

FINANCIAL PROCEDURE RULES

TABLE OF CONTENTS

INTRODUCTION

1. FINANCIAL PROCEDURE RULES

FINANCIAL MANAGEMENT

2. FINANCIAL MANAGEMENT STANDARDS
3. SCHEME OF VIREMENT
 - Revenue Budget
 - Capital Budget
4. TREATMENT OF YEAR-END BALANCES
5. ACCOUNTING POLICIES
6. ACCOUNTING RECORDS AND RETURNS AND THE ANNUAL STATEMENT OF ACCOUNTS

FINANCIAL PLANNING

7. BUDGETING
 - Format of the Budget and Budget Preparation
 - Budget Monitoring and Control
 - Capital programmes
8. MAINTENANCE OF GENERAL RESERVES

RISK MANAGEMENT AND CONTROL OF RESOURCES

9. RISK MANAGEMENT
10. INSURANCE
11. INTERNAL CONTROLS
12. INTERNAL AUDIT
13. EXTERNAL AUDIT
14. PREVENTING FRAUD AND CORRUPTION
15. ASSETS

- Security
- Land and Buildings
- Inventories
- Stocks and stores
- Intellectual property
- Asset disposal

16. TREASURY MANAGEMENT
 - Treasury Management and Banking
 - Investments and Borrowing
 - Trust Funds
 - Imprest Accounts

17. STAFFING
18. PROTECTION OF PERSONAL PROPERTY

FINANCIAL SYSTEMS AND PROCEDURES

19. GENERAL
20. INCOME AND EXPENDITURE
 - Income
 - Ordering and paying for work, goods and services
 - Payments to employees and members
21. TAXATION
22. UNOFFICIAL FUNDS

EXTERNAL ARRANGEMENTS

23. PARTNERSHIPS
24. GRANTS AND OTHER EXTERNAL FUNDING

FINANCIAL PROCEDURE RULES

INTRODUCTION

1. FINANCIAL PROCEDURE RULES

Purpose

*All officers and members of Gwynedd Council have both a moral and legal duty to ensure that the public funds for which they are responsible are use properly. **Financial Procedure Rules** (together with the Contract Procedure Rules etc) set out the framework for ensuring that the Council fulfills it obligations in this respect.*

- 1.1 These regulations are a part of Gwynedd Council's constitution and provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf, and failure to comply with **Financial Procedure Rules** may result in disciplinary action.
- 1.2 These regulations shall be read and construed in conjunction with other parts of the the Council's Constitution and procedure rules and shall be deemed to be in addition to and not in substitution for or in derogation from such regulations.
- 1.3 These regulations shall not affect the legal liability under statute or otherwise of any third party towards the Council.
- 1.4 ***Other than in regulations 2.4 to 2.10 which specifically refer to the person appointed as the Council's Head of Finance, where these regulations refer to "the Head of Finance", this shall mean "the Head of Finance or other finance officer nominated as the Head of Finance's representative". Where these rules refer to a "Chief Officer" this shall mean "the Chief Executive, Corporate Director or a Head of Department or other officer from the relevant Department nominated as the Head of Department's representative".***
- 1.5 Unless otherwise stated, where these **Rules** refer to a "financial year", it is the period from 1 April to 31 March the following year.

FINANCIAL MANAGEMENT

2. FINANCIAL MANAGEMENT STANDARDS

Purpose

All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

- 2.1 It shall be the duty of the Council Board, subject to such directions as may from time to time be given by the Council, to regulate, supervise and control the whole of the finances and accounts of the Council and all its **services** and to co-ordinate financial and accounting arrangements.
- 2.2 ***It shall be the duty of the Audit Committee to monitor and review the financial propriety of the Council's accounts and financial management and all its services by reviewing financial operations, promoting internal control and developing an anti-fraud culture.***
- 2.3 It shall be the duty of the Resources and Corporate Scrutiny Committee to monitor and review the accounts and financial management of the Council and all its departments regarding review of the Council Board's decisions, development of relevant policies, monitoring the financial position of the Council and promoting value for money.
- 2.4 The Head of Finance shall be the officer responsible for the administration of financial affairs as required by Section 151 of the Local Government Act 1972; and shall issue and amend from time to time detailed guidelines by way of Financial Code of Practice, and otherwise.
- 2.5 In addition to the responsibility under Section 151 of the Local Government Act 1972, the Head of Finance also has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These further statutory duties arise from:
 - a) The Local Government Finance Act 1988
 - b) The Local Government and Housing Act 1989
 - c) The Accounts and Audit (Wales) Regulations 2005
 - d) The Local Government Act 2003
- 2.6 The Head of Finance is responsible for:
 - a) the proper administration of the Council's financial affairs;
 - b) setting and monitoring compliance with financial management standards;
 - c) reporting on the robustness of estimates, and also the adequacy of the proposed financial and controlled reserves for the purposes of making budgetary calculations .
- 2.7 In accordance with Section 114 of the Local Government Finance Act 1988, the Head of Finance shall report to the full Council, the Council Board and external auditor if it appears to him that the Council, a committee of the Council, a joint committee on which the Council is represented, or one of its officers:

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

2.8 In preparing such a report as required by Section 114 of the 1988 Act, the Head of Finance, shall:

- a) consult with the Monitoring Officer on the issue of unlawfulness;
- b) consult with the Chief Executive on the matter;
- c) if there is disagreement or doubt, ask the Monitoring Officer to obtain Opinion of Counsel.

2.9 Any such report is to be sent to all members of the Council and the external auditor. Once a report is made, the Council (or the Council Board regarding executive functions) is required to hold a meeting within 21 days to consider it. The course of conduct which led to the report must not be pursued until the full Council has considered the report.

2.10 Also in accordance with Section 114 of the 1988 Act:

- a) the Head of Finance shall nominate a properly qualified member of staff to deputies should he be unable to perform the duties under Section 114 personally;
- b) the authority shall provide the Head of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114 and Section 151 of the Local Government Finance Act.

2.11 No report will be presented to the Council Board (or to the full Council, Employment Committee, or other committee with executive powers) unless it has first been submitted to the Head of Finance for comments on financial propriety or financial implications of recommendations. Before issuing financial information to outside bodies and individuals, officers or members shall consult with the Head of Finance or relevant finance manager to ensure accuracy. The Head of Finance must be consulted personally where relevant finance manager deems that the information is commercially sensitive.

2.12 Each **Chief Officer** shall ensure that sound principles of internal check are applied in his **department** to the satisfaction of the Head of Finance. In particular:

- a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them;
- b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

- 2.13 Separate Financial Regulations will set out the detailed rules by which schools having Delegated Budgets shall manage their financial affairs. They shall be treated as being in addition to, and not in substitution for, these **Financial Procedure Rules**.
- 2.14 The Head of Finance shall recommend such changes to the **Financial Procedure Rules** as he considers necessary and desirable for the proper administration of the finances of the Council.
- 2.15 Every transfer of official money from one member of staff to another will be evidenced in the records of the **services** concerned by the signatures of both the paying and receiving officers.
- 2.16 It shall be the duty of the **Chief Officer** concerned to inform the Head of Finance not less than two weeks before the event, of the opening or closing down of any establishment or activity for which accounting arrangements are necessary to enable the Head of Finance to make such arrangements as he deems desirable.
- 2.17 **Chief Officers** must satisfy the Head of Finance that every proposal to incur expenditure to be submitted to any committee is lawful and can be met from within the existing budget allocations of the service concerned or it is proposed within the report how the expenditure would be funded.
- 2.18 The Head of Finance is required to provide a written observation to this effect on all reports presented to the Council Board.

3. SCHEME OF VIREMENT

Purpose

The scheme of virement is intended to enable the Council Board, members and officers to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources.

3.1 Virement can only be approved if:

- a) the proposed expenditure is not contrary to Council policy;
- b) the future revenue burden on the service is not increased.

Revenue Budget

3.2 (a) Virement between headings in a department's budget, either for one year or permanently, may be permitted from Revenue Budgets in accordance with the process set out in the following table:

Cumulative amount for the year	Approval of Virement
Up to £100,000	Chief Officer
£100,000 - £200,000	Chief Officer in consultation with the Relevant Portfolio Leader, the Head of Finance and the Head of Policy and Performance
£200,000 or above	Council Board

The above process does not allow virements from growth money allocated in the current or previous financial year without the approval of the Council Board. Chief Officers shall inform the relevant Finance Manager of any virement, and the Finance Manager shall inform the Head of Finance.

- (b) The Council Board may release specific sums from any central contingency fund.**
- (c) Virements from income budgets that are based on fees and charges are not allowed without the agreement of the Head of Finance.**

Capital Budget

3.3 Virements between Capital schemes already in the starts programme may be approved as follows -

Cumulative amount for the year	Approval of Virement
Up to £50,000	Chief Officer
£50,000 - £100,000	Chief Officer in consultation with the Relevant Portfolio Leader, the Head of Finance and the Head of Policy and Performance

£100,000 or above

Council Board

4 TREATMENT OF YEAR-END BALANCES

Purpose

The rules below cover arrangements for the transfer of resources between accounting years, ie a carry-forward.

- 4.1 The difference between budgeted and actual expenditure, whether surplus or deficit, shall be carried forward by each department from each financial year to the next in accordance with the following scheme:**
- (a) If a deficit is transferred to the subsequent year, the relevant Chief Officer may request the Board to write off an element of the deficient that was beyond the Service's sphere of influence, conditional upon the agreement of the Corporate Leadership Group.**
 - (b) If the mechanism described in part a) above is used, it will be assumed that a sum equivalent to 0.4% of the gross budget or £50,000, whichever is greatest, will be carried forward.**
 - (c) The underspend which can be carried forward shall be limited to £100,000 or 0.75% of the net budget, whichever is greater, per department in any one year.**
 - (d) The Council Board shall have the right to waive clauses (a) to (c) above in exceptional circumstances.**
- 4.2 No service or officer may plan to spend in excess of the sum authorised in the annual Revenue Budget plus any surplus (or less any deficit) brought forward.
- 4.3 The relevant **Chief Officer** shall determine the use to which carried-forward balances are applied, subject to any directions by the Council Board, Chief Executive or Head of Finance.
- 4.4 The Head of Finance shall report to the Council Board on the underspend/overspend which is attributable to each department.**
- 4.5 In the event that any **department** has an accumulated deficit, the Head of Finance after consulting the Chief Executive may impose such restrictions on that **department's** expenditure and virements as he considers necessary to reduce this deficit.

5. ACCOUNTING POLICIES

Purpose

The finance director is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices, for each financial year ending 31 March.

- 5.1 The Head of Finance shall be responsible for selecting accounting policies and ensuring that they are lawful and applied consistently. All accounting procedures and records of the Council and its officers shall therefore be in a form approved by the Head of Finance.
- 5.2 The Head of Finance shall:
- a) arrange for the compilation of all accounts and accounting records under his or her direction.
 - b) be 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)
 - c) sign and date the statement of accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
 - d) make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations.
 - e) prepare and publish the accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the statement of accounts before the due date.
- 5.3 ***The Audit Committee is responsible for approving the annual statement of accounts by 30 June following the end of the financial year.***

6. ACCOUNTING RECORDS AND RETURNS AND THE ANNUAL STATEMENT OF ACCOUNTS

Purpose

The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The full council is responsible for approving the statutory annual statement of accounts.

- 6.1 The **relevant Finance Managers** shall be responsible for keeping the principal accounting records for all services of the Council and shall exercise supervision and control over all systems and records for accounting.
- 6.2 **Relevant Finance Managers** shall be answerable to the Head of Finance for ensuring adequate supervision of systems and records.
- 6.3 The Head of Finance shall ensure, in so far as is practicable, that the Council's Accounting Records and Statements comply with proper accounting practices (statutory and non-statutory) applicable to the Council.
- 6.4 The Head of Finance shall be responsible for ensuring that the costs of Central Services are fairly and properly allocated to accounts and services of the Council in accordance with CIPFA's Best Value Accounting Code of Practice.

FINANCIAL PLANNING

7. BUDGETING

Format of the Budget and Budget Preparation

Purpose

The format of the budget determines the level of detail to which financial control and management will be exercised.

- 7.1 The revenue budget shall be devolved to a service manager, to a level of detail that allows compliance with CIPFA's Best Value Accounting Code of Practice.**
- 7.2 The Revenue Budget shall constitute the maximum authority to spend on any service or officer.
- 7.3 The revenue budget shall be devolved to each cost centre, and further devolved to a level of subjective analysis as deemed appropriate by the Head of Finance.
- 7.4 Early in the planning cycle, the Council Board shall consider the guidelines which service managers should adopt in preparing their service plans and the revenue consequences of these plans.
- 7.5 The Head of Finance shall prescribe the detailed form of content of the revenue estimates.
- 7.6 The **relevant Corporate Director**, following consultation with the **Corporate Leadership Group** and the **Chief Officers**, shall arrange for the **Financial Strategy (including the revenue budget)** to be prepared and presented to the Council Board in January/February.
- 7.7 The Council Board, after considering the proposed budgets of each service, shall make recommendations to the Council, for determination no later than 11 March in any year, on the following matters:
 - (a) The level of revenue spending in the forthcoming financial year;
 - (b) The distribution of revenue expenditure between services;
 - (c) The level of balances which should be maintained;
 - (d) The Council Tax to be levied in the ensuing financial year.
- 7.8 In the event that resources are freed from the capital programme or if an external grant is receivable for a new scheme during the year, the relevant Head of Service may approve the use of any resources available, including whether new schemes should be added to the capital programme as a result, subject to the agreement of the Head of Finance and the Head of Policy and Performance. The Head of Finance shall report on the additions to the Council Board in subsequent quarterly reviews.**

Budget Monitoring and Control

Purpose

Budget management ensures that once the budget has been approved by the full council, resources allocated are used for their intended purposes and are properly accounted for. A budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Strategic Director / Head of Service's scheme of delegation.

- 7.9 **Chief Officers** and Budget Managers are authorised to incur expenditure in accordance with the estimates approved by Council, as amended by any virement made under Financial Regulation 3, or any supplementary estimates approved by the Council Board or Council.
- 7.10 Any virements shall be in accordance with **Financial Procedure Rule 3**.
- 7.11 Supplementary estimates approving expenditure from the Council's balances not provided for in the Revenue Budget may be approved only by the Council Board subject to an annual limit of 20% of the general balances at the start of the financial year and only **following consideration of a report on the matter**. Any supplementary estimate which exceeds the limit shall be referred to the Council for determination.
- 7.12 In urgent cases when the Council Board will not meet in time to act in an emergency, the Chief Executive, in consultation with the Head of Finance and relevant Portfolio Member on the Council Board, shall have powers to exercise the rights of the Council Board as specified above. The Chief Executive must report to the next meeting of the Council Board when any action is taken under these powers.
- 7.13 **Chief Officers** shall ensure that all income and expenditure is properly recorded and accounted for against the correct budget head. Under no circumstances shall income or expenditure be coded to a budget head other than that to which it is properly chargeable.
- 7.14 The Head of Finance shall establish an appropriate framework of budgetary management and control that ensures that:
- a) budget management is exercised within annual budget limits;
 - b) each **Chief Officer** has available timely, relevant and accurate information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfill their budgetary responsibilities;
 - c) expenditure is committed only against an approved budget head;
 - d) all officers responsible for committing expenditure comply with relevant guidance, and these financial regulations;
 - e) each cost centre has a single named manager, determined by the relevant **Chief Officer**. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure;

- f) significant variances from approved budgets are investigated and reported by budget managers regularly.
- 7.15 **Chief Officers**, in consultation with the **relevant Finance Manager**, shall ensure that both revenue and capital spending remains within the **department's** overall budget limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast. **Chief Officers** should consult with the **relevant Finance Managers** upon the systems and methods they adopt to ensure such control.
- 7.16 **Chief Officers** should ensure that each budget head/cost centre has a single named manager, determined by the relevant **Chief Officer**, who will be responsible for monitoring and investigating variances against budget and bringing these to the attention of the **Chief Officers** and the departmental finance/administration officer.
- 7.17 **Relevant Finance Managers** shall ensure that each **Chief Officer** has available timely information on receipts and payments on each budget, that is sufficiently detailed to enable managers to fulfil their budget monitoring responsibilities.
- 7.18 The Head of Finance shall maintain an overview of the effectiveness of budgetary control arrangements within each service.
- 7.19 **Chief Officers** shall take action as necessary to avoid exceeding their budget allocation, and ensure that Budget Managers understand their financial responsibilities.
- 7.20 **Chief Officers** shall ensure that service levels are monitored in conjunction with the budget and that necessary action is taken to align service outputs and budget.
- 7.21 **Chief Officers** shall promptly report projected budget variations to the **Head of Finance** and put forward a budget action plan to bring expenditure back into line with budget, either by corrective action, or, if this is not possible, by the identification of compensating savings elsewhere in their budget.
- 7.22 Where a **Chief Officer** is unable to keep expenditure and resources within existing approved budgets under his or her control, the **Head of Finance** shall report the matter to the **Corporate Leadership Group**, who shall review a budget action plan, in relation to the Council's priorities.
- 7.23 Following consideration of the matter by the **Corporate Leadership Group**, where a **Chief Officer** is unable to balance expenditure and resources within existing approved budgets under his or her control, and where the expenditure cannot be resourced from the Council's overall budget, the strategic director or head of service shall report to the Council Board or Council requesting approval for the use of supplementary estimates, as outlined in **Financial Procedure Rule** 7.11. The Head of Finance shall report to the Council Board on the Council's overall position on a regular basis. This will include the General Fund revenue account and the Housing Revenue Account.
- 7.24 Nothing in the **Financial Procedure Rules** shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 138 of the Local

Government Act 1972. Any such expenditure must be reported to the Council Board.

Capital programmes

Purpose

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of resources.

7.25 The Capital Budget shall be maintained in the form of a three-year rolling programme.

7.26 As part of the budgeting cycle, the Council Board shall consider the likely level of resources to be made available for Capital schemes in each of the three years having considered affordability and sustainability in accordance with the provisions of the Prudential Code and in addition to determining the the Starts year's programme will issue guidelines on the financial limits within which the subsequent two years' programme shall be prepared.

7.27 The Council Board shall make recommendations to the Council on the allocation of capital resources to schemes.

7.28 The Council, meeting in February/March, shall determine the actual Starts Programme and commitments authorised for the second and third years in light of the prudential borrowing limits which it shall set. In cases where resources have been allocated for general purposes rather than to specific schemes, the Council Board or the Area Committee may allocate resources to specific schemes.

7.29 Each **Chief Officer** shall submit quarterly expenditure profiles for each individual scheme in accordance with instructions provided by the Head of Policy & Performance.

7.30 The inclusion of a scheme in the **Capital Programme** shall constitute the necessary authority for the scheme to proceed.

7.31 a) Each **Chief Officer** shall submit regular information to the Head of Finance in accordance with guidelines to be formulated by him outlining the actual projected capital expenditure against the approved budget and the Head of Finance will submit a quarterly update report to the Resources and Corporate Scrutiny Committee which will recommend appropriate action to the Council Board.

(b) Authority may also be given to add schemes to the capital programme where the inclusion of such a scheme is required in order to safeguard the Council's financial or physical assets or where exceptional opportunities arise, where this approval is consistent with the procedures outlined in Rule 7.8 above.

(c) The Council Board in the circumstances noted in **(b)** above, may also authorise commitments for the second and third years of the capital programme.

7.32 Approval of the Council to the inclusion of a capital scheme in the programme is given on the basis that the relevant service will finance any additional revenue costs, other than capital financing charges, from within their existing revenue budgets, unless the Council has approved such specific additional revenue costs.

- 7.33 Any deficit in the funding for a scheme included in the Capital Programme shall be met by virement from within the appropriate **department's** revenue budget but if a **department** is unable to meet such a commitment a full report shall be submitted to the Council Board on the reasons for the overspend.
- 7.34 The Council Board shall take appropriate action and may approve supplementary funds in situations where such action is necessary, subject to the annual limit noted in **Financial Procedure Rule** 7.11, and only after having considered a report by the **Chief Officer** on the matter. Any request for supplementary funds over the ceiling or any change in the approved limit must be referred to the Council.
- 7.35 In circumstances where a virement is made from the revenue budget to the capital budget, a **Chief Officer** shall be authorised to include new schemes in the capital budget where the virement is made pursuant to the provisions of **Financial Procedure Rule** 3, subject to the constraints noted in that financial rule.
- 7.36 The Head of Finance will monitor the generation of capital receipts and will provide monitoring information, compared to the assumption made in the Council's approved capital programme for the generation of capital receipts, for inclusion in the capital monitoring reports to the Council Board.
- 7.37 Following receipt of capital from the disposal of property, **unless there is a decision to the contrary by the Council Board, 20%** will go to the **department** (up to a maximum of **£20,000**) and the remainder to the corporate fund. The **Chief Officer** will have the right to use capital receipts that are within the control of the **department** where the value of that use is not in excess of £50,000. Approval by the Council Board will be required for such use where the amount is in excess of £50,000.
- 7.38 Rules 7.36 and 7.37 shall not be applicable for sales from the Council's Housing Stock, which is subject to specific legislation. **They shall not be applicable to Council vehicles either, on condition that these vehicles to be disposed of are replaced with another vehicle bought for the same purpose.**

8. MAINTENANCE OF GENERAL RESERVES

Purpose

Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained.

- 8.1 The **Head of Finance** shall advise the authority on its strategy regarding reserves which shall include those **general reserves** that it should hold. The Head of Finance shall be responsible for exercising the provisions of Sections 26 and 27 of the Local Government Act 2003.
- 8.2 The Head of Finance shall consider annually the appropriateness of the levels of the **general reserves** and report to the Resources and Corporate Scrutiny Committee, before considering the final strategy, with appropriate recommendations coming from that committee to the Council Board when it considers its draft strategy.
- 8.3 **General reserves** shall be maintained in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC) and agreed accounting policies.
- 8.4 Specific reserves may be established when the Council Board or Council earmarks a particular sum for a particular purpose and the sum is not spent in the year in question and may also be established where the Head of Finance is of the opinion that such a reserve needs to be established in order to safeguard the Council against potential financial risks which could arise, or for funds provided to the Council by third parties.
- 8.5 The Head of Finance will be responsible for ensuring that such reserves are utilised for the intended purpose. Any reserves not required for the intended purpose shall be returned to balances unless the Council Board determines otherwise.
- 8.6 The Head of Finance shall periodically review the level of specific reserves and before closing the final accounts he shall consider their adequacy.
- 8.7 Where, if in relation to the previous financial year, it appears to the Head of Finance that a specific reserve is or is likely to be inadequate, he must report to the Council Board on the reasons for that situation and what action, if any, he considers appropriate to take to prevent such a situation arising in relation to the corresponding reserve for the financial year under consideration.
- 8.8 The use of any **general reserves** will require the approval of the Council Board.

RISK MANAGEMENT AND CONTROL OF RESOURCES

9. RISK MANAGEMENT

Purpose

All organisations, whether private or public sector, face risks to people, property and continued operations. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

- 9.1 The **Senior Manager, Audit & Risk** shall prepare and promote the Authority's risk management policy statement, and strategy, but it is the duty of all **Chief Officers** to ensure that risk management is brought to the attention of relevant staff in their service areas.
- 9.2 It shall be the responsibility of each **Chief Officer** to ensure that there are regular reviews of risk within their service areas, that risk management controls are developed. The Head of Finance shall develop financial risk management controls in conjunction with the Council's **Chief Officers**.
- 9.3 The **Senior Manager, Audit & Risk** shall ensure that arrangements are in place for measuring the effectiveness of the risk management process, and that all findings from monitoring arrangements are fed back into the risk management cycle. **Chief Officers** shall be responsible for ensuring that the register of risks relating to their services remains accurate.

10. INSURANCE

Purpose

Some risks can be insured against. Although the insurance cover will not prevent an event from occurring, adequate insurance is required so that any financial losses can be mitigated as far as is reasonably possible.

- 10.1 The Head of Finance shall effect all insurance cover which may include selfinsurance. The Monitoring Officer in consultation with the Head of Finance and any other officer shall negotiate all claims against the Council not covered by insurance.
- 10.2 **Chief Officers** shall give prompt notification to the Council's Insurance Officer of all new risks, properties or vehicles which require to be insured and of any alterations or other matters affecting existing insurances, to reflect the principle of utmost good faith.
- 10.3 **Chief Officers** shall forthwith notify the Head of Finance and confirm in writing any loss, liability or damage or of any event likely to lead to a claim. No officer shall admit liability to a claimant, or make any statement which could be construed as such, concerning a matter which may be the subject of a claim.
- 10.4 All appropriate employees shall be included in a suitable fidelity guarantee insurance as required under **Section** 114 of the Local Government Act 1972. The Head of Finance shall be responsible for notifying the insurers of any circumstances required under the terms of the policy, and for making any claims where the Council has suffered loss.
- 10.5 The Head of Finance shall at such periods as he may consider necessary, review all insurances in consultation with other **Chief Officers** as appropriate.
- 10.6 **Chief Officers** shall consult the Head of Finance and the Monitoring Officer respecting the terms of any indemnity which the Council is requested to give. **Chief Officers** shall consider and arrange that adequate Professional Indemnity Insurance for the duties of staff within their services.

11. INTERNAL CONTROLS

Purpose

Gwynedd Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. The system of internal controls is established in order to provide measurable achievement of: efficient and effective operations, reliable financial information and reporting, compliance with laws and regulations and risk management.

- 11.1 **Chief Officers** shall establish effective internal controls, including 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.
- 11.2 The Head of Finance shall advise management 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.

12. INTERNAL AUDIT

Purpose

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972. Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control.

- 12.1 A continuous internal audit, under the independent control and direction of the Head of Finance, shall be arranged to carry out an examination of accounting, financial and other operations of the Council, in accordance with the Accounts and Audit Regulations.
- 12.2 The Internal Audit function shall be conducted, as far as is practicable, in accordance with CIPFA's *Code of Practice for Internal Audit in Local Authorities in the United Kingdom*. The **Senior Manager, Audit & Risk** is the designated "Head of Internal Audit" pursuant to the Code of Practice.
- 12.3 The **Senior Manager, Audit & Risk** will normally report directly to the Head of Finance. However, the **Senior Manager, Audit & Risk** may also report to, and have access to, the Chief Executive, **the relevant Corporate Director**, Monitoring Officer and Chair of the Audit Committee if he deems this necessary in exceptional circumstances.
- 12.4 The Head of Finance and **Senior Manager, Audit & Risk**, or their authorised representative shall have authority to:-
 - a) enter at all reasonable times on any Council premises, land or contract sites;
 - b) have access to all records, documents and correspondence relating to any financial and other transactions of the Council;
 - c) require and receive such explanations as are in his opinion necessary concerning any matter under examination;
 - d) require any employee of the Council to produce cash, stores or any other Council property under his control.
- 12.5 The Head of Finance shall agree the medium-term and annual audit plans prepared by the **Senior Manager, Audit & Risk** which take account of the characteristics and relative risks of the activities involved. The plans shall be approved by the Audit Committee.
- 12.6 All relevant managers shall consider and respond promptly to recommendations in audit reports. **Chief Officers** shall ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion in accordance with the agreed action plan.
- 12.7 The **Senior Manager, Audit & Risk** shall report to each meeting of the Audit Committee the findings of Internal Audit work in the preceeding period, and inform the Audit Committee of any significant control weaknesses discovered and/or investigated.
- 12.8 The **Senior Manager, Audit & Risk** shall report to the Audit Committee any audit recommendations which have not been implemented within an agreed

timescale, where failure to implement these recommendations would prolong a significant control weakness.

- 12.9 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or any arrangement to claim an inappropriate payment from the Council (including timesheets or travelling claims), or other property of the Council, the **Chief Officer** or other officer making the discovery shall comply with the Council's Anti-fraud Strategy and forthwith notify the Head of Finance and/or **Senior Manager, Audit & Risk**, who shall take such steps as he considers necessary by way of investigation and report.
- 12.10 Provided that where, on consideration of such a report, the Monitoring Officer is of the opinion that there is a *prima facie* breach of the criminal law, at the discretion of the Head of Finance, the matter shall be reported to the Police for further investigation. If an employee of the Council is involved, disciplinary action shall be taken as a matter of urgency in accordance with the Council's Disciplinary Procedures whether or not the matter is referred to the Police.
- 12.11 Whenever there is a loss of property (including loss by fire) or cash the **Chief Officer** or other officer making the discovery shall forthwith notify the Council's Insurance Officer, who shall be responsible for making such claims as are appropriate on the Council's insurers.

13. EXTERNAL AUDIT

Purpose

Gwynedd Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements. The external auditor must also report on the Council's arrangements to manage its performance.

- 13.1 All functions of the Council shall be subject to audit in accordance with the **Public Audit (Wales) Act 2004** and the Audit Commission Act 1998.
- 13.2 The Head of Policy & Performance shall be responsible for co-ordinating the Council's relationship with the **Wales Audit Office's Relationship Manager** for the purposes of both external audit and inspection.
- 13.3 The Head of Finance shall develop good liaison and working relations with the **Relationship Manager and the Appointed Auditor**, including the exchange of relevant information, whether confidential or otherwise, and shall:
 - a) ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work;
 - b) ensure there is effective liaison between external and internal audit;
 - c) work with the external auditor and advise the full Council, Council Board **and Chief Officers** on their responsibilities in relation to external audit;
 - ch) ensure that all records and systems are up to date and available for inspection.

14. PREVENTING FRAUD AND CORRUPTION

Purpose

The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority. The authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

- 14.1 The Council shall adopt, maintain and promulgate an effective anti-fraud and anticorruption policy and maintains a culture that will not tolerate fraud or corruption
- 14.2 Managers shall deal swiftly and firmly, and in accordance with these **Financial Procedure Rules** and the Council's Anti-fraud and Anti-corruption Strategy, with those who defraud or attempt to defraud the authority or who are corrupt.
- 14.3 Officers of the Council shall at all times ensure that any receipt of gifts or hospitality is done so in full compliance with the Council's Code of Practice on the Receipt of Gifts and Hospitality which forms part **7.6** of the Council's Local Conditions of Service. Council Officers shall also at all times ensure compliance with the **Staff Code of Conduct**.
- 14.4 Members of the Council shall at all times ensure compliance with the Code of Conduct for Members, and shall not accept gifts or hospitality from third parties except in so far as they fall within that allowed by the Code of Conduct.
- 14.5 The Head of Human Resources shall put in place appropriate whistle blowing procedures, including maintaining a Whistleblowing Policy, and ensure that these procedures are operated effectively and reviewed regularly.

15. ASSETS

Security

Purpose

The authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

- 15.1 The Head of Customer Care Support shall establish and maintain a terrier of all land and buildings owned by or leased to the Council (including agreements for lease, tenancy agreements and licences) recording date of acquisition or appropriation, purpose for which held, holding service, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies and licences granted.
- 15.2 Each **Chief Officer** shall, in respect of land or buildings for which he is responsible, ensure that they are properly used for the purposes for which they are held; that they are inspected no less frequently than annually and that adequate steps are taken to safeguard the Council's title thereto.
- 15.3 Each **Chief Officer** is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, records, cash, etc., under his control and for security of access to computer systems under his control. He shall consult the **Head of Customer Care Support** or the Head of Finance as appropriate in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 15.4 Maximum limits for cash holding shall be agreed with the Control & Capital Accountant and shall not be exceeded without her express permission.
- 15.5 Each **Chief Officer** shall make suitable arrangements for the safe custody of keys to safes and similar receptacles. The loss of any such keys must be reported to the **Senior Manager, Audit & Risk** forthwith.
- 15.6 Every officer shall make suitable arrangements for the protection of information under his control, whether on computer systems or otherwise, including the security of passwords.
- 15.7 The **Head of Customer Care Support** shall be responsible for maintaining proper security and protection of information on the Council's corporate computer systems and shall arrange for review of each transfer of data from and to subsidiary systems before and after such transfers in order to ensure the integrity of the data.

Land and Buildings

- 15.8 Land and buildings valued at £10,000 or over may be acquired only with the approval of the Council Board or the area committees and in accordance with such arrangements as may be approved from time to time by the Council. Land and buildings valued under £10,000 may be acquired with the approval of the relevant Portfolio Leader.
- 15.9 Land and buildings may be sold or exchanged only in accordance with the instructions of the Council Board or the area committees or in accordance with such arrangements as may be approved from time to time by the Council Board. Where such a transaction is for an amount that the **Corporate Property Manager** instructs is less than the best consideration that can be obtained for the property, the Council Board must satisfy itself that the transaction complies with the General Disposal Consent (Wales) 2003. In all other instances property will be sold or exchanged at open market value as determined by the **Corporate Property Manager**.
- 15.10 Buildings may be demolished only with the approval of the Portfolio Leader who has responsibility for Property.
- 15.11 Each **Chief Officer** shall ensure that all surplus departmental land and buildings is reported expeditiously to the **Corporate Property Manager**, who shall make recommendations to the Council Board or the relevant Area Committee on the disposal or otherwise of the land and/or buildings.
- 15.12 The Head of Administration and Public Protection shall make such arrangements as she deems necessary to ensure the safe custody of all documents of title to land owned or leased by the Council.
- 15.13 For the purpose of this **Rule** and for the avoidance of doubt, land shall include any estate or interest in land whether legal or equitable.

Inventories

- 15.14 Inventories by location shall be maintained by all **departments** and therein shall be recorded an adequate description of furniture, fittings and equipment (including ICT equipment), plant and machinery. The extent to which the property of the Council shall be so recorded, and the form in which the inventories shall be kept, shall be determined by the Head of Finance in consultation with the **Chief Officer** concerned.
- 15.15 **The Administrative Support Unit Manager** shall be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. Any material surplus or deficiency shall be dealt with in accordance with directions issued by the Head of Finance.
- 15.16 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specified directions issued by the **Chief Officer** concerned.
- 15.17 Disposals of surplus property, other than land and buildings, shall be carried out in accordance with **Rules** 15.30 to 15.32.

15.18 An itemised inventory shall be compiled in the presence of at least two officers where steps are necessary in eviction, re-possession or similar cases to prevent or mitigate loss or damage to private moveable property and a copy shall be forwarded to the Head of Finance.

Stocks and stores

- 15.19 Each **Chief Officer** shall be responsible for the **secure** custody of the stocks and stores in his **department**. The stores records shall be kept by the **Chief Officer** in such form as may be approved by the Head of Finance from time to time.
- 15.20 Stocks shall not be in excess of normal requirements except in special circumstances with the approval of the Head of Finance.
- 15.21 A delivery note signed by the person receiving the goods must be obtained whenever practicable in respect of every delivery of goods, and be handed in at the time of delivery. All goods must be checked as regards quantity and where practicable, quality, at the time delivery is made. Where quality and compliance with specification cannot be checked at the time of delivery this must be done as soon as possible thereafter. Goods which are clearly defective or not in accordance with specification shall not be accepted. Delivery notes shall be noted accordingly.
- 15.22 Each **Chief Officer** shall furnish the Head of Finance with such returns in connection with stores records or cost records as may be necessary for the purpose of the accounting and financial records of the Council. The Head of Finance, in conjunction with the Head of Service concerned, shall determine the method to be followed in the valuation of stores.
- 15.23 Issues of stores by a storekeeper or other person having charge of stores shall be supported by a requisition signed by an authorised person stating the quantity of goods required. A receipt for the stores issued shall be obtained on a stores issued note which shall also be signed by the person issuing the stores.
- 15.24 Annually at 31 March in each year, or as near to that date as may be practicable, or at such other date as may be agreed with the Head of Finance, a complete stocktaking of all stores shall be carried out by a responsible officer deputed for the purpose by each **Chief Officer**, (other than any engaged in storekeeping activities), and stock records shall be prepared showing the actual stocks on hand duly priced; provided that annual stocktaking may be waived in the case of departments where a satisfactory system of continuous stocktaking is in operation. Any material surplus or deficiency shall be reported to the Head of Finance in such form as may be prescribed by him. No material surplus or deficiency may be written off except in accordance with **Financial Procedure Rule** 20.13.
- 15.25 A representative of the Head of Finance may be present at any stocktaking for the purpose of making test checks and shall be authorised to make test checks at any other time.
- 15.26 Each **Chief Officer** shall sign the stock sheets or stock records of his **department** in manuscript certifying that the particulars and prices shown thereon are correct, and forward a certificate relating thereto to the Head of Finance.

Intellectual property

Purpose

Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

- 15.27 **Chief Officers** shall ensure that controls are in place to ensure that employees do not carry out private work during periods when they are working for the Authority and that employees are aware of an employer's rights with regard to intellectual property.
- 15.28 No senior employee shall during the course of his employment undertake work other than work for or on behalf of the Authority without the approval of the **Chief Officer**, in accordance with the **Staff Code of Conduct**.
- 15.29 If at any time during his employment an employee makes or discovers or participates in the making or discovery of any Intellectual Property relating to or capable of being used by the Authority the employee shall forthwith give full details of the Intellectual Property to the relevant **Chief Officer**.

Asset disposal

Purpose

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the authority.

- 15.30 Subject to any resolution of the Council surplus property of whatever nature, other than land and buildings, may be disposed of only by arrangements agreed with the Head of Finance and shall, where applicable, be by competitive quotation, tender, or public auction, wherever practicable; the procedure being in accordance with the Contract Standing Orders. Disposal by any other method must receive the prior approval of the Head of Finance in writing.
- 15.31 Officers disposing of surplus property, other than land and buildings, should consider redeployment within another service of the Council and/or other recycling opportunities.
- 15.32 Payment for surplus property of whatever nature must be made before or concurrently with handing over to the purchaser unless other satisfactory arrangements have been made with the Head of Finance beforehand.
- 15.33 The Head of Finance shall be informed of any disposal to ensure that appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

16. TREASURY MANAGEMENT

Purpose

Many millions of pounds pass through Gwynedd Council's books each year. Good Treasury Management provides assurances that the authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the authority's capital sum.

Treasury Management and Banking

- 16.1 All arrangements concerning the Council's banking accounts, including Giro bank and Paymaster General's Office accounts, and the issue of cheques and of bank transfer instructions shall be made by or under arrangements approved by the Head of Finance. Bank accounts shall stand in the name of the Gwynedd Council and not in the name of any officer either by name or designation. All cheques drawn on the Council's bank accounts, but excluding cheques drawn on authorised imprest accounts, shall bear the printed facsimile signature of the Head of Finance who shall make such arrangements to issue them as may be approved by the Council, particularly in respect of authorised signatures. Bank transfers of any sort may be authorised only under arrangements made by the Head of Finance.
- 16.2 The Head of Finance and, subject to his supervision, every other person operating a bank account on behalf of the Council, shall make safe and efficient arrangements on its behalf for the control of access to blank cheques, the preparation, signing and despatch of cheques, prompt examination of paid cheques and independent reconciliation of cash book with bank statements.

Investments and Borrowing

- 16.3 The Head of Finance shall be responsible for borrowing, temporary investment, reborrowing and repayment of monies, subject to any constraint imposed by government legislation and CIPFA's *Code of Practice for Treasury Management in Local Authorities*, and subject to the general directions and within any limits prescribed from time to time by the Council Board, in a Treasury Policy Statement and otherwise. The Head of Finance shall report to the Resources and Corporate Scrutiny Committee annually on these activities.
- 16.4 The Council shall appoint a Pensions Committee which will make, and from time to time, review the arrangements for the effective management and safe custody of pension fund investments, including the appointment and dismissal of fund managers.
- 16.5 Investments made in the name of nominees under arrangements made with fund managers shall be earmarked to designated accounts which uniquely identify the Council's beneficial interest. Other investments shall be made in the name of the Council, but may be earmarked to designated accounts.
- 16.6 No officer shall enter into any leases or other arrangement to pay for goods or services over a period of time without the approval of the Head of Finance.
- 16.7 The Monitoring Officer shall be the Council's Registrar of **general** stocks, bonds and mortgages, **whilst the Council will appoint a Custodian for the assets of the Pension Fund.**

Trust Funds

- 16.8 All trust funds shall, wherever possible, be in the name of the Council and administered by it.
- 16.9 All officers acting as trustees by virtue of their official position shall deposit all money, investment securities, etc., relating to the trust, with the Head of Finance unless other arrangements are approved by him in writing.
- 16.10 This **Rule** shall not apply to Receiverships supervised by the Court of Protection.

Imprest Accounts

- 16.11 The Head of Finance shall provide such imprest accounts as he considers appropriate for officers of the Council and others who may need them for the purposes of defraying petty cash and other expenses.
- 16.12 Where he considers it appropriate, the Head of Finance shall open an account with the Council's bankers for use by any imprest holder who shall not cause such account to be overdrawn. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on the imprest holder's banking account shall forthwith be reported to the Head of Finance.
- 16.13 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the authority as provided elsewhere in these regulations.
- 16.14 Payments shall be limited to minor items of expenditure and to such other items as the Head of Finance may approve and shall be supported by a receipted voucher to the extent that the Head of Finance may require. All vouchers must be V.A.T accounts, where V.A.T. is chargeable
- 16.15 An officer responsible for an imprest account shall give to the Head of Finance a certificate as to the state of the imprest advance, as provided for on the reimbursement claim form, and at other times if so requested.
- 16.16 Claims for reimbursement of expenditure shall be made monthly except where special arrangements have been approved by the Head of Finance.
- 16.17 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest advance, a person shall account to the Head of Finance for the amount advanced to him, in a form prescribed by the Head of Finance.
- 16.18 An imprest account must be kept secure and separate from the personal money of the responsible person and from any other funds held by him.
- 16.19 This section shall not apply to schemes of chequebooks for schools which may be adopted by the Council.

17. STAFFING

Purpose

In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

- 17.1 The Chief Executive shall provide overall management to staff. The Head of Human Resources shall be responsible for ensuring that an appropriate evaluation or other agreed systems for determining the remuneration of a job is in place.
- 17.2 The Head of Finance shall ensure that budget provision exists for all existing and new employees.
- 17.3 **Chief Officers** shall ensure that appropriate arrangements operate within their services in order to notify the Head of Finance as soon as possible and in the form prescribed by him, of all matters affecting the payment of such emoluments and in particular -
- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b) absences from duty for sickness or other reason, apart from approved leave;
 - c) changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - ch) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 17.4 The Head of Finance shall act as an advisor to **Chief Officers** on areas such as National Insurance and pension contributions, as appropriate.
- 17.5 **Chief Officers**, with the assistance of **relevant Finance Managers**, shall produce an annual staffing budget and ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

18. PROTECTION OF PERSONAL PROPERTY

Purpose

There are occasions where designated officers of the Council, in accordance with the law, shall become responsible for the protection of the private property of a third party. It is essential that the management and care of these properties are regulated.

- 18.1 The Head of Social Services (or any other **Chief Officer** affected), shall take all necessary steps to prevent or mitigate loss or damage of a client's (being a person other than the Council) moveable property, where responsibility lies within the National Assistance Act 1948, and shall arrange for an itemised inventory in each case to be prepared in the presence of two officers, in a form prescribed by the Head of Finance.
- 18.2 An itemised inventory shall be taken as soon as possible after the **Chief Officer** has been appointed as the Court Receiver and in each case the inventory should be completed in the presence of two officers and be retained. All valuables such as jewellery, watches and other small articles of a similar nature and documents of title shall be deposited with Head of Social Services (and any other **Chief Officer** affected), for safe custody. Any loss of property shall be reported to the Head of Finance, without delay.

FINANCIAL SYSTEMS AND PROCEDURES

19. GENERAL

Purpose

Departments have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. The Head of Finance has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

- 19.1 The Head of Finance shall assume responsibility for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by **Chief Officers** to the existing financial systems or the establishment of new systems or changes to financial stationery must be approved by the Head of Finance. However, **Chief Officers** are responsible for the proper operation of financial processes in their own services.
- 19.2 Any changes to agreed procedures by **Chief Officers** to meet their own specific service needs should be agreed with the Head of Finance.

20. INCOME AND EXPENDITURE

Income

Purpose

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cashflow and also avoids the time and cost of administering debts.

- 20.1 Each officer who receives money on behalf of the Council shall give such acknowledgement thereof and keep such records as may from time to time be approved by the Head of Finance, including an accurate and chronological account of all receipts and deposits. Such records may include those which are kept and produced by electronic tills and other automatic systems.
- 20.2 No officer shall give a receipt for money received on behalf of the Council on any form other than the form approved by the Head of Finance.
- 20.3 Cheques shall not be cashed out of the money held on behalf of the Council.
- 20.4 All monies received on behalf of the Council in any **service** shall be balanced and paid to the Head of Finance, without any deduction whatsoever, daily or at such other interval as he may decide. By arrangement with the Head of Finance, such monies may be paid direct to the Council's banking or Giro bank Account. The Head of Finance shall ensure that there are safe and efficient arrangements for the recording of income received by direct debit.
- 20.5 For the purpose of paying money to the Council's bankers or Giro bank Account such officers shall use the official paying-in books supplied by the Head of Finance and shall enter on the paying in slip, and on the counter foil or duplicate thereof, particulars of such payments, including, in the case of each cheque paid in -
 - a) the amount of the cheque, and
 - b) a reference (such as the number of the receipt given or the name of the debtor) which will connect the cheque with the debt or debts in discharge or partial discharge of which it was received.
- 20.6 Each cheque must be specifically crossed to the Council on the face and the receiving establishment reference and address recorded on the reverse.
- 20.7 All official receipt forms or receipt books, licences, tickets (of value) and all documents or vouchers representing receipts for money's worth shall be in the form approved by the Head of Finance and shall be ordered, controlled and issued to **services** by him and all receipts and issues thereof shall be properly recorded and acknowledged. All books and forms of account shall be in the form approved by the Head of Finance.
- 20.8 The collection of all amounts due to the Council shall be under the control of the Head of Finance and all accounts shall be rendered through him unless otherwise agreed by him. Particulars of all charges to be made for work done, services rendered or goods supplied by the various **services** and of all other amounts due shall be promptly notified to the Head of Finance in the form

prescribed by him. The Head of Finance in conjunction with the each **Chief Officer** concerned shall make and maintain arrangements for the financial organisation and accounting necessary to ensure the prompt and proper recording of all sums due to the Council and for the collection, custody, control and disposal of all cash **within the various services**.

- 20.9 In respect of grants due to the Authority, the appropriate **Chief Officer** shall ensure that grant claims are submitted promptly in accordance with the paying organisation's timetable so as to optimise cash flow. The Head of Finance shall be responsible for certifying the financial accuracy of any claim and in this respect, **Chief Officers** must ensure that appropriate arrangements are in place to ensure that the Authority's Financial Ledger includes timely and accurate details of all relevant expenditure. Upon request, **Chief Officers** shall certify to the Head of Finance that all relevant expenditure is contained in the ledger and that it complies with the conditions and has been used for the purposes of the original grant determination.
- 20.10 No debit in respect of an amount due to the Council once established shall be discharged otherwise than by payment, by the issue of an official credit note or as provided for in financial regulation 20.13. Neither post-dated cheques of third-party cheques shall be accepted in payment of debt. Any cash deposits of more than £10,000, or series of cash deposits from the same payer where the total amount exceeds £10,000, must be reported immediately to the Head of Finance, who shall make such arrangements as required by the Money Laundering Regulations 2003.
- 20.11 The **Head of Customer Care Support** or other appropriate **Chief Officer** shall notify the Head of Finance as early as possible of all monies due to the Council under contracts, leases, tenancy agreements, agreements for sales of property and any other agreements involving the receipt of money by the Council. Any sums due to be paid directly into the Council's bank accounts by third parties should be notified to the Head of Finance in advance of receipt.
- 20.12 Every Chief Officer shall conduct a complete review of all fees, charges, prices, etc. made by the relevant Service in accordance with the Council's Fees and Prices Policy, in consultation with the Head of Finance.**
- (a) Each Chief Officer shall submit recommendations to change the level of fees and charges, or recommendations not to increase such charges in accordance with inflation on an annual basis:**
- (i) to the council Board, or**
 - (ii) the relevant Portfolio Leader subject to prior confirmation by the Head of Finance that he is persuaded that the proposals recommended are not likely to create a deficit in the department's accounts**
- (b) In those cases where the Board has no authority to set the fees as they are a matter for another Central Committee (for example, licensing), the relevant Head of Service should either**
- (i) submit recommendations to change the level of fees and charges, or recommendations not to increase such charges in accordance with inflation;**
 - or**

(ii) act to set the fees and charges.

20.13 Sums due to the Council shall not be written off except on -

(a) with the authority of the Head of Finance in the case of individual debts totaling up to £5,000, and in the case of debts where the debtor has been made bankrupt, or a limited company has been liquidated, by a court judgment;

(b) with the authority of the Head of Finance and the Portfolio Leader for Finance in the case of debts except those referred to in (a).

20.14 The Head of Finance may prescribe that, generally or particularly, specified goods or services shall not be supplied on credit terms or shall be supplied only on pre-payment or concurrent payment.

Ordering and paying for work, goods and services

Purpose

Public money should be spent with demonstrable probity Authorities have a statutory duty to achieve best value in part through economy and efficiency. These regulations should be read in conjunction with the Council's Standing Orders Relating to Contracts.

Ordering

- 20.15 Orders in a form approved by the Head of Finance shall be issued by all **services** for all works, goods and services required, except for professional services, supplies of public utility services, rent, rates and petty cash disbursements. Such orders shall be signed by the **Chief Officer** or other senior officer authorised by him who shall satisfy himself at the time of issuing the order that authority exists for the expenditure and that it can be met from the approved estimates.
- 20.16 Where alternative electronic ordering procedures are used, the relevant **Chief Officer** shall ensure that appropriate controls exist, and that the use of such procedures are approved by the Head of Finance.
- 20.17 Where, as a matter of urgency, works, goods or services are ordered orally, a written official confirmatory order shall be issued on the same day or the following working day. Officers authorised by the Head of Service to sign orders on his behalf shall be agreed with the **Chief Officer** and the names sent to the Head of Finance together with specimen signatures and initials and shall be amended on the occasion of any change in personnel.
- 20.18 Each order shall conform to the directions of the Council with respect to central purchasing and standardisation of supplies and materials.
- 20.19 A copy of each order shall, if so required, be supplied to the Head of Finance.
- 20.20 Where the estimated value of an order exceeds £5,000, and is not from central purchasing suppliers, wherever practicable, three quotations should be obtained. Any relevant order, for whatever amount, shall be subject to the Contract Standing Orders, which form part of the Council's Constitution.
- 20.21 Each **Chief Officer**, in respect of those works, goods and services which are purchased on a regular basis, shall at regular intervals of not more than twelve months test prices by obtaining at least three written quotes in accordance with Contract Standing Orders, provided that this requirement shall not apply where the annual purchase value of any work, good or service is less than £5,000.

Payments

- 20.22 All payments out of the accounts of the Council, with the exception of payments out of petty cash imprests, shall be made by the Head of Finance who shall issue such instructions in this respect as he deems necessary. Except as provided in 20.23 below all accounts for payment shall be certified in manuscript for payment by the appropriate **Chief Officer** or other senior officer specifically authorised by him who shall certify that the account is properly payable by the Council, such certification shall be in such form as may be approved by the Head of Finance.

- 20.23 Where alternative electronic payment processes are used, the relevant **Chief Officer** shall ensure that appropriate controls exist, and that the use of such processes are approved by the Head of Finance.
- 20.24 The names of officers authorised to certify such accounts shall be sent to the Head of Finance by each **Chief Officer**, together with specimen manuscript signatures and initials and shall be amended on the occasion of any change.
- 20.25 The certification of an account shall mean -
- a) that the goods have been duly received, examined and approved in accordance with the specification, and are satisfactory, and that the prices are in accordance with the contract or order; and that the corresponding copies of official orders have been marked to show that the goods have been received and that the account has been passed for payment;
 - b) that the work done or service rendered has been satisfactorily carried out and that where applicable the materials used were of the requisite standard, and that the charges are correct;
 - c) that the account is arithmetically accurate (unless by arrangement the Head of Finance is responsible in any particular case);
 - ch) that appropriate entries have been made in inventories, stock records, as required;
 - d) that the account has not previously been passed for payment and is a proper liability of the Council.
- 20.26 Such certification shall be deemed by the Head of Finance to form a warranty by the certifier that the payment has met the above conditions and that he may therefore pay the amount in question.
- 20.27 The Head of Finance may make arrangements for the acceptance by him of certification of batches of invoices from spending **services**, subject to the following -
- a) the names of officers authorised to make such batch certifications shall be sent to the Head of Finance by each **Chief Officer** together with specimen manuscript signature and initials and shall be amended on the occasion of any change, separately from details of officers authorised to certify individual accounts, and the Head of Finance shall maintain separate lists of such persons.
 - b) The batch certification shall mean that each and every individual invoice in the batch has been certified in accordance with 20.25 above, and that each payee named in the batch is certified as being correct.
 - c) There exists for each batch certification adequate systems of record-keeping and internal check as will allow the individual authorisations to be traced, to the satisfaction of the Head of Finance.
- 20.28 Subject only to the conditions of contracts or other agreements accounts shall be submitted to the Head of Finance for payment at such intervals as he may decide. Spending **services** shall indicate on each account, by the use of codes

prepared by the Head of Finance or otherwise, the expenditure heading to which the account should be charged.

- 20.29 Where an invoice is a VAT invoice, no amendments shall be made to it. Incorrect VAT invoices, must be returned to the supplier for amendment. For non VAT invoices, amendments shall be made in ink and initialled by the officer making it, stating reasons briefly where they are not self evident.
- 20.30 Each **Chief Officer** shall as soon as possible and not later than a date in each year specified to him notify the Head of Finance of all outstanding expenditure relating to the previous financial year in such form as he may require.
- 20.31 The Head of Finance shall be authorised to make all payments which are properly authenticated, are intra-vires and which comply with the Standing Orders and the **Financial Procedure Rules** of the Council.
- 20.32 No credit or charge card of any description to be used for any Council purpose shall be held or used by any officer except by prior agreement of the Head of Finance on application by the appropriate **Chief Officer**. Where purchase by credit card or charge card is permitted, the officer making use of the facility must provide adequate supporting documentation for each purchase, including a valid VAT invoice/receipt where VAT is chargeable. No private purchases using such a credit or charge card will be permitted.
- 20.33 Each **Chief Officer** shall ensure compliance with such instructions as the Head of Finance shall from time to time issue in respect of payments which fall within the terms of the Inland Revenue's Construction Industry Tax Deduction Scheme.

Payments to employees and members

Purpose

Staff costs are the largest item of expenditure for the authority. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the full council.

- 20.34 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or pensioners of the Council shall be made by the Head of Finance or under arrangements approved and controlled by him. The Head of Finance shall put into effect all nationally approved agreements on conditions of service as they are received.
- 20.35 Appointments of all employees shall be made in accordance with the regulations of the Council and the approved establishments, grades and rates of pay.
- 20.36 All time records or other pay documents shall be in a form prescribed or approved by the Head of Finance and shall be certified in manuscript by or on behalf of the appropriate **Chief Officer**. The names of officers authorised to sign such records shall be sent to the Head of Finance by each **Chief Officer**, together with specimen signatures, and shall be amended on the occasion of any change.
- 20.37 Payments to members, including co-opted members of the Council or its committees who are entitled to claim and receive travelling or other allowances will be certified by the **Head of Democracy and Legal** or other officer designated by her before being paid by the Head of Finance.
- 20.38 All claims by officers for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be in a form and according to a timetable approved by the Head of Finance for various categories of officer, shall be duly certified for payment by the relevant **Chief Officer**, his deputy or other officer specifically authorised by him to certify travelling and subsistence claim forms, before such claim forms are processed. Each **Chief Officer** shall ensure that different officers carry out the duties of batching claims, inputting of claims to the travelling and subsistence system and authorising transfer of batches of claims to the payroll system for payment.
- 20.39 The certification by or on behalf of the **Chief Officer** shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 20.40 The Head of Finance shall be authorised to make all payments which are properly authenticated are *intra vires* and which comply with the Standing Orders and **Financial Procedure Rules** of the Council.

21. TAXATION

Purpose

Like all organisations, Gwynedd Council is responsible for ensuring its tax affairs are in order.

- 21.1 The Head of Finance shall advise **Chief Officers**, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 21.2 The Head of Finance shall maintain the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 21.3 The Head of Finance shall:
- a) Account to the Inland Revenue for all tax deducted from employees' emoluments under the PAYE arrangements.
 - b) Complete a monthly return of VAT inputs and outputs to HM Customs and Excise.
 - c) The Head of Finance shall be responsible for accounting to the appropriate agency for all other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
 - d) Provide details to the Inland Revenue regarding the construction industry tax deduction scheme.
 - e) Maintain up-to-date guidance for **Chief Officers** on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.
- 21.4 **Chief Officers** shall keep appropriate records and supply details as requested by the Head of Finance in order to comply with taxation regulations.
- 21.5 **Chief Officers** shall:
- a) Ensure that any purchase which is taxable under VAT legislation, whether or not the purchase price includes an element of VAT, shall be paid for only on receipt by the Head of Finance of an invoice complying with VAT regulations or a written guarantee that an authenticated VAT receipt will be issued on payment.
 - b) Ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.
 - c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
 - ch) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

22. UNOFFICIAL FUNDS

- 22.1 Where an officer of the Council is, by virtue of his official position, responsible for money or goods which are the property of a fund connected with a Council establishment, the purpose of which are analogous to the service provided by the Council -
- a) The officer shall keep all monies or goods, the property of the unofficial fund, separate from those of the Council.
 - b) Proper records of account shall be maintained and be kept separately from those of the Council.
 - c) The fund's controlling body shall appoint a competent person as auditor, to audit the fund's activities annually and report to the fund's controlling body or in the case of schools and colleges the Board of Governors.
 - ch) Such annual reports shall be held available for inspection by the Internal Auditors if requested.
- 22.2 The Council accepts no liability of whatsoever nature and however caused in the event of any loss in respect of unofficial funds, and no person has any authority to bind the Council to accept such liability in respect of such funds.
- 22.3 Agreement by the Council to deduct contributions to various voluntary and other funds from payments of salaries, wages and pensions in accordance with mandates given to the Council and to pay such deductions in total at agreed intervals to the appropriate funds shall in no way make the Council liable for any loss, and **Rule** 22.3 shall apply.
- 22.4 Monies properly due to the Council shall not be paid into any unofficial fund, temporarily or otherwise. The Head of Finance shall be authorised to issue such directions either generally or otherwise in this respect.

EXTERNAL ARRANGEMENTS

23. PARTNERSHIPS

Purpose

Gwynedd Council works increasingly in partnership with others – public agencies, private companies, community groups and voluntary organisations. These aspects of work require distinct transparent financial and governance arrangements.

- 23.1 The Council Board shall approve delegations, including frameworks and agreements for partnerships and joint ventures. The Council Board is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.
- 23.2 The Council Board can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Council Board shall remain accountable for them to the Council.
- 23.3 *The representative of the Council on any partnership or joint venture shall promote and maintain the same high standards of conduct that apply throughout the Council.***
- 23.4 In entering a partnership agreement, the Council Board must consider the overall corporate governance arrangements and legal issues.

24. GRANTS AND OTHER EXTERNAL FUNDING

Purpose

External funding, often in the form of specific grants, is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority.

- 24.1 The Head of Finance shall ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts and that any audit requirements are met.
- 24.2 **Chief Officers** shall:
- a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body, whether Gwynedd Council or a third party, are clearly understood.
 - b) Report to the Council Board where potential funding exceeds £100,000 for Capital expenditure or £40,000 for Revenue expenditure, except in urgent cases when the matter may be actioned by the **Corporate Leadership Group**, and except where the external funding complements existing approved schemes.
 - c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
 - ch) Ensure that all claims for funds are made by the due date.
 - d) Ensure that proposals are costed properly and that the approval of the Council Board is obtained before any negotiations are concluded to work for third parties.
 - dd) Ensure that appropriate insurance arrangements are made, via the Head of Finance.
 - e) Ensure that, as far as possible, the Council Board is aware of any potential significant risk.
 - f) Ensure that such contracts do not impact adversely upon the services provided for the Council.
 - ff) Provide appropriate information to the Head of Finance to enable a note to be entered into the statement of accounts, as required.