



**Nottingham
City Council**

Part 5

Financial Regulations and Contract Procedure Rules

Financial Regulations and Contract Procedure Rules

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1. Financial Regulations

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DEFINITIONS

The meaning assigned to each expression shall apply throughout the City Council's Financial Regulations.

Meanings

'Accountable Body' means the organisation that is responsible for external funding and ensuring it is spent in accordance with the conditions for which it was given. It is often used to define ultimate responsibility for grants and similar payments made into partnerships and other joint ventures.

'Best Value' means the statutory obligation on the City Council to make proper arrangements for securing continuous improvement in the economy, efficiency and effectiveness in the use of its resources and is 'the optimum combination of whole life costs and benefits to meet customer requirements'.

'Capital Expenditure' means all expenditure (from whatever source financed or to be financed) on the acquisition of land and buildings, the erection of buildings, the execution of works of a permanent nature and the purchase of vehicles, plant, machinery, equipment or furniture, or payments to third parties for such purposes.

'Chief Finance Officer' means the person designated as the Responsible Finance Officer as set out in Part 4 (Section 8), Formal Roles and Responsibilities, of the City Council's Constitution to be responsible for ensuring the proper administration of the City Council's financial affairs under Section 151 of the Local Government Act 1972.

'City Council Department' or **'Department(s)'** means all Departments within the City Council whether in the role of client or contractor.

'Corporate Director(s)' means those persons designated as such in Part 4 (Section 9), Formal Roles and Responsibilities, of the City Council's Constitution. For the purposes of these Financial Regulations the Chief Executive and Deputy Chief Executive shall be deemed to be Corporate Directors.

'Corporate Financial Procedures (CFPs)' are those process rules and standards formally approved by the Chief Finance Officer under delegated powers and which form part of the Financial Regulations.

'Director of Legal and Democratic Services' means the person exercising the functions of the Authority's Solicitor including the provision of legal advice to the Authority.

'Emergency' means an occurrence involving or likely to 'involve danger to life or health' or 'serious damage to property' or 'destruction of property'.

'Financial Regulations' means the rules of the City Council which include the Contract Procedure Rules (CPRs). They also include Corporate Financial Procedures (CFPs) which have been formally approved by the Chief Finance Officer.

'Formal Contract(s)' means a scheme evidenced by a contract(s) in printed format, either under seal or merely signed, which is therefore not evidenced by the issue of an official order.

'Main Financial Systems' means the following financial systems:

- Accounts Payable
- Cash Receipting
- Accounts Receivable
- Payroll/Personnel
- Main Accounting System (including Capital)
- Council Tax
- Supporting People
- NNDR
- Corporate Property
- Rents Housing Repairs
- Benefits Purchasing Cards

'Monitoring Officer' means the person designated as Monitoring Officer as set out in Part 4 (Section 8), Formal Roles and Responsibilities, of the City Council's Constitution.

'Overview and Scrutiny Committee' means the Overview and Scrutiny Committee's and any panels or boards it may choose to establish from time to time.

'Portfolio Holder' means a councillor delegated responsibility for defined areas of responsibility for specific service(s) and / or strategic issues (Portfolio).

'Scheme(s)' means a requirement of the City Council involving the procurement of work, goods, materials or services for a specific purpose.

'Service Director' means the person responsible for the direct management of services under their control.

'Supplier(s)' means supplier(s) of work, goods, materials or services (including any City Council Department).

1 Introduction & Background

- 1.1 To conduct business efficiently, every local authority needs to ensure that there are sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the organisation.
- 1.2 The financial regulations provide clarity about the financial accountabilities of individuals – portfolio holders, the head of paid service, the monitoring officer, the chief finance officer and other corporate directors. Each of the financial regulations sets out the overarching financial responsibilities.
- 1.3 The Council's Financial Regulations set the control framework for five key areas of activity:
 - A. Financial Planning
 - B. Financial Management
 - C. Risk Management and Control of Resources
 - D. Financial Systems and Procedures
 - E. External Arrangements
- 1.4 Nottingham City Council is one of England's eight core cities. It is a unitary authority providing all local government services for approximately 300,000 residents. With an annual budget of around £1bn, the Council's priorities are to make Nottingham cleaner and safer, raise the City's ambitions and make it a place to be proud of.
- 1.5 The Council is responsible for significant amounts of public money received from Central Government and raised locally through setting Council Tax and fees in order to ensure the provision of a wide range of services.
- 1.6 The City Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are followed. This ensures that decisions are effective, efficient and transparent, so that the Council remains accountable to local people. Some of these procedures are required by law while others are a matter for the Council to determine. The Financial Regulations form part of the Constitution and set out the financial controls in place for Nottingham City Council.
- 1.7 The authority has adopted a strong leader and cabinet form of executive.

2 Status of Financial Regulations

- 2.1 Financial Regulations provide the framework for managing the City Council's financial affairs, and set out the rules and processes that underpin the day to day management of public funds. The Financial Regulations include Contract Procedure Rules that govern the way in which work, goods, materials and services are procured by the Council.
- 2.2 The Financial Regulations apply to every councillor and colleague of the authority and anyone acting on its behalf, and all these individuals are required to abide by them in all circumstances. These responsibilities also apply when councillors or colleagues represent the City Council on outside bodies.
- 2.3 The regulations identify the financial responsibilities of:
- Full Council,
 - Executive Board and other Committees of the Council,
 - the Head of Paid Service (Chief Executive),
 - the Monitoring Officer,
 - the Chief Finance Officer (CFO) and
 - other Corporate Directors.
- 2.4 Portfolio Holders and Corporate Directors may vest their responsibilities in such other departmental colleagues provided that the Corporate Director formally authorises them and as based upon the process in Part 4 of the Constitution. Such authorisation must be given in writing and Corporate Directors must always retain ultimate accountability for their responsibilities whether delegated to other people or not. Where decisions have been delegated or devolved to other responsible individuals, such as school governors, references to the Corporate Director in the regulations should be read as referring to them.
- 2.5 All councillors and colleagues have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is:
- legal,
 - properly authorised, and
 - value for money.
- 2.6 The Authority's detailed financial procedures, setting out how the Regulations will be implemented, are hyperlinked through out this document where relevant and are also contained on the intranet with the financial regulations.

3 Overall Financial Responsibilities

THE FULL COUNCIL

The Full Council's responsibilities include:

- 3.1 Adopting the Authority's Constitution and councillors' code of conduct and approving the policy framework and budget within which Executive Board operates.
- 3.2 Approving and monitoring compliance with the Authority's overall framework of accountability and control. The framework is set out in its constitution.
- 3.3 Monitoring compliance with the agreed policy and related executive decisions.
- 3.4 Approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in Part 4 of the Constitution.

EXECUTIVE BOARD

- 3.5 The Leader is elected by Full Council at its post election annual meeting. The term of office of the Leader starts on the day of his/her election as Leader and ends on the day of the next post election annual meeting (under whole elections). The Leader appoints one of the members of the Executive Board to be his/her deputy, who will hold office until the end of the term of office as Leader. The Leader also determines the size of the Cabinet (Executive) and appoints between 2 and 9 members of the Council to be the Executive Board in addition to him/herself, and allocates defined areas of responsibility for specific service and strategic issues (known as Portfolios) to them.
- 3.6 Executive Board's responsibilities include:
 - taking key decisions;
 - proposing the policy framework and budget to the Full Council and
 - discharging executive functions in accordance with the policy framework and budget.
- 3.7 Executive decisions can be delegated to:
 - area committees,
 - portfolio holders and
 - colleagues.
- 3.8 Executive Board is also able to enter into partnership arrangements with other authorities.

- 3.9 Executive Board is responsible for establishing protocols to ensure that individual executive members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual councillors must take account of legal, human resource and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES OF THE COUNCIL

Overview and Scrutiny Committee

- 3.10 The overview and scrutiny committee is responsible for scrutinising executive decisions before or after they have been implemented and for holding the Executive Board to account. It is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the authority. The detailed remit of the Overview and Scrutiny Committee is set out in Part 4 of the Constitution.

Audit Committee

- 3.11 The audit committee is an advisory body and reports to the Full Council. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. Amongst other activities, the Committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report. The detailed remit of the Audit Committee is set out in Part 4 of the Constitution.

Standards Committee

- 3.12 The standards committee is established by the Full Council and 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. The detailed remit of the Standards Committee is set out in Part 4 of the Constitution.

Other Regulatory Committees

- 3.13 The regulatory committees are responsible for a range of decisions which concern applications for consents and licences of various kinds. There are three regulatory committees:
- the Development Control Committee
 - the Licensing Committee (and its Panels)
 - the Regulatory and Appeals Committee

SCHEME OF DELEGATION

- 3.14 Part 4 of the Constitution sets out in detail who is responsible for the various functions of the Council.

THE STATUTORY OFFICERS

3.15 Full Council makes and approves appointments to the following statutory positions:

HEAD OF PAID SERVICE

3.16 The Head of Paid Service is responsible for:

- a. the corporate and overall strategic management of the Authority as a whole.
- b. establishing a framework for management direction, style and standards
- c. monitoring the performance of the organisation.
- d. The system of record keeping in relation to all the Full Council decisions, together with the Monitoring Officer
- e. Reporting to and providing information for:
 - the Full Council,
 - Executive Board,
 - the Overview and Scrutiny Committee, and other Committees

THE MONITORING OFFICER

3.17 The Monitoring Officer is responsible for:

- a. promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee.
- b. ensuring that executive decisions and the reasons for them are made public. He or she must also ensure that Council members are aware of decisions made by Executive Board and of those made by individuals who have delegated executive responsibility.
- c. reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to Executive Board, and
- d. ensuring that procedures for recording and reporting key decisions are operating effectively.
- e. advising all councillors and colleagues about who has authority to take a particular decision.
- f. advising Executive Board or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- g. maintaining an up-to-date constitution.
- h. The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising Executive Board or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
 - initiating a new policy
 - committing expenditure in future years to above the budget level

- incurring interdepartmental transfers above virement limits
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

CHIEF FINANCE OFFICER

3.18. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- Local Government Act 2000
- The Accounts and Audit Regulations 2011
- Local Government Act 2003
- Money Laundering Regulations 2007

3.19 The Chief Finance Officer, who must be a member of a specified accountancy body (Section 113, Local Government Finance Act 1988), has the following personal statutory responsibilities:

- the proper administration of City Council's financial affairs (Section 151, Local Government Act 1972).
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management

3.20 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Full Council, Executive Board and external auditor if the Authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- is about to make an unlawful entry in the authority's accounts

3.21. Section 114 of the 1988 Act also requires:

- the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the Chief Finance Officer with sufficient staff, accommodation and other resources (including legal advice where this is necessary) to carry out the duties under section 114

3.22. The Chief Finance Officer is responsible for:

- a. Producing Financial Regulations for adoption by the Full Council and establishing Corporate Finance Procedures (CFPs) as required.
- b. Maintaining a continuous review of the financial regulations, and submitting any additions or changes necessary to the Full Council for approval.
- c. Reporting, where appropriate, breaches of the financial regulations to the council and/or to Executive Board members.
- d. Formally approving and amending CFPs under delegated powers.
- e. Advising Corporate Directors of any amendments to Financial Regulations, CFPs or CPRs and reviewing the values within such Regulations, Rules and Standards as required.
- f. Notifying the Portfolio Holder with responsibility for finance of new or amended CFPs prior to issue.
- g. Issuing advice and guidance to underpin the financial regulations that councillors, colleagues and others acting on behalf of the authority are required to follow.

CORPORATE DIRECTORS

3.23 Corporate Directors are responsible for:

- a. managing the financial activities of their Department, within the framework and procedures determined by the Chief Finance Officer and through formal delegations contained in the City Council's Constitution.
- b. ensuring that Executive Councillors are advised of the financial implications of all proposals and that the financial implications have been written by a representative of the Chief Finance Officer.
- c. signing contracts on behalf of the Authority.
- d. consulting with the Chief Finance Officer and seeking approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.
- e. ensuring that all colleagues in departments are aware of the existence and content of the Authority's financial regulations and other internal regulatory documents, and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments. They should also make colleagues aware that Financial Regulations and detailed Financial Procedures are available to view on the Council's intranet site.

- f. operating corporately in partnership with other colleagues across the organisation to ensure good standards of financial management, governance and stewardship.
- g. ensuring departmental financial arrangements are adequate and effective in order to comply with Financial Regulations and CFPs.
- h. Corporate Directors may vest their responsibilities in other people provided that the Corporate Director gives their written authorisation. However, Corporate Directors always retain accountability for their responsibilities, even where responsibility may have been vested elsewhere within their Department.

PERSONAL RESPONSIBILITIES

- 3.24 All financial decisions and decisions with financial implications must have regard to proper financial propriety. Where there is any doubt as to the appropriateness of a financial proposal or correctness of a financial action clarification must be sought from the Chief Finance Officer or their Departmental Representative, in advance of any decision or action. Failure to observe Financial Regulations may result in action under the City Council's Disciplinary Procedure
- 3.25 Any person concerned with the use or care of the City Council's resources or assets should ensure that they are fully conversant with the requirements of these Financial Regulations. The Financial Regulations and CFPs should be read in conjunction with the City Council's Budget Management Handbook and the 'How To' guides available on the intranet.
- 3.26 All employees must immediately inform their line manager about any matter that involves or is thought to involve irregularities concerning cash, stores, income, expenditure, assets (including data held by the City Council) or any suspected irregularity concerning the exercise of the functions of the City Council. Line managers should consult with the Chief Finance Officer and the Head of Internal Audit, who will determine what further information is required and whether any investigation should be undertaken and if so, the conduct of that investigation.

DISPENSATIONS FROM FINANCIAL REGULATIONS

- 3.27 There will be no dispensations from Financial Regulations except as follows:
 - Emergency Action
In the event of an 'Emergency' the Chief Executive or a Corporate Director is empowered to authorise all necessary actions. The Chief Executive or the Corporate Director must notify the Chief Finance Officer in writing, of the circumstances and estimated financial impact and report formally to the relevant service Portfolio Holder.
 - Operational Issues (Dispensation is sought when the estimated value of the affected scheme is below Key Decision level)

Where the Chief Executive or a Corporate Director considers that there are justifiable reasons for dispensing with Contract Procedure Rules within Financial Regulations they may do so, following evidenced consultation with the Chief Finance Officer, provided that the Chief Executive or Corporate Director then obtains the agreement of the relevant Portfolio Holder to their decision through the Portfolio Holder decision process.

- Operational Issues (Dispensation is sought when the estimated value of the affected scheme is at or above Key Decision level)

With the prior approval of the Executive Board or the relevant Portfolio Holder in consultation with the Portfolio Holder with responsibility for Finance, the provisions of the Contract Procedure Rules within Financial Regulations may be dispensed with. The Chief Finance Officer's observations must be included in any report seeking such a dispensation. The Chief Executive or a Corporate Director shall report the circumstances to the next meeting of the Overview and Scrutiny Committee.

Any dispensations from Financial Regulations should be captured under the Portfolio Holder Decisions process.

INTRODUCTION

- A. Financial Planning covers all financial accountabilities in relation to the strategic direction of the Authority, including the policy framework which is included in the constitution, the Medium Term Financial Strategy (MTFS) and the Medium Term Financial Plan (MFTP).
- A.1 The Full Council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by Executive Board. In terms of financial planning, the key elements are:
- The Council Plan
 - The Medium Term Financial Strategy (MTFS)
 - The Medium Term Financial Plan (MFTP)
 - The Annual Budget
 - The Capital Strategy and Asset Management Plan
 - The Treasury Management, Investment and Borrowing Strategies
 - The Procurement Strategy
 - The Risk Management Strategy
 - The Income Generation Strategy
 - The Debt Management Strategy

POLICY FRAMEWORK

- A.2. The Full Council is responsible for approving and adopting the policy framework and budget. The policy framework comprises the following plans and strategies:
- The Sustainable Community Strategy (The Nottingham Plan)
 - Local Transport Plan
 - Development Plan
 - Licensing Policy
 - Crime and Disorder Reduction Partnership Strategy
 - Children and Young People's Plan
 - Civil Contingencies Plans
 - Managing an Emergency
 - Pipeline Safety Plan
- A.3 The Chief Finance Officer is responsible for publishing the MTFS which sets the aims, objectives and principles by which the Councils finances are planned and managed. The MTFS takes account of:
- Legal requirements
 - Medium-term planning prospects
 - The Council Plan
 - Available resources
 - Spending pressures

- Best value and other relevant government guidelines
 - Trends, demographics, economic conditions, organisational culture etc.
 - Other internal policy documents
 - Cross cutting issues (where relevant)
- A.4 The Full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.
- A.5 The Full Council is responsible for setting the level at which Executive Board may reallocate budget funds from one service to another.
- A.6 Executive Board is responsible for taking decisions during the financial year on resources and priorities, in order to deliver the budget policy framework within the financial limits set by the full council.

Preparation of the Council Plan

- A.7. The Chief Executive is responsible for proposing the Council Plan to Executive Board for consideration before its submission to the Full Council for approval.

BUDGETING

BUDGET FORMAT

- A.8. The content of the budget will be approved by the Full Council and proposed by Executive Board on the advice of the Chief Finance Officer. The draft budget must include allocation to different services and schemes, proposed taxation levels, contingency funds and level of reserves.

ALLOCATION OF RESOURCES

- A.9. The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis by the statutory date required and a MTFP on at least a three-yearly basis in accordance with the requirements of the MTFs for consideration by Executive Board, before submission to the Full Council. The Full Council may amend the budget or ask Executive Board to reconsider it before approving it.
- A.10 Corporate Directors are required to participate fully in the budget process in accordance with the MTFs and necessary standards and deadlines. They are responsible for ensuring that their financial and service planning activity results in accurate figures and plans being submitted for inclusion in the overall budget.

THE CAPITAL PROGRAMME

- A.11 The Chief Finance Officer is responsible for:

- Submitting, annually to Executive Board, a report on the projected capital resources available and current programmed spend for the ensuing a minimum of three financial years.
- A regular review of available methods of financing the City Council's capital investment programmes.
- Recommending the allocation of available resources to Executive Board.
- Ensuring that the capital programme will be constructed in accordance with the principles outlined in the City Council's prevailing approved Capital Strategy including whole life costing, option appraisals, alignment with the SCS and Council Plan and the other key strategies as set out in the MTFs through the approved 'project prioritisation process.
- Ensuring that an appropriate 'project assessment process' is in place to strengthen project management and assist in assessing value for money.'

BUDGET MONITORING AND CONTROL

REVENUE BUDGET MONITORING

A.12 The Chief Finance Officer is responsible for:

- providing appropriate financial information to enable budgets to be monitored effectively;
- monitoring and reporting overall expenditure against budget allocations and publishing a report to Executive Board on the overall position on a regular basis, drawing attention to specific areas of concern and proposing action to deal with these areas.

A.13 It is the responsibility of Corporate Directors to:

- control income and expenditure within their area and to monitor actual and forecast performance;
- report to the Chief Finance Officer and to the relevant Portfolio Holder on variances within their own areas;
- report when variations from the approved budget are forecast, alerting the Chief Finance Officer to any problems and preparing and implementing corrective action.
- ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Corporate Director. These budget managers are personally accountable for delivering their planned service outputs within the budget allocated to them;
- ensure prior approval by the Leader and the relevant Portfolio Holder and Monitoring Officer (where required in 3.17) and notification to Executive Board of new proposals, which fulfil one or more of the following criteria:
 - a. create financial commitments in future years in excess of existing budgets
 - b. change existing policies, initiate new policies or cease existing policies
 - c. materially extend or reduce the Authority's services

- d. exceed the limit defined by the Council as a key financial decision
- e. exceed any limit set by the Leader as requiring reference to him or a Portfolio Holder
- f. any such proposals under this regulation shall not have approval to proceed until necessary financial provision is available within approved budgets
- g. ensure compliance with the scheme of virement as set out in the Corporate Finance Procedure on Virements and the MTFS.

CAPITAL BUDGET MONITORING

A.14 The Chief Finance Officer is responsible for:

- preparing and submitting regular reports on the Authority's projected capital expenditure and resources compared with the budget.
- establishing procedures to monitor and report on performance compared to the prudential indicators set by the Council.
- Notifying Executive Board on performance and any variations on approved budget

A.15 Corporate Directors are responsible for:

- preparing regular reports reviewing the Capital Programme provisions for their services;
- ensuring an accountable officer is appointed for each capital scheme
- any additions or deletions to the Capital Programme shall seek the appropriate approval as outlined in the Capital Strategy
- ensuring all approved schemes are managed in accordance with the Capital Strategy

A.16 Resources may be vired from one capital project or heading in accordance with virement rules and in line with the approved Capital Strategy.

A.17 Executive Board has overall responsibility for monitoring financial performance against the budget during the financial year, considering significant developments affecting the financial position of the City Council and determining how any changed circumstances will be resolved.

MAINTENANCE OF RESERVES

A.18 It is the responsibility of the Chief Finance Officer to advise Executive Board and / or the Full Council on prudent levels of reserves for the Authority as set out in the MTFS.

FINANCIAL REGULATION B - Financial Management

INTRODUCTION

B Financial management covers all financial accountabilities in relation to the operation of the Authority, including the policy framework which is included in the Constitution, the Medium Term Financial Strategy (MTFS) and the Medium Term Financial Plan (MFTP).

B.1 The Chief Finance Officer is responsible for:

- ensuring that a financial framework is in place and effective systems of financial administration are operating within the Authority;
- maintaining and updating Financial Regulations and the management of a process for monitoring compliance with them;
- ensuring proper professional practices are adhered to and acting as head of profession in relation to the standards, performance and development of finance colleagues throughout the Authority;
- advising on the key strategic controls necessary to secure sound financial management;
- ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;
- ensuring that Internal Audit carry out a programme of probity and system checks required to establish the effectiveness of financial management standards in place.

B.2 Corporate Directors are responsible for:

- seeking advice from the Chief Finance Officer on financial control and participating fully in the Council's financial management activity
- ensuring compliance with the financial framework
- ensuring all colleagues have received training on financial management matters to ensure compliance with corporate procedures

Budget Monitoring and Control

B.3 The budget monitoring and control responsibilities are listed in Section A under Financial Planning – please refer to sections A10 to A15.

Financial Implications of Reports

B.4 The Chief Finance Officer is responsible for:

- monitoring the quality of the financial implications information included in reports by Corporate Directors;
- providing financial implications where there are corporate implications and especially when corporate resources (revenue or capital) are required.

B.5 The Corporate Directors are responsible for:

- ensuring that financial implications are obtained, understood and acted upon following completion of Legal and HR comments on reports, from the Chief Finance Officer or a nominated representative;
- ensuring that where reports impact on other departments, are joint reports or have implications for corporate resources, financial implications are requested from other departments and a copy of the report is submitted to the Chief Finance Officer or nominated representative for clearance;
- ensuring in all relevant circumstances, that financial implications referred to in reports are reflected in current budgetary provisions or the Medium Term Financial Plan.

Treatment of Year End Balances

B.6 The Chief Finance Officer is responsible for defining the protocol for any year end underspends or overspends as outlined in the MTFS.

Accounting Policies

B.7 The Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently.

Accounting Records and Returns

B.8 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Authority.

The Annual Statement of Accounts

B.9 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA / LASAAC). The Audit Committee is responsible for approving the annual statement of accounts.

Companies

B.10 The Chief Finance Officer is responsible for providing guidance on setting up Companies.

B.11 Corporate Directors are responsible for seeking approval from the Chief Finance Officer and Head of Legal before setting up a company or establishing formal relationships with any external organisation.

INTRODUCTION

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

RISK MANAGEMENT

- C.1 Audit Committee is responsible for approving the Authority's Risk Management Framework and for reviewing the effectiveness of risk management. Executive Board is responsible for ensuring that proper insurance exists where appropriate.
- C.2 The Chief Finance Officer is responsible for preparing the authority's risk management policy statement, for promoting it throughout the authority and for advising Executive Board on proper insurance cover where appropriate.

INSURANCE ARRANGEMENTS

- C.3 The City Council's Insurance and Risk Management Team shall be responsible for arranging all relevant insurance cover and delivery of claims handling.
- C.4 Corporate Directors shall be responsible for ensuring that all property, equipment, cash and appropriate risks, for which loss arrangements should be in place are notified to the City Council's Insurance and Risk Management Service, to allow effective strategies to deal with such losses to be effected.

INTERNAL CONTROL

- C.5 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- C.6 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.7 It is the responsibility of Corporate Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENT

- C.8 The Accounts and Audit Regulations 2011 require every local authority to maintain an adequate and effective internal audit.
- C.9 The annual audit plan must be approved by Audit Committee each year following consultation between Corporate Directors, the Chief Finance Officer and the Head of Internal Audit.
- C.10 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.
- C.11 The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue & Customs and the Inland Revenue, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- C.12 The Chief Finance Officer is responsible for the development maintenance publication of a Counter Fraud Strategy which sets out the Council's position on fraud and which is in place to provide clarity to colleagues on how to minimise, identify and respond to fraud. There are also instructions on how to avoid corruption within the Code of Conduct for Employees.
- C.13 The Whistleblowing Procedure sets out the kind of complaints that can be raised with the Monitoring Officer or a line manager. It also states that managers and those raising complaints can go to the Monitoring Officer, the Chief Finance Officer or the Director of HR & Transformation for advice. The procedure also aims to reassure those raising a complaint in good faith that they will not suffer detriment.

ASSETS

- C.14 Corporate Directors should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

TREASURY MANAGEMENT

- C.15 Treasury Management is the management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
- C.16 The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.17 The Full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of

Practice for Treasury Management in Local Authorities. The policy statement is proposed to the Full Council by Executive Board. The Chief Finance Officer has delegated responsibility for implementing and monitoring the statement.

- C.18 All money in the hands of the Authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Finance Officer.
- C.19 The Chief Finance Officer is responsible for reporting to Executive Board a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.20 All executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.21 The Chief Finance Officer is responsible for reporting to Executive Board not less than three times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. This includes an annual report following the end of the financial year.

STAFFING

- C.22 The Head of Paid Service (the Chief Executive) is responsible for determining how colleague support for executive and non-executive roles within the Authority will be organised.
- C.23 The Chief Executive is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- C.24 Corporate Directors are responsible for controlling total staff numbers by:
- advising Executive Board on the budget necessary in any given year to cover estimated staffing levels
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
 - the proper use of appointment procedures.

FINANCIAL REGULATION D – Systems and Procedures

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

INTRODUCTION

D.1 The Chief Finance Officer is responsible for:

- the operation of the authority's accounting systems
- the form of accounts, and the supporting financial records
- compiling, in consultation with Corporate Directors, a Business Continuity Plan to provide for as normal a continuation of financial services as possible in the event of any incident affecting systems used to deliver those services
- approving any changes to existing financial systems or any new systems before they are introduced

D.2 Corporate Directors are responsible for:

- the proper operation of systems and financial processes in their own departments in accordance with Council-wide standards.
- obtaining approval from the Chief Finance Officer in writing prior to any changes to agreed procedures to meet their own specific service needs.
- ensuring that their colleagues receive relevant financial training that has been approved by the Chief Finance Officer.
- ensuring that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Corporate Directors must also ensure that all their colleagues are aware of their responsibilities under freedom of information legislation.

INCOME

D.3 The scheme of delegation must identify staff authorised to act on the Corporate Director's behalf, or on behalf of Executive Board, in respect of payments, income collection and placing orders, together with the limits of their authority

D.4 The Chief Finance Officer is responsible for:

- The Debt Management Strategy which outlines the procedures for income and write offs
- Ensuring that appropriate accounting adjustments are made following write off action
- Ensuring in consultation with Corporate Directors that adequate provision is made for potential bad debts arising from uncollected income

D.5 Corporate Directors are responsible for:

- Ensuring that a proper scheme of delegation has been established within their area and is operating effectively.
- Ensuring that there is a fundamental annual review of all fees and charges in their remit in accordance with the Income Strategy and that proposals for the level of fees and charges are approved by relevant Portfolio Holder
- Ensuring that the agreed charging policy is implemented and consistently applied in respect of each relevant activity and service
- Holding secure receipts, tickets and other records of income

Ordering and Paying for Works, Goods and Services

D.6 The Chief Finance Officer is responsible for:

- making payments from the Authority's funds on correct authorisation that the expenditure has been duly incurred in accordance with Financial Regulations;
- defining the requirements for the checking and certification of invoices prior to payment to confirm that the goods have been ordered and received, the invoice is in order and is certified for payment by the nominated budget manager;
- ensuring that all the Council's financial systems and procedures for ordering and paying for works, goods and services are sound and properly administered
- making payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court Order;
- ensuring that only staff authorised sign orders and to ensure an up-to date list of such authorised staff is maintained, including specimen signatures identifying in each case the limits of their authority;
- making appropriately approved payments for expenditure duly incurred in accordance with Financial Regulations and Corporate Finance Procedures.

D.7 Corporate Directors are responsible for:

- ensuring that the Council's corporate financial systems are used for payment for work, goods and services except where specialist systems are used in agreement with the Chief Finance Officer;
- ensuring that purchase orders are always raised within their area for purchases unless a dispensation applies;
- ensuring that all colleagues involved in the ordering and management of goods and services follow the corporate process unless written agreement to the contrary has been given by the Chief Finance Officer;
- ensuring that payments are not made in advance of goods being supplied, work done or services rendered to the Council except with the approval of the Chief Finance Officer;
- ensuring that their department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, which are in line with best value principles as contained in the Authority's Procurement Strategy;
- utilising the purchasing procedures outlined in the Authority's Code of Practice for Tenders and Contracts;

- ensuring that no contract, agreement or other document is signed or sealed unless it gives effect to: a decision or resolution (in accordance with the Council's Constitution) of the Leader, the Portfolio Holder, an authorised committee or sub committees or a decision by an individual exercising delegated power;
- ensuring that budgetary provision exists before any contract can be entered into.

Contract Management

- D.8 The Chief Finance Officer and the Monitoring Officer are responsible for providing Contract Procedure Rules to give advice and guidance on contract management.
- D.9 Corporate Directors are responsible for ensuring that the Contract Procedure Rules are adhered to by colleagues within their department

PAYMENTS TO EMPLOYEES AND COUNCILLORS

- D.10 The Chief Finance Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to councillors.
- D.11 Corporate Directors are responsible for:
- ensuring that all appointments are made in accordance with the Council's regulations and approved establishments, grades and scales of pay.
 - ensuring that adequate budget provision exists for each employee appointments, all permanent and temporary variations relating to employee appointment and all engagements of self-employed persons

TAXATION

- D.12 The Chief Finance Officer is responsible for:
- advising Corporate Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
 - maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- D.13 Corporate Directors are responsible for:
- consulting with, and seeking advice from in advance, the Chief Finance Officer on the potential tax implications of any new initiatives for the delivery of Council activity and services, including those that could impact on the Council's partial exemption.

TRADING ACCOUNTS / BUSINESS UNITS

- D.14 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts and business units.

FINANCIAL REGULATION E – External Arrangements

INTRODUCTION

- E.1 The City Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social and environmental well-being of Nottingham.
- E.2 Elected councillors and colleagues of the Council carry out many of their duties and responsibilities in partnership with other organisations, which may include other local authorities, other public sector service providers, private companies and voluntary or community sector organisations. A number of the partnerships that the Authority participates in have statutory responsibilities to discharge, whereas others are formed voluntarily where there is perceived to be a benefit to be achieved by working in co-operation with others.
- E.3 Many colleagues and councillors will see the work that they do with partnerships as being part of their job with the Council, but to differing degrees they may become involved in the management or running of partnerships and in decisions about use or allocation of resources, whether or not they call themselves Directors, Committee Members or Trustees.

PARTNERSHIPS

- E.4 Executive Board is responsible for approving delegations, including frameworks for partnerships. Executive Board is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.5 Executive Board can delegate functions – including those relating to partnerships – to colleagues. These are set out in the scheme of delegation that forms Part 4 of the Authority's Constitution. Where functions are delegated, Executive Board remains accountable for them to the Full Council.
- E.6 The Chief Executive, or their appointed nominee, represents the City Council on partnership and external bodies, in accordance with the scheme of delegation.
- E.7 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the City Council.
- E.8 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

- E.9 Corporate Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
- E.10 Corporate Directors must appoint, in writing, a named Lead Officer to undertake the following responsibilities:
- project management of the appraisal process
 - representing the interests of the City Council
 - assisting in project managing the creation of the new entity, and
 - monitoring performance.
- E.11 Where the City Council, as a member of a partnership bidding for capital and revenue funds under various grant programmes, is to act as the Accountable Body, it automatically assumes accountability for the financial probity of the Partnership in relation to the receipt and use of that grant.
- E.12 In order to eradicate or minimise risk to the City Council acting as the Accountable Body, an Accountable Body Team shall be appointed to ensure that the requirements of the Chief Finance Officer are met. The Team shall be responsible for advising the Partnership on procedures to be adopted to fulfil the requirements for funding laid down by the Government or any other funding body or organisation under that programme.

EXTERNAL FUNDING

- E.13 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

WORK FOR THIRD PARTIES (CFP E3)

- E.14 Corporate Directors are responsible for ensuring appropriate approval for any contractual arrangement for any work for third parties or external bodies in their area.

OTHER RELATIONSHIPS

- E.15 Where other relationships are identified that do not meet the criteria of Financial Regulation E12 – E14, the Corporate Director shall agree the key controls and reporting requirements with the Chief Finance Officer.