess of £100,000.
  - Information which summarises the delivery of any savings programmes.
  - Information which summarises available contingencies, balances and reserves.

6 Managers are responsible for:

- a. Ensuring that effective budgetary control arrangements exist and are observed within their respective Service, or in respect of any projects or programmes for which they are responsible in accordance with these Regulations.
- b. Ensuring spending remains within the relevant cash limits by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
- c. Ensuring that expenditure is coded correctly and committed only against approved budget headings.
- d. Supporting the regular reporting of financial performance, variances, and forecasts within the areas of their responsibility to Cabinet by the CFO.
- e. Reporting to Cabinet and Council as necessary the financial implications of any new in-year proposal or amendment that will:
  - Create financial commitments in future years;
  - Change existing policies, initiate new policies or result in existing policies ceasing to operate;
  - Materially extend or reduce the Council's services.

## **CONTROL OF CAPITAL BUDGETS**

7 The CFO is responsible for:

- a. Ensuring that governance arrangements are in place to regularly review progress against the Capital Programme.
- b. Maintaining a record of the current capital budget and expenditure on the Council's financial systems and ensuring compliance with financial reporting standards.
- c. Reporting to Cabinet the financial position against the approved Capital Programme.
- d. Ensuring that governance arrangements are in place, via an approved senior officer Capital Programme Board, to review proposed changes to the Capital Programme before subsequent approval by Cabinet.

8 Managers are responsible for:

- a. Ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by Cabinet. Equally, no scheme requiring Government or other body sanction and/or funding either in full or part may begin until the sanction and/or funding has been officially confirmed.
- b. Support the monitoring and reporting of capital expenditure and receipts against approved capital budgets, on project slippage and variations, and on any changes in projected expenditure.

- c. Reporting to Cabinet if proposed sources of funding are not secured.
- d. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.

## **VIREMENT**

- 9 The term virement refers to transfers of resources between or within approved cost centres or budget headings and Service/Business Plans for both revenue and capital purposes. A virement does not create any net additional budget. Instead the virement mechanism exists to enable the Cabinet, Managers and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Managers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be affected after the year end to retrospectively fund over or under spending unless approved in advance by the CFO.
- 10 The CFO is responsible for:
  - a. Controlling and administering the virement mechanism in accordance with guidance and limits set out in the Corporate Schedule of Financial Delegations, Appendix 1.
  - b. Recording approved virements in the Council's financial systems and reflecting the impact of these in budget monitoring reports to the Cabinet.
- 11 Managers are responsible for:
  - a. Ensuring all proposed virements complies with the limits and approval requirements set out in the Corporate Schedule of Financial Delegations, Appendix 1.
  - b. Notifying all proposed virements in writing to the CFO or his/her representative.
- 12 Council shall approve allocations of resources from approved contingencies and reserves in excess of the approved contingencies and reserves recommended by Cabinet.
- 13 Cabinet shall approve allocations of resources from approved contingencies and reserves.

## **REVENUE CARRY FORWARDS (VIREMENTS) BETWEEN YEARS**

- 14 Medium term financial planning (usually between 3 to 5 years) allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. In doing so it is important to ensure a suitable mechanism to allow for the carry forward of in-year budget under or overspends - in effect a virement of resources between accounting years – as deemed necessary by the CFO for MTFP purposes. The ability to choose to do so can serve to:
  - Empower budget holders to think beyond immediate service needs and plan over longer time frames to achieve significant changes and improvements and make best use of resources.
  - Hold budget holders to account for their budget management performance in so far as budget overspends will not be written down at the end of each financial year but will have to be dealt with on an on-going basis.

- 15 Carry forwards (virements) between years are not 'automatic' and will not be routinely determined. Where they are determined to be necessary by the CFO, in the context of the MTFP, and are subsequently approved by the Cabinet:
- Carry forward (previous year) overspending will constitute a first call on in year service budgets.
  - Carry forward (previous year) underspending must normally be spent in year on one-off proposals/projects usually of an 'invest to save' nature aimed at reducing on-going service pressures in future.
- 16 All internal surpluses arising from in-house trading activities/business units shall be retained for the benefit of the Council subject to any provision to do otherwise set out in the MTFP.
- 17 BCP maintained schools' balances will be treated in accordance with the provisions set out in the agreed LMS Framework.

## PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)

### PRINCIPLES

- 1 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 2 Audit is a key management tool that councillors and senior officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements.
- 3 Legislation requires that the Council provides for both internal and external audit.

**External audit** provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money.

**Internal audit** evaluates and reports on the adequacy of the Council's control systems in securing the proper, economic, efficient and effective use of resources.

- 4 There is a basic expectation that councillors and all officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.
- 5 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by councillors, employees, customers of its services, third party organisations contracting with it, or other agencies or individuals with which it has any business dealings.
- 6 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

### COUNCILLORS

- 7 Councillors' responsibilities for internal control, audit and risk management are exercised through:
  - **Council**, which has formal responsibility for upholding proper practice and the good governance of the Council as a whole.
  - **The Cabinet**, which is responsible for ensuring effective systems of management and financial control are exercised across the organisation.
  - **The Audit & Governance Committee**, which is responsible for keeping under review all aspects of the Council's audit and governance arrangements, risk management framework and internal control environment. A full list of the Audit & Governance Committee's responsibilities can be found at Appendix 2.
- 8 Councillors have a role to support and promote a zero-tolerance culture towards theft, fraud and corruption.

## **INTERNAL CONTROL**

- 9 The CFO is responsible for:
- a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations and other relevant statements of best practice.
  - b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Annual Governance Statement (AGS) for inclusion in the Council's Annual Statement of Accounts.
- 10 Managers are responsible for:
- a. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
  - b. Complying with the controls set down in these Regulations and any financial procedures.
  - c. Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
  - d. Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

## **INTERNAL AND EXTERNAL AUDIT (and other inspections)**

- 11 The CFO is responsible for:
- a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations Act 2015 and further to Section 151 of the Local Government Act 1972.
  - b. Ensuring that the rights and powers of internal and external auditors and fraud investigators are upheld at all times across the organisation.
  - c. Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
  - d. Ensuring that audit plans and resulting activities are reported to the Audit & Governance Committee.
- 12 The CIA is responsible for:
- a. Notifying the External Auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
  - b. Ensuring effective liaison between internal and external audit functions.
  - c. Overseeing the management, planning, reporting and conduct of all internal audits and counter fraud work.
  - d. Preparing an Annual report and opinion for councillors' consideration.
- 13 Managers are responsible for:
- a. Ensuring that auditors (internal and external) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.

- b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
  - c. Implementing audit recommendations within agreed timescales.
- 14 The Council may be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time, all councillors and officers of the Council will cooperate fully with such inspections as necessary.

## PREVENTION OF THEFT, FRAUD AND CORRUPTION (including Bribery)

- 15 The CFO is responsible for:
- a. Developing, maintaining and implementing an Anti-Fraud & Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
  - b. Advising on the controls required for fraud prevention and detection.
  - c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
  - d. Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010. *(or as updated)*
- 16 The Chief Internal Auditor (CIA) has the right to:
- a. Determine the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required.
  - b. Require any councillor or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
  - c. Refer investigations to the Police in consultation with the CFO and MO; under normal circumstances the relevant service manager would also be consulted.
  - d. Access all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council.
  - e. Refer cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.
- 17 Managers are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
  - b. Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
  - c. Reporting cases of suspected theft, fraud or irregularity to the Chief Internal Auditor immediately for investigation and complying with the Council's Whistleblowing Policy.
  - d. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
  - e. Maintaining local staff registers of interest, gifts and hospitality within their service areas.

- 18 All employees are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
  - b. Reporting cases of suspected theft, fraud or irregularity immediately for investigation, if needs be via the Council's Whistleblowing Policy.
  - c. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
  - d. Ensuring that they are familiar with the Employee Code of Conduct or Code of Conduct for School Employees and requirements to declare personal interests and record offers of gifts and hospitality.

## **RISK MANAGEMENT**

- 19 The CFO is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.
- 20 Managers are responsible for:
- a. Implementing the Council's Risk Management Strategy.
  - b. Integrating risk management within business planning and performance management arrangements.
  - c. Mitigating, monitoring and reporting on risks.
  - d. Maintaining and testing business continuity plans.
  - e. Giving due regard to specialist advice in areas such as health and safety, insurance, crime and fire prevention.

### PRINCIPLES

- 1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. A financial system is defined as any system (computerised or not) and associated procedures used for making and recording the financial transactions of the Council. This includes:
  - **Accounting**-The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified. Financial information recorded in the main accounting system should require a minimum amount of manipulation in order to create management accounts, returns and budget reports.
  - **Income**-Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. All reasonable efforts will be made to collect monies owed to the Council and debts will only be written off once all reasonable actions to pursue the debt have been exhausted or where it would prove uneconomical to pursue. The CFO agreed corporate system must be used unless agreed.
  - **Expenditure on works, goods and services**-Expenditure may only be incurred where budgetary provision is available. Payment should be made through the corporate ordering and invoicing process, using a corporately approved purchasing card, by entering into a formal contract arrangement or through raising a purchase order. Exceptionally a payment requisition may be raised.
  - **Expenditure on salaries, wages, allowances and expenses**-Expenditure may be incurred where budgetary provision is available and where payment is made through the Council's combined human resource and payroll system.
  - **Banking**-All transactions through the Council's bank accounts must be properly processed, recorded and reconciled. Reconciliations must be subject to management review and sign off in a timely manner.
  - **Treasury management, financing and leasing**-Decisions relating to the management of the Council's investments, cash flows, borrowing and leasing must be in accordance with the annual Treasury Management Strategy Statement.
  - **Taxation**-Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for and that losses, fines and penalties are avoided. Procedures must be in place to ensure that taxation issues are properly considered during the options appraisal stage of projects.
  - **Asset management**-The Council's assets must be properly recorded, safeguarded from loss/harm and utilised effectively, and any acquisitions/disposals undertaken in accordance with the Corporate Schedule of Financial Delegations, Appendix 1.
  - **Insurance**-Appropriate insurance cover is necessary to indemnify the Council against the possibility of financial costs which may arise from certain unplanned events and claims such as damage to its property, injury to employees or to the public.
  - **Recharges and internal trading accounts**-Where required for financial reporting purposes, back office costs should be allocated to services using a relevant basis of apportionment and in accordance with accounting codes of practice. Where

relevant and strictly necessary, internal charges between services should be accounted for on a timely basis using CFO agreed recharge mechanisms.

## ACCOUNTING

### 2 The CFO is responsible for:

- a. Determining the Council's main accounting (and budgeting) system for the preparation of the Council's accounts and for monitoring all income and expenditure.
- b. Determining any other financial systems which may sit outside of the main accounting system and ensuring that these are sound and properly integrated and interfaced. It is a requirement that the options appraisal for new systems should include ease of integration and interfacing with the main accounting system. Any such interface must require little or no manual intervention.
- c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems and ensuring that supporting records and documents are retained.
- d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- e. Preparing the Council's consolidated accounts, balance sheet and Annual Governance Statement (AGS) for audit and publication and issuing guidance (including a detailed timetable and plan) to ensure achievement of the statutory deadline.
- f. Ensuring all relevant staff are trained and competent in the use of the main accounting system and any subsidiary finance systems managed under the CFO's control.
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for the Council's main accounting system and any subsidiary finance systems.

### 3 Managers are responsible for:

- a. The financial management of services, cost centres, projects or programmes for which they are responsible, further ensuring that proper accounting and financial systems exist incorporating adequate internal controls to safeguard against waste, loss or fraud.
- b. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the CFO.
- c. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
- d. Ensuring that the use of any service specific financial system (and changes to existing, including upgrades/new versions) has the express approval of the CFO, and is adequately documented, tested and interfaced with the main accounting system and all relevant staff have been properly trained in its use. It is a requirement that the option appraisal for new systems should include ease of integration and interfacing with the main accounting system, and that automatic interfaces that require no manual intervention are required.
- e. Complying with the timetables required by the CFO to enable the production of consolidated accounts, budgets and statutory information.
- f. Ensuring staff are aware of and have access to these Regulations and any supplementary advice and guidance issued by the CFO.
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for any service specific financial system.

- 4 The CFO is responsible for:
- a. Providing all necessary corporate systems for the administering of invoicing, credit notes, income collection and debt recovery.
  - b. Approving any local Service specific procedures, systems and documentation used where for whatever good reason corporate systems cannot be used.
  - c. Ensuring that claims for Government grants and other monies are made properly and promptly.
  - d. Ensuring that all monies received are properly receipted and recorded and banked promptly.
  - e. Administering the process for writing off irrecoverable debts and monitoring and reporting on write off levels.
  - f. Issuing advice and guidance on the detailed procedures to be followed in writing off bad debts from the accounts.
  - g. Recommending and implementing the Council's debt management policy in consultation with Management Team for approval by Cabinet.
- 5 Managers are responsible for:
- a. Using the CFO approved corporate systems for invoicing, income collection and debt recovery.
  - b. Administering any local systems for invoicing, income collection and debt recovery as approved by the CFO which must properly segregate duties between staff raising accounts and those responsible for income collection. (where the CFO has agreed that compliance with 5a. is not possible or in the Council's best interest).
  - c. Ensuring that fees and charges for the supply of goods and services are reviewed at least annually, consulting with the CFO and cabinet member on the financial effect of the review and obtaining Cabinet approval for any proposal to introduce new charges. (For managers in BCP maintained schools consultation/approval is instead required from the Chair of Governors)
  - d. Collecting all income from within the budgets for which they are responsible.
  - e. Collecting payment at point of sale wherever possible, to improve cash flow, using the system provided by the CFO.
  - f. Timely initiation of 'sales invoices' in respect of all fees and charges due using the system provided by the CFO.
  - g. Complying with the Corporate Schedule of Financial Delegations, Appendix 1, when writing off debts, when waiving, suspending or refunding fees, charges or contributions and maintaining appropriate records of those decisions.  
Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Cancellations/Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose.
  - h. Providing operational data and information to ensure that claims for Government grants and other monies due are made properly and promptly.
  - i. Issuing official receipts for all cash and cheque income and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored. (except in BCP maintained schools where the Chair of Governors can agree proportionate arrangements)
  - j. Keeping all income received in secure storage prior to banking and ensuring cash holdings do not exceed insurance limits.
  - k. Ensuring that cash income is never used to cash personal cheques or used to make any other payments.
  - l. Ensuring that where post, likely to contain money, is opened locally at least two staff are present to properly identify, record and safeguard. (It is accepted this may not always be practical, in such cases managers must agree alternative arrangements with the CFO).

- m. Ensuring all income received is paid in fully and promptly in the form in which it was received into an approved Council bank account, income kiosk or cash office, also ensuring all details are properly recorded on paying in slips which are retained for audit purposes.
- n. Reporting immediately, to the Money Laundering Reporting Officer (MLRO) (the Chief Internal Auditor), all instances of attempts by customers to pay for works, goods or services in cash:
  - that are in excess of £5,000 but lower than £10,000;
  - that are suspicious in any way such as, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

In such instances the Manager must accept the cash and not make any further enquiries into the matter themselves or share the information with anyone except the MLRO and their respective Service Director. Under no circumstance should the customer handing over the cash be told of the reporting to the MLRO nor should a formal record on any personal file of the reporting to the MLRO be made otherwise a criminal offence may be committed.

- o. Any cash payment in excess of £10,000 must be refused.

## EXPENDITURE ON WORKS, GOODS AND SERVICES

### 6 The CFO is responsible for:

- a. Ensuring that an effective overarching Procurement Strategy is in place (Purpose, Principles and Priorities).
- b. Ensuring that effective Procurement Regulations (Part G) are in place and which are supported by detailed procurement guidance on the ordering, certification and payment for all works, goods and services. (The Procurement Code).
- c. Agreeing any exceptions to the normal procurement process outlined in the Procurement Regulations (Part G).
- d. Providing a corporate purchase to pay system for the electronic ordering, receipt and payment for works, goods and services.
- e. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
- f. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services outside of the Council's main purchasing/ordering system.
- g. Agreeing the use and administering the issuing of p-cards and processing of resulting payments.
- h. Agreeing the use of all pre-loaded payment cards.
- i. Approving any payment in advance for goods or services exceeding £25,000 or in excess of 6 months if the amount exceeds £1,000.
- j. Approving any payments in advance for works.

### 7 Managers incurring expenditure on works, goods and services are responsible for:

- a. Complying with the requirements of the Council's Procurement arrangements set out in Part G of these Regulations.
- b. Ensuring that all purchase orders are raised using the Council's corporate purchasing system prior to any works, goods and services being received or paid for. The Council has a "No Purchase Order, No Pay Policy" except for the following circumstances where a purchase orders is not required for:
  - payments made on the basis of a formal stage payment contract
  - payments made on the basis of a formal periodic payment contract (the periodic payment may be fixed or variable in value)
  - statutory or legislative charges, levies or fines (including those for taxation, pension fund)
  - purchases appropriately made through p-card (procurement /payment cards) or pre-loaded card

- continuous charges for utilities supply
  - periodic payments such as rents or rates
  - treasury management payments
  - payments to volunteers
  - expenditure incurred on the Poole neighbourhood Housing Revenue Account (Managed by Poole Housing Partnership) (or where the CFO has agreed that Poole Housing Partnership may incur expenditure on the Council's behalf posting directly to the General Fund)
  - payments made from CFO approved interfaced Council database systems (such as Children's and Adult Social Care systems and Libraries)
  - exceptions agreed with the CFO (for BCP maintained schools the Chair of Governors may agree other circumstances where purchase orders are not required)
- c. Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Corporate Schedule of Financial Delegations (Appendix1).
- d. Receipting all works, goods and services on the corporate purchasing system.
- e. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.

1 BCP maintained schools may use alternative purchase order systems

2 In exceptional circumstances, to be agreed by the CFO, verbal, email or in person orders may need to be raised retrospectively in the Council's corporate purchasing system using the 'Confirmation order' facility

- f. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
- g. Gaining CFO approval for any payments in advance for goods or services exceeding £25,000 or in excess of 6 months if the amount exceeds £1,000.
- h. Gaining CFO approval for any payments in advance for works.
- i. Gaining CFO approval for the use of p-cards and pre-loaded cards.
- j. Ensuring that all p-cards and pre-loaded cards are appropriately controlled, that transactions are reviewed and authorised by the relevant line manager, are for proper business purposes and are supported by receipts which must be stored electronically on the 'receipt imaging' function.
- k. Reporting any lost or stolen p-cards or pre-loaded cards immediately to the Chief Internal Auditor.

## **EXPENDITURE ON SALARIES, WAGES, ALLOWANCES & EXPENSES (including making 'on-payroll' payments for non-salaries as directed in law by HMRC)**

- 8 Council is responsible for determining how officer support for executive and non-executive roles within the Council will be organised. The Head of Paid Services/Chief Executive Officer is responsible for overall staff management arrangements including ensuring that proper systems of evaluation are used in determining remuneration.
- 9 The CFO is responsible for ensuring that the Head of Human Resources (HHR) operates sound arrangements for the payment of salaries, pensions and expenses to officers and councillors.
- 10 The HHR is responsible for:
- a. Providing a corporate payroll system for recording all payroll data and generating payments to employees and councillors, including payment of pensions and expenses.
  - b. Ensuring the corporate payroll system properly and efficiently interfaces with the main accounting system and that any chart of accounts held within the payroll system is kept up to date.
  - c. The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.

- d. Completing all HM Revenues & Customs (HMRC) returns regarding PAYE and providing advice and guidance on employment related taxation.
- e. Maintaining an accurate and up to date record of the Council's establishment.
- f. Agreeing with BCP maintained schools the use of any local payroll arrangements having been adequately assured that the alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.
- g. Agreeing with managers all circumstances where a wage or salary is to be paid outside of the main HR/payroll system.
- h. Agreeing all 'on payroll' arrangements, required by HMRC, for payments to individuals not directly employed by the Council (e.g. IR35 tax).
- i. Agreeing the use of the corporate payroll system for recording payroll data and generating payments to employees of third-party organisations (and where a fee or charge is applied agreeing this with CFO).

11 Managers incurring expenditure on salaries, wages, allowances and expenses are responsible for:

- a. Controlling resources and containing staff numbers within approved establishment and budget levels.
- b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.
- c. Ensuring that the HR/Payroll system is updated promptly of starters and leavers, and all information relating to employees pay and expenses.
- d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in the Council's human resources policies.
- e. Ensuring that any overpayment (error) is recovered. Managers do not have delegated authority to write-off any overpayment.
- f. Ensuring that all expenses claims are reviewed and authorised by the relevant line manager prior to payment. Staff subsistence should never be paid or reimbursed using p-cards or pre-loaded cards, the Council's HR/payroll system must be used to reimburse staff expenses in all such cases.
- g. Ensuring that all persons employed by the Council are paid through the Council's corporate payroll system.
- h. Ensuring that any proposal to engage a person via a contract of service\* (rather than a contract of employment) is assessed by the HHR for compliance with relevant legislation to determine if payments need to be 'on payroll' or 'off payroll' via invoice. This includes engagements via Employment Agencies and Single Person Companies or Partnerships.  
\*Where a Contract of Service is proposed see Appendix 1 section EX9 for required approval route
- i. Managers in BCP maintained schools must have the approval of the HHR if they wish to use their own alternative payroll arrangements.

## **BANKING (including 'Client Cash Floats' and local Bank Accounts)**

12 It is the responsibility of Cabinet to approve the banking arrangements of the Council.

13 The CFO is responsible for:

- a. Managing the Cabinet approved banking contract on a day to day basis.
- b. Managing and operating all the Council's bank accounts and ensuring that all payment methods, whether physical or electronic, have the appropriate authorisations, approvals and signatures.
- c. Ensuring that adequate controls are in place for the control of payment methods (including cheques) covering access, ordering, custody, preparation, signing and despatch as appropriate.
- d. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.

- e. Approving the operation of any 'client cash floats' for disbursement of cash to clients.
- f. The Council will not operate petty cash accounts and therefore no cash payments will be made to purchase works, goods or services.
- g. Approving the operation of any local bank accounts in Services.

14 Managers are responsible for:

- a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the CFO.
- b. Reporting to the CFO on the nature and state of any bank accounts for which they are responsible. Reconciliations must be subject to management review and sign off in a timely manner.
- c. The proper administration of any 'client cash floats' or local bank accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody and security, preparation, signing and despatch.
- d. Using 'client cash floats' for client cash disbursements only and ensuring such floats are not used to purchase works, goods or services or to reimburse staff expenses.

## TREASURY MANAGEMENT, FINANCING AND LEASING

15 The CFO is responsible for:

- a. Preparing and presenting an annual Treasury Management Strategy to Audit & Governance Committee and/or Cabinet prior to submission to Council for approval.
- b. Implementing, reviewing and reporting on the progress and performance of the strategy and recommending any changes to Audit & Governance Committee on a quarterly basis.
- c. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
- d. Advising on any proposal for leases, borrowings, credit arrangements, and hire purchase arrangements to Council for approval.
- e. Advising on any proposals to set up or acquire interest in a company, joint company, joint venture or partnership to Council for approval.
- f. Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
- g. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance including the registration of all Council owned stocks, bonds, mortgages and loans.
- h. Ensuring that cash flow forecasting and monitoring systems are in place.

16 Managers are responsible for:

- a. Assisting cash flow through timely billing of income due, due consideration of contracts payment terms and minimising advance payments wherever possible.
- b. Supporting cash flow forecasting and notifying the treasury team in advance of any high value receipts or payments that may impact on investments and borrowings.
- c. Ensuring no loans or guarantees are given to third parties and that interest in companies, joint ventures or other enterprises are not acquired without the approval of Council and following advice from the CFO.
- d. Ensuring that no leases, borrowings, credit arrangements or hire purchase arrangements are entered into without the approval of Council and following advice from the CFO.

- e. Arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of their position with the Council shall deposit securities relating to the trust to the custody of the CFO unless the deeds specifically require otherwise;
- f. Arranging the secure administration of funds held on behalf of third parties and ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

## TAXATION

17 The CFO is responsible for:

- a. Ensuring that transactions comply with relevant statutory requirements and authorities.
- b. Approving the systems for all PAYE returns to HM Revenues & Customs (HMRC).
- c. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
- d. Making monthly Construction Industry Scheme returns to HMRC.
- e. Managing the Council's partial exemption position.
- f. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
- g. Providing advice and guidance on taxation issues.

18 Managers are responsible for:

- a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
- c. Ensuring that the taxation implications of proposed land and building acquisitions and sales and proposed capital schemes are properly identified and considered at the planning stage.
- d. Ensuring that contractors fulfil the necessary construction industry tax deduction scheme requirements where construction and maintenance works are undertaken.
- e. Ensuring that advice and guidance on taxation issued by the CFO is followed and adhered to by staff in their service, project or programme.
- f. Ensuring that all persons employed by the Council are added to the Council's payroll and tax deductions forms part of payments made to them. (with approved exceptions agreed by the CFO and HHR where individuals concerned are bona fide self-employed or are employed by a recognised agency)

## ASSET MANAGEMENT

19 The CFO is responsible for:

- a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Delegations to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
- b. Establishing an asset management plan that details short, medium and long term use of assets, and establishes arrangements for monitoring and reporting asset performance.
- c. Ensuring that all asset acquisitions and disposals are properly recorded within asset records by the CPO.
- d. Arranging for all assets to be adequately insured.

- e. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
- f. Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule of Financial Delegation to Officers.

20 The Corporate Property Officer (CPO) is responsible for:

- a. Maintaining up to date records of all land and buildings, including values and plans, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the CFO and at least on an annual basis.
- b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the CFO.
- c. Ensuring that all land and buildings are maintained so as to best protect and safeguard the Council's interests.
- d. Arranging the disposal of surplus assets in compliance with any approved asset management strategy/plan(s) that apply and subject to the necessary approvals.
- e. The acquisition of land and buildings on behalf of the Council in accordance with any asset management strategy/plan(s) that apply, Capital Programme and medium term financial plan, and subject to the necessary approvals.
- f. Notifying the CFO of acquisitions and disposals so that the accounting records can be updated.
- g. Ensuring all rents, charges or fees due in respect of investment land and buildings are raised and all income is collected and accounted for in the Council's accounting systems.
- h. Ensuring all lessees and other prospective occupiers of Council land or buildings are not allowed to occupy the property until a lease or agreement in a form approved by the Monitoring Officer has been completed.
- i. Ensuring all title deeds are passed to Legal Services who act as custodian for all title deeds for Council properties and land.

21 The Head of ICT & Customer Support is responsible for:

- a. Maintaining up to date records of all ICT equipment, including values, for inclusion in the corporate fixed asset register in the format prescribed by the CFO.
- b. Purchasing, maintenance and disposal of all ICT equipment.

22 Managers are responsible for:

- a. Providing the Corporate Property Officer (CPO) with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
- b. Ensuring the proper security and safe custody of assets under their day to day operational control and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
- c. Complying with guidance issued by the CFO on the disposal of assets including selling, gifting, swapping or donating the asset subject to the limits set out in the Schedule of Financial Delegations to Officers.
- d. Ensuring all rents, charges or fees due in respect of operational land and buildings, under their day to day service control, are raised and all income is collected and accounted for in the Council's accounting systems.
- e. Complying with guidance issued by the Head of ICT & Customer Support including the purchase, maintenance and security, maintenance of ICT asset register and disposal of ICT equipment.
- f. Maintaining local inventories of moveable assets (non-ICT) for all items with a purchase price exceeding £1,000 (and for determining a lower £ value if deemed appropriate, such as for desirable items e.g. digital cameras).

- g. Ensuring that stocks, stores and inventory items are held securely and kept to a minimum, proportionate to the needs of the service.
- h. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
- i. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- j. Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise by a designated officer as shown in the Corporate Schedule of Financial Delegations (AM10).

## **INSURANCE**

- 23 The CFO is responsible for:
  - a. Determining the nature and level of insurance cover to be effected.
  - b. Effecting insurance cover and processing and settlement of all claims.
- 24 Managers are responsible for notifying the CFO promptly of:
  - a. All new risks, properties or vehicles which require to be insured.
  - b. Any alterations affecting insurance arrangements.
  - c. Any loss, damage or claim.
- 25 Managers must not effect any local insurance arrangements without the approval of the CFO.

## **RECHARGES AND INTERNAL TRADING ACCOUNTS**

- 26 The CFO is responsible for:
  - a. Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified in accordance with reporting requirements.
  - b. Where relevant and strictly necessary all internal charges and recharges should be processed in a regular and timely basis using relevant bases of apportionment, allocation or recharging mechanisms.
  - c. Advising on the operation of internal trading accounts.
- 27 Managers are responsible for:
  - a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
  - b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
  - c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
  - d. Complying with guidance issued by the CFO in relation to the operation of trading accounts.

## PART G PROCUREMENT & CONTRACT PROCEDURES

### PRINCIPLES

1. Goods, services, works and concessions must be procured in a way that is lawful, ensure transparency and accountability, represents value for money (VFM) and serves to deter fraud and corruption. All procurement and contractual commitments made by the Council must:
  - a. Comply with all relevant statutory provisions including the Public Contracts Regulations 2015 (PCR15) and the Concession Contracts Regulations 2016 (CCR16) (or as amended).
  - b. Ensure goods, services, works and concessions are procured by the most efficient, transparent processes, by sustainable and ethical means, ensuring accountability, achieving value for money and deriving maximum benefit to support BCP Council's corporate strategies.
  - c. Cover the whole life value, from the initial definition of the business need through to the end of the useful life of the asset or service contract including any licensing upgrades, maintenance, parts, recycling, staffing costs and disposals.
  - d. Offer best value and protect the Council from any loss arising from the failure of a contractor to perform the contract.
  - e. Ensure that the Council pays a fair and proper price (or receives a fair and proper price in the case of concessions).
  - f. Follow procurement guidance which provides further advice and support pursuant to these Regulations (found on Financial Services - Procurement intranet pages).

### STANDARDS

2. The following standards must be adopted:
  - a. The Strategic Procurement Team (SPT) must be involved in all procurement processes where the whole life contract value is over £25,000.
  - b. The highest standards of probity and ethical governance are always maintained and adhered to.
  - c. All Officers and Councillors must declare any personal interest or conflict of interest in any procurement or contract, failure to do so could be deemed to be either corrupt practice or maladministration or could not withstand public scrutiny.
  - d. All suppliers are treated equally, and procurement takes place in an open and transparent manner which does not favour unfairly one supplier over another.
  - e. Legal, Finance, IT, Human Resources, Property, Sustainability Team, Insurance and other professional advice appropriate to the individual procurement exercise will be obtained.
  - f. The tender and procurement processes are as accessible as possible to SME/VCSE suppliers.
  - g. For contracts over £25,000, standard tender processes or documentation cannot be changed without the approval of the Head of Strategic Procurement.
  - h. After a tender or quotation has been accepted in writing (via BCP Councils e-tendering system if over £25,000) it must have a written contract and/or proper Council purchase order<sup>1</sup> completed before goods are supplied, services delivered or works begin.

<sup>1</sup> In accordance with Part F (7)

## THRESHOLDS AND PROCESS

### 3. Pre-Procurement Planning Process over £25,000

The commissioning officer in consultation with the SPT must ensure:

- a. Adequate timescales (including pre-market engagement) are applied depending on the scale and complexity of the requirement, unless where minimum timescales are specified by legislation.
- b. The contract value of all goods, services and works is an aggregation of the whole life value from implementation to contract end, not just annual, including any optional extensions and excluding VAT. No disaggregation or fragmentation of requirements is allowed if the purpose is to circumvent procurement thresholds.
- c. That where the contract is a combination of goods, services and works, the element which has the greatest estimated value will determine the category of supply.

### 4. Market Research and Pre-Market Engagement over £25,000

The commissioning officer in consultation with the SPT must ensure:

- a. Appropriate early market research or pre-market engagement is undertaken.
- b. Risks and opportunities associated with the potential procurement are reviewed.
- c. The pre-market engagement exercise is not to be treated as a call for competition (unless otherwise agreed by the SPT) and no contract(s) will be awarded.

### 5. Competition requirements for all low value contracts under £25,000.

<b>Estimated value</b>	<b>£0 to £5,000</b>
<b>Advertising Requirement</b>	<b>None</b>
<b>Responsibility</b>	<b>Commissioning Officer</b>
<b>Requirement</b>	
<ol style="list-style-type: none"> <li>a. Where an appropriate corporate contract exists, it must be used ☉.</li> <li>b. Where there is not a corporate contract you must obtain at least one written quote preferably from a local supplier prior to placing order. A local supplier is defined, for this purpose, as operating within the BH, DT and SO postcode regions.</li> <li>c. Ensure verbal quotes are retrospectively followed up by a written quote (by email if preferred) before placing the order.</li> </ol>	
<b>Estimated value</b>	<b>£5,000 to £25,000 ☉</b>
<b>Advertising Requirement</b>	<b>None</b>
<b>Responsibility</b>	<b>Commissioning Officer</b>
<b>Requirement</b>	
<ol style="list-style-type: none"> <li>d. Where an appropriate corporate contract exists, it must be used ☉.</li> <li>e. Where there is not a corporate contract, obtain three comparative written quotations from suppliers prior to placing order.</li> <li>f. Ensure at least one of these quotes, where possible, must be from a local supplier. A local supplier is defined, for this purpose, as operating within the BH, DT and SO postcode regions.</li> <li>g. For quotes originally estimated to be under £25,000, the Commissioning Officer must ensure that, where the value of a requirement has subsequently been identified as being over £25,000, advice from the SPT must be sought.</li> </ol>	

h. Complete a Procurement Decision Record (PDR) for all contracts let between £5,000 and £25,000 and a copy must be sent to the SPT who will complete an entry on the council's Contract Register.

- ② Although such contracts are available to them, this is not a requirement for BCP maintained schools.
- ③ For BCP maintained schools the Department for Education statutory guidance in respect of schemes for financing schools (normally updated annually) requires three quotes to be obtained for all spend to exceed £10,000 in any one year.

6. Advertising and Competition Requirements for all Procurements over £25,000;

<b>Estimated value</b>	<b>£25,000 to PCR15 Thresholds</b>
<b>Advertising Requirement</b>	<b>Various - at the determination of the SPT</b>
<b>Responsibility</b>	<b>SPT</b>
<b>Requirement</b>	
<p>a. Where an appropriate corporate contract exists, it must be used④.</p> <p>b. Where there is not a suitable corporate contract, the SPT is responsible for selecting the most appropriate route to market and tender processes. The SPT will identify if similar contracts are being let, or due to be let, with a view to aggregate requirements and/or modify existing contracts.</p> <p>c. A contract and award notice is placed on the government Contracts Finder system, the Council's e-tendering portal and record the contract award in the Council's Contract Register.</p>	
<b>Estimated value</b>	<b>Above PCR15 Thresholds</b>
<b>Advertising Requirement</b>	<b>Various - at the determination of the SPT</b>
<b>Responsibility</b>	<b>SPT</b>
<b>Requirement</b>	
<p>d. Where an appropriate corporate contract exists, it must be used④.</p> <p>e. Where there is not a corporate contract, the SPT is responsible for selecting the most appropriate route to market and tender processes. The SPT will identify if similar contracts are being let, or due to be let, with a view to aggregate requirements and/or modify existing contracts.</p> <p>f. If a Framework is the selected route, the use of any new Framework must be signed off by the Head of Procurement and access agreements and contracts must be reviewed and agreed. The rules of the Framework must be followed – regarding further competitions or direct award.</p> <p>g. All procurement processes covered by the Light Touch Regime in PCR15 are agreed by the SPT and that only services contracts defined under the regulations can use this process.</p> <p>h. A contract notices is placed on the Find a Tender Service (FTS), government Contracts Finder system and the Council's e-tendering portal.</p> <p>i. An award notice is placed in the Find a Tender Service (FTS), the government Contracts Finder system and record the contract in the Council's Contract Register within 30 days.</p>	

- ④ Although such contracts are available to them, this is not a requirement for BCP maintained schools.

7. Concessions

The commissioning officer must ensure:

- a. Concession contracts at all threshold levels must be let in conjunction with the SPT.

- b. The SPT will be responsible for the route to market and concession processes below and above CCR16 thresholds.

## **TENDER REQUIREMENTS OVER £25,000 & CONSIDERATIONS FOR UNDER £25,000**

8. The commissioning officer in consultation with the SPT is responsible for ensuring:
  - a. A specification is created that describes the Councils requirements in sufficient detail to enable the submission of competitive bids. References are avoided within specifications which have the effect of favouring or eliminating any particular suppliers by specifying a particular material or a specific make.
  - b. Sustainability requirements are considered and built into the specification and the Sustainability Decision Impact Assessment form (available from the Sustainability Team) must be completed on all procurements.
  - c. The requirements of The Public Services (Social Value) Act 2012 are applied to service contracts where appropriate.
  - d. The Council's equality impact assessment (EIA) screening tool is used to determine if a full EIA is required. That every key decision change to policy, service provision or service provider demonstrates that it has considered, understood and reflected on the positive or negative impact it will have in terms of equality and the nine protected characteristics of the Equality Act 2010.
  - e. In accordance with the General Data Protection Regulation (GDPR) 2016 (or as amended), determine if personal data processing activities are relevant to the procurement.
  - f. Ensure that when any employee either of the Council or of a service provider may be affected by any transfer arrangement, the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) are considered, and legal advice is obtained before proceeding with inviting tenders or quotations. Specific documents including costs relating and including pension liabilities are provided to bidders at the time of tender.

### 9. Evaluation Matrix

The SPT is responsible for ensuring:

- a. That an evaluation matrix is prepared appropriately against quality and price elements.
- b. The evaluation criteria and weightings in the tender reflects the requirements within the specification and are clear and transparent to bidders.
- c. Tenders are to be assessed with a minimum of 10% of the quality score being allocated to sustainability and social value.

### 10. Payment in Advance

The commissioning officer is responsible for ensuring:

- a. Approval for a payment in advance must be made in accordance with Part F (7)(g) & (h). Examples that may apply, but not limited to, include lease arrangements, ICT software licensing and support agreements, subscriptions, maintenance agreements and works, goods or services received from utility companies.

- b. Requirements of such must be included in the relevant specifications and T&C's and the payment in advance is limited to the actual requirement of the T&C's and no more.
- c. Whilst a contract and agreement may be for longer than 12 months, no payment in advance may exceed 12 months.

#### 11. Contract Conditions – Common to all types of Supply

The commissioning officer is responsible for ensuring:

- a. No goods will be delivered, nor services or works begun without a proper contractual commitment or purchase order being in place.
- b. All contracts must have a clearly defined duration, including extensions where required, provision(s) for termination and must not have a provision to automatically renew.
- c. Industry and/or Council standard contracts/terms/conditions must be used wherever possible as approved by Legal Services.
- d. Where bespoke advice, drafting or modifications of contracts is required, the MO must approve the document prior to tendering or obtaining quotes and in any event before any contract is executed and any terms and conditions must not be held against the best interests of the Council.
- e. No cap on liability or contract terms in relation to insurance can be accepted without the approval of the MO and the Insurance Manager.

#### 12. Contract Conditions – Specific to Goods & Services

The commissioning officer is responsible for ensuring:

- a. Where a contract for the supply of goods and services or the purchase of goods amounts to £150,000 or more in value, a clause be inserted to ensure that should the contractor fail to deliver the goods or services or any portion thereof within the time or times specified in the contract, the Council, without prejudice to any other remedy for breach of contract, reserves the right to either:
  - i. determine the contract either wholly or to the extent of such default, and/or:
  - ii. to purchase other goods, or services or provision of information technology of the same or similar description to make good the default, or in the event of the contract being wholly determined, to procure any additional goods or services required from any other party without any obligation in respect of the original contract.

#### 13. Contract Conditions – Specific to Works

The commissioning officer is responsible for ensuring:

- a. In a contract for the execution of works valued in excess of £150,000, the contract provides for the payment of liquidated/delay damages by the contractor where they have failed to complete the works within the time specified. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO).
- b. In a contract for the execution of works valued in excess of £500,000, the contract specifies retention of a proportion of the contract sum until the work has been satisfactorily completed. (Except for 'schedule of rates' contracts and agree any other exceptions with the MO and CFO).

- c. Every formal contract contains a clause requiring the contractor to permit appropriate and properly authorised and trained representatives of the Council to enter upon a construction site and/or site of operation of the work at any reasonable time and have free and unfettered access to each and every part of the area covered by the contract of work affected thereby.

#### 14. Performance Bonds

The commissioning officer is responsible for ensuring:

- a. In a contract for the execution of works the requirements for any performance bond or guarantee are as follows:
  - i. £0 to £500,000 - consider the requirement, or not, for and value of performance bond or guarantee further to his/her risk assessment.
  - ii. £500,000 up to PCR15 works threshold - consult the CFO and MO to consider the requirement, or not, for and value of performance bond or guarantee further to their joint risk assessment.
  - iii. Over PCR15 works threshold - Bond or guarantee is normally required, the terms to be approved by the MO. The CFO must agree the value or percentage value of the contract of such a bond or guarantee.
- b. The risk assessment considers other ongoing contracts with the same contractor and the aggregate contract values in determining the need for a performance bond or guarantee.
- c. Such bonds or guarantees be taken up by the contractor with an insurance company, bank or other financial institution or body approved by the CFO. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO).
- d. Where the works contract has been let via an available Framework Agreement, then any retention or performance bond requirements of that framework agreement must prevail.
- e. No cap on liability or contract terms in relation to insurance can be accepted without the approval of the MO and the Insurance Manager.

### **APPROVAL TO PROCEED WITH PROCUREMENT OVER £25,000**

#### 15. Procurement Decision Record (to Publish) – Gateway One

The SPT is responsible for ensuring that a 'Procurement Decision Record' (PDR) to publish must be completed and signed in consultation with the commissioning officer before advertising (or at the release of tender documents in the case of a Framework Contract further competition stage) for all tenders over £25,000.

### **TENDER PROCESS AND EVALUATION OVER £25,000**

#### 16. E-tendering system

All tender processes over £25,000 are to be undertaken using the Councils e-tendering system unless other than agreed by the Head of Procurement (e.g. for a collaborative procurement where BCP Council is not the lead or a Framework requires otherwise).

#### 17. Tender Process Clarifications

The SPT is responsible for ensuring that clarification questions (direct or public) during the tender period be answered within the set tender timeline and appropriate answers (provided by the commissioning officer) are given via the e-Tendering system only.

#### 18. Evaluation

The SPT is responsible for ensuring:

- a. Compliance and due diligence checks are undertaken before evaluation begins.
- b. Evaluators are provided with the compliant tender(s) and electronic scorecards with instructions for individual evaluation purposes.
- c. A date and time is agreed with the evaluators for the return of all evaluation scores and the evaluators record responses/comments against all criteria and are concise and accurately recorded for audit and transparency purposes.
- d. Evaluation of price and quality is in accordance with the tender and that evaluator scores are based on the question asked against the requirement (specification) and not a predefined opinion or experience.

#### 19. Financial Appraisals

The SPT and Accountancy are responsible for ensuring:

- a. Financial appraisals must be completed for suppliers for contracts in excess of £150,000, using a method agreed by the CFO, before the contract is awarded.
- b. A record showing the results of each financial appraisal check is retained.

### **APPROVAL TO AWARD OVER £25,000**

#### 20. Procurement Decision Record (to Award) – Gateway Two

The SPT is responsible for ensuring that a 'Procurement Decision Record' (PDR) to award is completed and signed in consultation with the commissioning officer once the evaluation has been completed and the successful supplier is identified for all tenders over £25,000.

### **AWARD PROCESS OVER £25,000**

#### 21. Award for all contracts over £25,000

The SPT is responsible for ensuring:

- a. Where a standstill period was applied to the procurement and provided it has ended without challenge, the SPT will issue an award letter to the successful supplier(s).
- b. Where a standstill period was not applied to the procurement, SPT will issue the unsuccessful and successful letter(s).

#### 22. For tenders over the PCR15 threshold

The SPT is responsible for ensuring:

- a. The mandatory standstill period of a minimum of 10 calendar days is followed.

- b. The intention to award standstill letter(s) are issued to the successful and unsuccessful suppliers, giving the reasons for the decision and time to challenge the decision within the standstill period.
- c. No Officer of the council, other than those authorised from the SPT or Legal Services, should be in contact with the suppliers during the standstill period.

## CONTRACTS

### 23. Contracts

The Commissioning Officer is responsible for ensuring:

- a. That Legal Services support the drawing up of the contract documentation to be signed by both BCP Council and the successful supplier.
- b. That where certain contracts must be executed by deed (and sealed accordingly), this is done so in accordance with Appendix 3 or otherwise required by the MO.
- c. A signed acceptance of award is received from the Contractor.
- d. A Purchase Order is raised in accordance with Part F (7)(b)

### 24. Contract Mobilisation and Implementation

The Commissioning Officer is responsible for engaging with the Contractor after the contract has been awarded to ensure the implementation requirements are delivered, activities identified, timescales are established, and expectations met as set out in the tender.

### 25. Extensions, End of Contract or Renewal

The Commissioning Officer is responsible for ensuring:

- a. Whether to extend a contract (where allowed for in the contract), terminate or re-tender in advance as required in consultation with the SPT.
- b. A re-procurement is planned well in advance of the end of the contract in consultation with the SPT who will also advise on the timescales required.
- c. When exiting a contract and not conducting a re-procurement, preparation must be made for the end of the contract in advance of the expiry date and, as a minimum, that:
  - i. Any data is transferred from the supplier back to the Council.
  - ii. Suppliers' equipment is returned (if applicable).
  - iii. TUPE implications are considered.
- d. When ending a contract early, the exit process detailed in the contract must be followed and in consultation with the SPT.

### 26. Modifications & Variations

The SPT is responsible for ensuring:

- a. All proposed contract modifications or variations are made in advance.
- b. No contract modification or variation is permitted without a signed PDR from the SPT so that a contract notice and contract register entry can be issued.

### 27. Document Retention

The Commissioning Officer and SPT are responsible for ensuring:

- a. Sufficient documentation is kept in accordance with the PDR to Publish and Award.
- b. A copy of the contract (including pricing and specification) must be sent to the SPT for recording on the Contracts Register.
- c. Proportionate records are maintained and retained throughout the life of the contract and retained for a further minimum of 7 years after the contract end date.

## **EMERGENCIES, WAIVERS AND BREACHES RELATING TO PART G**

28. If it is not possible to comply with the normal financial regulations relating to procurement activity, service managers can request a 'waiver' from the CFO. Such requests must be submitted to the SPT in advance of the procurement.
29. The ability of the CFO to approve waiver requests will be limited at all times by the specific requirements of the relevant legislation.
30. The Service Director will inform the Cabinet Member of his/her intention to seek a waiver if the amount of the waiver exceeds £150,000 or if in his/her opinion the granting of any other waiver may warrant Cabinet Member approval.
31. Where it is evident that any part of the financial regulations has not been followed then a breach has occurred.
32. The CFO will be responsible for producing an annual report on emergency expenditure, breaches and waivers of financial regulations and submit this report to the Audit & Governance Committee for scrutiny and potential follow up action.

## **EMERGENCIES (serious risk to life or serious and immediate risk of loss or damage)**

33. This section of the financial regulations is limited to responding to extreme major incidents or unforeseen events such as a natural disaster and does not allow for accelerated procurement due to urgency, in which case the waiver process applies.
34. In the case of an extreme emergency where there is immediate danger to the safety of persons or serious risk of immediate loss or damage to the Council's assets or interests, or the interests of another party, the Chief Executive, Corporate Director, CFO, MO or Service Director, may place such emergency contracts/orders as necessary by means that are reasonable under the circumstances.
35. The Chief Executive, Corporate Director, CFO, MO or Service Director may delegate another officer of the Council to place such emergency contracts/orders but remains accountable for any resulting expenditure or activity.
36. The CFO and appropriate Cabinet Member must be advised of any emergency contract/order within 5 working days.

## **WAIVERS AND PROCUREMENT DECISION RECORDS (PDR's)**

37. Waivers and PDR's over PCR15 thresholds must be obtained in advance of any procurement, in sufficient time for proper consideration by the SPT and CFO. Waivers

and PDR's will not be granted retrospectively, and any such requests will be treated seriously and constitute a breach and may result in disciplinary action.

38. Service Directors are responsible for ensuring that a 'Waiver e-Form' or PDR is completed by the appropriate service manager, as guided by the e-Form process before submission to the SPT and CFO. (If e-Form is not available use paper form)

39. The CFO may approve a waiver or PDR in the following procurement circumstances:

<b>Circumstance</b>	<b>Over £5,000 up to £25,000</b>	<b>over £25,000 up to PCR15 thresholds</b>	<b>Over PCR15 thresholds</b>
a. Accelerated procurement (in the case of urgency for example) where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied	PDR (£5,000 up to £25,000)	Waiver	PDR (Over Threshold)
b. A known number of limited suppliers in the market, prior to commencement of the procurement process (unable to invite or obtain 3 quotes or tenders)	PDR (£5,000 up to £25,000)	Waiver	PDR (Over Threshold)
c. Propose not to use an available Corporate Contract	PDR (£5,000 up to £25,000)	Waiver	Waiver
d. Payments in advance for goods and services exceeding £25,000 or six months (and is also over £1,000) (except where T&C's approved by Legal Services apply)	Waiver (in the case of a six month payment in advance and is also over £1000)	Waiver	Waiver
e. Any payment in advance for works. (except where T&C's approved by Legal Services apply)	Waiver	Waiver	Waiver
f. Where grant funding is either fully or part funding Council expenditure and the supplier is named as a condition of that funding, the conditions of the funding agreement must be recorded on the PDR	PDR (£5,000 up to £25,000)	PDR (Over Threshold)	PDR (Over Threshold)
g. Where the Council has no influence over the supplier and that supplier has a contractual or other statutory or exclusive right to supply such as a utility company these must be recorded on the PDR.	PDR (£5,000 up to £25,000)	PDR (Over Threshold)	PDR (Over Threshold)

h. Where the Council has no influence over the supplier and a subscription is to be paid for a particular service, these must be recorded on the PDR.	PDR (£5,000 up to £25,000)	PDR (Over Threshold)	PDR (Over Threshold)
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40. Waiver approvals by the CFO are for a time limited period, normally not more than 2 years, in exceptional circumstances the CFO may agree to a period of up to 4 years (subject to PCR15 thresholds).
41. Where a waiver has been granted, by the CFO, it is the responsibility of the service manager to review arrangements before the waiver period elapses to ensure that a subsequent breach does not occur.
42. It is recognised that managers often have to estimate the waiver or PDR value. If final or actual contract values exceed the CFO approved estimated waiver or PDR value:
  - a. By less than 10% and as long as the amount is less than £100,000 then no further action is required.
  - b. By more than 10% and/or if the amount exceeds £100,000, then inform the CFO. (This is to ensure the CFO reporting to Audit & Governance Committee remains accurate)
43. Where a waiver or PDR has been granted, the SPT are responsible for publishing a contract award notice on Contracts Finder and entering the details of the contract onto the Contract Register.

## BREACHES

44. Breaches of financial regulations (Part G) are extremely serious matters and will be fully investigated and reported on following referral or discovery. Any breach of these Regulations could lead to disciplinary action being taken against the individual(s) concerned.
45. Service Directors and managers are responsible for reporting all known or discovered breaches of these Regulations to the CFO as soon as they become aware of such instances.
46. Service Directors may be required to supplement the CFO's annual report on waivers, exemptions and breaches to the Audit & Governance Committee with a more detailed report explaining the circumstances of the breach and the remedial action taken or planned by way of remedy.

## **PART H EXTERNAL ARRANGEMENTS**

### **PRINCIPLES**

- 1 All partnerships, shared services and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into and be supported by clear governance, accounting and audit arrangements.
- 2 External funding can prove an important source of income but funding conditions must be carefully examined and evaluated for risk before any agreement is entered into to ensure they are compatible with the aims and objectives of the Council.
- 3 Legislation enables the Council to trade and/or to provide discretionary services to third parties including the general public, in the main through the establishment of trading companies/other delivery models. All such work must be within the legal framework and the respective risks and financial benefits associated with such work must be properly considered and a proportionate business case approved before any trading activities take place.

### **PARTNERSHIPS, SHARED SERVICES AND JOINT WORKING**

- 4 The CFO is responsible for advising on the financing, accounting and control of partnership, shared service and joint working arrangements including:
  - a. Financial viability in current and future years.
  - b. Risk appraisal and risk management arrangements.
  - c. Resourcing and taxation.
  - d. Audit, security and control requirements.
  - e. Carry forward arrangements (between accounting periods).
- 5 The Monitoring Officer (MO) is responsible for advising on legal and legislative arrangements and for promoting and maintaining the same high standards of conduct in such arrangements as normally apply throughout the Council.
- 6 Managers are responsible for:
  - a. Ensuring that the CFO and MO are involved in the planning for any such arrangements at an early stage.
  - b. Ensuring that any such arrangements do not impact adversely upon Council services, that risk assessments have been carried out and that appropriate approvals have been obtained before entering into any agreements.
  - c. Ensuring that agreements and arrangements are properly documented.
  - d. Maintaining local registers of partnerships entered into.
  - e. Providing appropriate information to the CFO to enable relevant entries to be made in the Council's accounts.
  - f. Ensuring that appropriate mechanisms are in place to monitor and report on performance.
  - g. Consulting with the Corporate Property Officer (the Chief Executive) and CFO if there is any proposal to utilise Council land or buildings in pursuit of a partnership, shared service or joint working initiative.

## **EXTERNAL FUNDING**

- 7 The CFO is responsible for:
- a. Approving bids for external funding that may be put forward by councillors or managers prior to submission of any bid.
  - b. Ensuring that any match funding or part funding requirements are considered prior to entering into any agreement, that future Revenue Budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed.
  - c. Approving bids where delegated to do so in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
  - d. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
- a. Maintaining a central register of external funding/grant arrangements.  
b. Ensuring that all audit requirements are met.
- 8 Managers are responsible for ensuring that:
- a. The CFO is involved in preparing for, and approving, any bid for external funding prior to submission of such bids. (This includes joint bids where the Council is not lead body)
  - b. The sustainability of funding is assessed for risk; all agreements entered into are consistent with and support the Council's service priorities.
  - c. The necessary approvals are obtained to accept funding in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
  - d. All claims for funds are made by the due date.
  - e. Work is progressed in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

## **TRADING (including providing discretionary services to third parties and the public)**

- 9 The MO is responsible for providing or obtaining all necessary legal advice to ensure that all such proposals are undertaken within the legal framework.
- 10 The CFO is responsible for:
- a. Issuing guidance on the assessment of trading opportunities and options.
  - b. Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
  - c. Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.
  - d. Ensuring appropriate insurance arrangements are in place.
- 11 Managers are responsible for:
- a. Identifying trading opportunities and evaluating the respective risks and financial benefits in accordance with the guidance issued by the CFO.
  - b. Obtaining all necessary legal advice to ensure the terms and conditions of all trading contracts are reasonable and are proportionately documented.
  - c. Obtaining business case approval, in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1), before any negotiations are concluded to trade or work for third parties.
- a. Maintaining a local register of all trading contracts entered into.  
b. Collecting all contractual income due and ensuring the Council is not put at risk from any bad debts.

- c. Ensuring that no contract will be subsidised by the Council providing financial assistance either directly or indirectly.
- d. Ensuring that such contracts do not adversely impact upon services provided by the Council.
- e. Ensuring that the service has the appropriate expertise to undertake the contract.
- f. Complying with guidance issued by the CFO in relation to the operation of trading accounts and the proper recording and reporting of trading results.

## Glossary of Common Terms

<b>Budget</b>	A plan expressed in financial terms that is an estimate of the resource required to deliver the services/priorities of the Council
<b>Budget Heads</b>	A main area of revenue or capital spend as defined by the Budget and/or Capital Programme
<b>Business Plan</b>	A plan defined for the purposes of service planning and reporting at the Council as specified by the Chief Executive
<b>Cost centre</b>	A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc.
<b>Capital</b>	The organisation's total assets less its liabilities
<b>Capital expenditure</b>	Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones
<b>Intra Vires</b>	Acting within the statutory powers of the organisation
<b>Joint Venture</b>	Collaboration between two or more economically independent organisations (in practice one of which will be from the private sector) to achieve a joint aim, either contractually (gain/share) or through setting up a separate jointly owned entity
<b>Outsourcing</b>	The entering into of a contract with a provider (private sector, social enterprise/third sector, mutual or joint venture) to deliver services
<b>Corporate purchase to pay system</b>	An end to end system for managing Purchase Orders, receipts and invoices
<b>p-cards</b>	A term to describe all forms of 'purchasing/payment cards' including credit cards, debit card, store cards (excludes pre-loaded card)
<b>Revenue</b>	Income or expenditure, arising from or spent on, day to day activities and short-lived commodities or consumables
<b>Service plan</b>	A plan setting out priorities and service ambitions
<b>A service specific financial system</b>	Any system that supplements, integrates or interfaces with the main accounting system – examples (but not limited to) HR system, social care records system, asset management systems
<b>Shared Service</b>	A voluntary collaboration between public sector bodies to deliver services/provide facilities
<b>Ultra Vires</b>	Acting beyond the statutory powers of the organisation
<b>Value for Money (VFM)</b>	The simple National Audit Office definition is 'Optimal use of resources to achieve intended outcomes and purpose'. The more complex Audit Commission definition is 'obtaining maximum benefit over time with the resources available, achieving the right local balance between economy, efficiency and effectiveness, or spending less, spending well and spending wisely to achieve local priorities. VFM is high when there is optimum balance between all three elements, when costs are relatively and comparatively low, productivity is high and successful outcomes have been achieved'.

## Acronyms

<b>AGS</b>	Annual Governance Statement
<b>CCR16</b>	Concession Contracts Regulations 2016
<b>CFO</b>	The Chief Finance Officer
<b>CIA</b>	The Chief Internal Auditor
<b>CPO</b>	Corporate Property Officer (the Chief Executive Officer)
<b>CPV (code)</b>	Common Procurement Vocabulary Code
<b>CPQ</b>	Construction Pre-qualification Questionnaire
<b>FTS</b>	Find a Tender Service (Replacement to OJEU as of 23:00 on 31.12.2020)
<b>FMS</b>	The budgeting and <u>financial management system</u> used at the Council (FUSION)
<b>HHR</b>	Head of Human Resources
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>HPS</b>	The Head of Paid Service (designated as the Chief Executive)
<b>ICE</b>	Institution of Civil Engineers
<b>ITQ</b>	Invitation to quote
<b>ITT</b>	Invitation to tender
<b>LEA</b>	Local Education Authority
<b>LMS</b>	Local Management for Schools Scheme
<b>MO</b>	The Monitoring Officer
<b>MLRO</b>	The Money Laundering Reporting Officer (the Chief Internal Auditor)
<b>MTFP</b>	Medium Term Financial Plan
<b>NI(C)</b>	National Insurance (contributions)
<b>OJEU</b>	Official Journal of the European Union – Replaced by UK e-Notification Service (Find a Tender Service - FTS) as of 23:00 on 31.12.2020
<b>PAYE</b>	Pay as you earn
<b>PCR15</b>	Public Contracts Regulations 2015
<b>PCN</b>	Penalty Charge Notice
<b>SOPPs</b>	Accounting <u>Standards of Professional Practice</u> (Code of Practice on Local Authority Accounting:)
<b>SORP</b>	Statement of Recommended Practice
<b>SQ</b>	Selection Questionnaire
<b>TMS</b>	Treasury Management Strategy
<b>SeRCOP</b>	Service (expenditure)Reporting Code of Practice
<b>SPT</b>	Strategic Procurement Team
<b>VFM</b>	Value for Money
<b>VAT</b>	Value Added Tax

## CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS

### INTRODUCTION

- 1 The Corporate Schedule of Financial Delegations sets out the powers and duties delegated to various senior officers in the Council. Senior officers may appoint appropriate 'authorised officers' to act on their behalf (see 3 below), these delegations must be recorded in local Service Schemes of Delegation. (This schedule (appendix 1) does not apply to BCP maintained schools who will operate their own schemes of delegation).
- 2 This Corporate Schedule also sets out the approved financial limits within which senior officers may conduct the Council's business. Changes to the limits/values contained within this Corporate Schedule may only be made with the approval of the Chief Executive Officer. Additionally, any changes to councillor's approval levels also require the approval of Council.
- 3 For those items marked \* (asterisk) the relevant senior officer has discretion to appoint appropriate authorised officers to act on his/her behalf. In all cases the relevant senior officer remains accountable for the effective operation of the financial thresholds and authorities and must:
  - Maintain a local written record of delegations to authorised officers and post this on the Council's intranet pages.
  - Provide the MO/CFO with the local written record of delegations to authorised officers at any time they require it (if not transparently posted on the intranet).
  - Ensure that an appropriate segregation of duties is in operation, for example between ordering and paying for goods, between claiming and approving expenses.
  - Ensure compliance (from those authorised officers) with the financial limits in this Schedule and any within the Financial Regulations (e.g. limits relating to waivers, extensions and variations) and HR Policies (e.g. limits relating to overtime, allowances, honoraria and expenses).

Note – If an individual has a formal 'Power to Deputise' delegation via a properly job evaluated Job Description then this Corporate Schedule of Financial Delegations can be read as apply to them (i.e. without formal delegation recording requirements as per 3 above).

- 4 This Corporate Schedule is not a standalone document and should be read in conjunction with the relevant section of the Council's Financial Regulations and Constitution which is shown in brackets at the top of each section within this Corporate Schedule. The 'Approver' is responsible for obtaining all appropriate advice from support services such as Human Resources (HR), Legal, Finance, ICT, Property services before making decisions to approve.
- 5 Legacy Councils in this schedule mean Bournemouth Borough Council, Christchurch Borough Council and Borough of Poole (but not Dorset County Council (DCC)).
- 6 The term cabinet member, in the approver column, means the appropriate or relevant cabinet member pertaining to the decision (not any available cabinet member). Alternatively, the Leader may determine who the appropriate or relevant cabinet member is.

## FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
<p><b>Revenue Virement (RV)</b> - the term ‘either individually or in aggregate for the financial year’ is being used to prevent disaggregation or fragmentation of virement to circumvent the required approvals</p>			
RV1	To approve any virement (either individually or in aggregate for the financial year).	Over £1M	Council (after advice from the CFO)
RV2	To approve any virement (either individually or in aggregate for the financial year).	Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
RV3	To approve virement <b><u>within or between</u></b> Service/Business Plans and/or projects/programmes in their portfolio areas (either individually or in aggregate for the financial year).	Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
RV4	To approve virement within their Service/Business Plans and/or within or between projects/programmes for which they are responsible (either individually or in aggregate for the financial year).	Up to £100k	Service Director* (after advice from the CFO*)
RV5	To approve virement from within existing Service/Business Plans or between Service/Business Plans, projects or programmes within their areas of responsibility into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity.	Up to £100k	Service Director* (after advice from the CFO*)
RV6	To approve the correction of errors to initial budget load or approved virement within the main Financial System	Unlimited	CFO*
<p>Revenue virement is only permissible in the following circumstances:</p> <ul style="list-style-type: none"> <li>• to reflect a reorganisation/restructure</li> <li>• to reflect a change in corporate priorities</li> <li>• the receipt of additional grant or other funding (and the associated expenditure)</li> <li>• the distribution or redistribution of centrally held budgets</li> <li>• the correction of errors to initial budget load</li> </ul>			<p>The following virement are generally not permitted</p> <ul style="list-style-type: none"> <li>• virement between capital and revenue</li> <li>• virement between controllable and non-controllable (recharges and capital financing) codes</li> </ul>

## FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
<b><u>Capital Virement (CV)</u></b>			
CV1	To approve virement between individually approved schemes	Over £1M	Council (via Budget Monitoring Report after advice from the CFO)
		Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
		Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
		Up to £100k	Service Director * (after advice from the CFO*)
CV2	To approve re-phasing between years of individually approved schemes.	Any value	Service Director * (after advice from the CFO*)
CV3	To approve the correction of errors to initial budget load or approved virement within the main Financial System.	Any value	CFO*
<b><u>The Capital Programme (CP) (approving new schemes in-year and approving changes to external funding in-year)</u></b>			
CP1	To approve a new project, programme or scheme that <b>is not</b> in the Capital Programme (as approved as part of the annual budget setting process) and where a new external capital grant(s) is awarded to cover the costs of the project, programme or scheme, or it is proposed to transfer a scheme from one Council Fund to another (e.g. General Fund to HRA)	As per CV1 above	As per CV1 above
CP2	To approve a new project, programme or scheme that <b>is not</b> in the Capital Programme (as approved as part of the annual budget setting process) and CP1 does not apply – so new borrowing or other new external funding sources is required to cover the costs of the project, programme or scheme.	As per CV1 above	As per CV1 above
CP3	To approve a project, programme or scheme if the external funding or borrowing sources are different from the external funding or borrowing sources agreed at the original approval point. (e.g. prudential borrowing approved but borrowing required is now greater/less)	As per CV1 above	As per CV1 above

## FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F)

<b>INCOME</b>			
REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
INC1	<p>Sundry debt write-offs (not cancellation)</p> <p>(where these sundry debts have been raised on the Sundry Debtors System(s) the Service Director * is responsible for ensuring the write off, after approval, is passed to The Head of Revenues and Benefits * for processing)</p> <p>(Sundry debt 'cancellation' can only occur in circumstances where the original debt was raised in error, in all other circumstances this write-off procedure applies)</p>	Up to £1k	Service Director *
		£1k to £25k	Service Director
		£25k to £100k	Corporate Director in consultation with CFO and cabinet member
		Over £100k	Head of Paid Service in consultation with the CFO and Leader
INC2	Council tax, NDR, write offs and housing benefits overpayment recovery	Up to £1k	The Head of Revenues & Benefits*
		Over £1k and up to £10k	The Head of Revenues & Benefits
		Over £10k	CFO
INC3	Council Housing tenant rent arrears write offs (including former tenants)	Up to £1k	Service Director (for Housing) *
		Over £1k and up to £5k	Service Director (for Housing)
		Over £5k	Service Director, CFO and MO
INC4	Fees & charges	Increase/decrease of existing	Service Director in consultation with cabinet member & CFO
		Any waiving, suspending or refunding of existing	Service Director
		Agreeing any new	Cabinet (and Council if over £1M annual value)
INC5	Any means tested or assessed financial contributions	Waiving, suspending or refunding up to £1k (aggregate not individual)	Service Director *
		Waiving, suspending or refunding over £1k (aggregate not individual)	Service Director in consultation with CFO *
INC6	Penalty Charge Notices (PCN) write offs	Unlimited	Service Director (responsible for Parking Services) *



REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX9	<p>Appointment of Interim Staffing (contract of employment or contract for service)</p> <p>Individuals used to fill any temporary new post and existing posts, where there is a need to pay above the job evaluated rate, in circumstances where for whatever reason it is not possible and/or desirable to make a permanent appointment into the post. Such posts will generally be senior managerial or of a specialist professional nature, but where the post-holder is appointed on a temporary basis. The focus is on the individual and their specialist skills and knowledge. Interims may be considered appropriate at a time when the service or team concerned or the wider Council is in a phase of rapid transition or when there are specific legislative or national drivers for change which need to be implemented in a defined time period. Interims may be employed directly by the Council on a fixed-term contract (including by way of the Professional Register) or via a procurement process, either as an employee, if retained through the Professional Register, or as an agency worker, or on a self-employed basis under a contract for services. In the latter case, payment is normally negotiated on a day rate as opposed to an hourly rate and must be approved by the HHR.</p> <p>Business case must include identification of previously agreed budget source</p>	Up to £25k	Service Director * Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £25k and up to £100k	Service Director to complete a business case for approval by Corporate Director Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director complete a business case for approval by the Chief Executive Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
EX10	<p>Appointment of a Consultant (contract for service)</p> <p>Individuals or organisations used to provide objective advice and assistance of a specialist nature, where existing Council employees do not have the necessary relevant expertise or where in-house capacity is insufficient. Such arrangements may relate to the strategy, structure, management, or operations of the Council, or specific professional input to a project in pursuit of the Council's purposes and objectives (typically, there will be no corresponding Council post on the authorised staffing establishment). Consultancy assistance is provided outside the Council's established staffing structure and "business as usual" environment when in-house skills are not available. As a result, the use of consultants will be for a defined (and preferably short-term) period and to achieve specific outcomes.</p> <p>Business case must include identification of previously agreed budget source</p>	Up to £25k	Service Director *
		Over £25k and Up to £100k	Service Director to complete a business case for approval by Corporate Director
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director complete a business case for approval by the Chief Executive
EX11	Approving where a 'Contract for Service' is to be offered to a bona fide self-employed individual who has held employment with the Council (or legacy Councils) in the last 3 years.	Any value	Chief Executive (with advice from CFO and HHR)

EX12	Approving where a permanent or fixed term (exceeding 18 months) 'Contract of Employment' is to be offered to any individual made redundant (compulsory or voluntary) within the last 12 months from any role within the Council (or legacy Councils)	Any Value	Corporate Director (after advice from CFO and HHR)
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### TREASURY MANAGEMENT, FINANCING & LEASING

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
TM1	Placing of treasury investments and all approvals to borrow	In line with Treasury Management Strategy (TMS) and appended policies and within any operational lower limits	CFO* as authorised to transact in accordance with TMS. Any variation from TMS requires Council sign off.
TM2	Approving all leases, credit arrangements or hire purchase arrangements	All such arrangements	CFO* to determine approval route specific to the individual circumstance
TM3	Approving any funds (and the system of administration) to be held on behalf of third parties.	All such arrangements	Service Director* and CFO*

### ASSET MANAGEMENT

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
AM1	Writing off deficiencies in stocks, stores & inventories  (limits/value/threshold is 'book' value/accounting value not estimated sales value)	Up to £1,000	Service Director *
		£1k to £50k	Service Director * and CFO
		Over £50k	Cabinet / cabinet member (after advice from CFO)
AM2	Acquisition of freehold & leasehold land & buildings. The acquisition of a freehold, leasehold, or any other interest in land or buildings subject to the purchase being no more than market value unless 'Special Purchaser' assumptions can be made.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM3	Acquisition of freehold & leasehold land & buildings at more than market value and 'Special Purchaser' assumptions cannot be made.	Any value	Council
AM4	Disposal of freehold & leasehold land & buildings. Disposal by way of a sale, lease, licence, wayleave, easement, deed of variation, renewal, surrender, modification of covenant, or other disposal of an interest in land or buildings using any method that achieves best consideration.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council

AM5	Agreeing disposals of any land or building asset not to the highest bidder or where there is a difference between the estimated open market value (or best consideration) and the actual sales price. (Seek legal advice if land is open space).	Up to £350k (capital value)	Corporate Property Officer in consultation with the CFO
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM6	Value for including items in fixed assets register	Over £10k	Service Director *
AM7	Disposal of surplus or obsolete plant and machinery or other non-land or buildings asset (and excluding ICT equipment) **  (limits/value/threshold is 'book' value/accounting value not estimated sales value)	Any disposal <b>not</b> to the highest bidder (or gifted at nil value)	Service Director* and CFO*
		Any disposal £0k to £100k to the highest bidder	Service Director* and CFO*
		Any disposal £100k to £500k to the highest bidder	Corporate Director* and CFO*
		Any disposal over £500k	Cabinet / cabinet member and CFO
AM8	Any acquisition of ICT equipment and ICT services	All acquisitions	By ICT services or with the approval of the Head of ICT *
AM9	Any disposal of ICT equipment including donations to schools or charities **	Any or nil value, no exceptions	All disposals through ICT Services
AM10	Approving the use of Council assets outside of normal Council business activity and after obtaining MO* and insurance advice from the CFO*	Any land or buildings	Corporate Property Officer *
		Non land or buildings (and excluding ICT equipment)	Service Director *
		ICT equipment	Head of ICT *

\*\*Also refer to the Council's Corporate Disposals Policy

## EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART H)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER (after obtaining advice from the CFO, MO and HHR)
EA1	Entering the Council into partnership, shared service or joint working arrangements (including Memoranda of Understanding)	Any (including where a direct financial contribution is not obvious)	In accordance with the Council's Constitution Part 2, Article 12 - Decision making, Section 3 - Types of decisions).
EA2	External trading contracts, arrangements or concepts – business case approval, (providing discretionary services to a third party, including the public, in exchange for a fee)	Any contract up to £100,000	Service Director *
		New contracts between £100,000 and £0.5M	Corporate Director
		Incremental contracts between £100,000 and £0.5M	Service Director
		All Contracts over £0.5M	Cabinet / cabinet member
EA3	Submitting any bid for external funding (including joint bids where the Council is not lead body)	Any value	Service Director * with the agreement of the CFO *
EA4	Accepting external funding (BCP aggregate total including any 'match-funding' element and partner(s) share(s) if BCP is lead body or 'host')	Up to £100,000	Service Director * and CFO *
		Between £100,000 and £1.0M	Cabinet / cabinet member (with advice from the CFO)
		Over £1.0M	Council (with advice from the CFO)

For the purposes of EA2 above the following definitions apply:

- New (trading) contracts = the contract, arrangement/concept has not previously been traded
- Incremental (trading) contracts = the contract, arrangement/concept has already been approved applying the approval thresholds above, subsequent incremental trading growth through a series of additional contracts

## OTHER DELEGATIONS - BUSINESS RATE RELIEF

REF	DESCRIPTION	APPROVER
BR1	To implement Central Government fully funded business rate relief schemes where implementation requires the Council to use its discretionary powers under either Section 47 of the Local Government Finance Act 1988 or Section 13A of the Local Government Finance Act 1992.	CFO

## BCP COUNCIL - FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

### Statement of Purpose

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch and Poole (BCP) Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### Governance, Risk & Control

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register.

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.

To review the governance and assurance arrangements for significant partnerships or collaborations.

### Internal Audit

To approve the Internal Audit Charter.

To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.

To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include: a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit. b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.

To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.

To commission work from the Internal Audit Service (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

### **External Audit**

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.

To consider reports dealing with the management and performance of the External Audit function.

To consider and approve the Annual Plans of the External Auditor.

### **Financial Reporting**

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

To report to full council and publish an annual report on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full council and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

### **Other Functions**

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function.

To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee).

To consider breaches, waivers and exemptions of these Financial Regulations.

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or cabinet member.

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity).

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

To consider gifts and hospitality registers relating to officers.

**CONTRACTS TO BE EXECUTED BY DEED (& SEALED ACCORDINGLY)**

This section is currently being prepared by Legal Services

**MINOR AMENDMENTS AND EDITING LOG (during 2021-22)**

The Chief Finance Officer (CFO) has primary responsibilities for maintaining the Financial Regulations as outlined in Part A page 5. Where changes affect the powers or responsibilities of councillors, approval of Council is required.

It is recognised there may be a need to clarify certain elements of the Financial Regulations from time to time, this may require minor amendments or editing. The CFO has delegated to the Chief Internal Auditor (CIA) and Strategic Procurement Manager (SPM) the ability to make minor amendments and editing changes. Any such changes are logged in the table below.

No.	Description of amendments or editing	Page	Date
1			
2			
3			
4			

**FINANCIAL REGULATIONS**

**BACK COVER ONLY**