

**APPENDIX 1****K Financial Regulations**

November 2018

# Introduction

The Regulations in the following paragraphs lay down the procedures to be followed by officers in discharging their financial duties. They are effective from November 2018. Executive Directors are responsible for ensuring the officers in their directorates comply with these Regulations and any guidance issued by the Executive Director for Resources & Regeneration.

Attached to these Regulations are the Financial Procedures issued by the Executive Director for Resources & Regeneration. These are integral to the Regulations and provide further explanation of the procedures to be followed by officers in discharging their financial duties. Financial Procedures are updated from time to time by the Executive Director for Resources & Regeneration to reflect new and/or changing issues.

The Regulations and Financial Procedures form part of the Council's regulatory framework alongside the Constitution and the annual scheme of delegation and must be adhered to by council officers. Failure to comply with the Regulations and Financial Procedures may constitute misconduct, including gross misconduct, and lead to formal disciplinary action.

In the following Financial Regulations, the term 'Executive' refers to the Mayor, the Mayor and Executive members collectively, or individual Executive members insofar as the Mayor has retained executive powers for him/herself or has delegated authority to the Executive collectively or individually for the activity referred to (Council Rules of Procedure and Standing Orders, Part IV, Section D3 of the Constitution). Reference should be made to the current scheme of delegation to ascertain the person or body currently exercising executive power for the activity in question.

Under the Constitution adopted by Lewisham Council with effect from 15 August 2008, the scheme of delegation is adopted annually. The annual scheme of delegation consists of delegations of executive functions and powers from the Mayor (Article 15.2 and Council Rules of Procedure and Standing Orders, Part IV, Section D3–6) and the delegation of non-executive functions by the full Council (Article 15.1). Financial Regulations and Procedures must be read in conjunction with the scheme of delegation currently in force.

Information on the current scheme of delegation can be obtained from the Monitoring Officer. Where an executive function is delegated to the Executive collectively or an individual Executive member, an officer, area committee, joint committee or another local authority (D3), the rules, procedures, financial limits and reporting of financial matters as set out in Financial Regulations and Procedures shall remain in force, except where another arrangement is specifically set out in the formal delegation of executive authority. In any instance, any breach of Financial Regulations and Procedures shall be reported to the Executive Director for Resources & Regeneration.

# A Roles and responsibilities statement

## Chief Finance Officer

A.1. S151 Local Government Act 1972 requires a named officer, who must be a CCAB qualified accountant, to take responsibility for the proper administration of the Council's financial affairs. S114 Local Government Finance Act 1988 requires the Chief Finance Officer to make a public report in specified cases of actual or anticipated financial misconduct or if there is a potential budget deficit. In Lewisham, these duties are normally vested in the Executive Director for Resources & Regeneration. However, from November 2018 till further notice, duties in respect of S151 and the Resources Directorate are vested in the Head of Corporate Resources. The Acting Deputy S151 Officer shall be the Head of Financial Services for the same duration.

A.2. The Council's Constitution sets out the following as the functions of the Chief Finance Officer:

(a) Ensuring lawfulness and financial prudence of decision making. After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Financial Officer to report to the full Council, or to the Executive in respect of executive functions, and the Council's external auditor, if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully.

(b) Administration of the Council's financial affairs. The Chief Finance Officer will have responsibility for the administration of the financial affairs of the Council.

(c) Providing advice. The Chief Finance Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial propriety, probity and budget and policy framework issues to all Members and will support and advise Councillors and officers in their respective roles.

(d) Giving financial information. The Chief Finance Officer will provide appropriate financial information to the media, members of the public and the community.

A.3. The Executive Director for Resources & Regeneration is also specifically responsible for advising and reporting to the Executive on the resources required to implement council policies, including financing partnership arrangements

- the level of Council Tax to be levied
- the Council's prudential guidelines, in particular forward projections of revenue commitments and the budget strategy
- the annual borrowing limit
- the Capital Programme
- the Treasury Strategy

## **Roles and responsibilities statement**

- arrangements for financial administration, including accountancy, audit and risk management
- the Annual Statement of Accounts and its publication.

A.4. The Executive Director for Resources & Regeneration also has a statutory duty to ensure that the accounts and supporting records of the Council are maintained in accordance with proper practices and kept up to date. Also, that the accounts present fairly the financial position and that reasonable steps have been taken for the prevention of fraud and other irregularities.

A.5. The Executive Director for Resources & Regeneration shall have access to all financial records held in the Council and require explanations from Council officers as necessary.

A.6. The Executive Director for Resources & Regeneration shall oversee Council procedures regarding debt recovery determined by the Executive Director for Customer Services.

A.7. The Executive Director for Resources & Regeneration shall receive a report, from the appropriate Executive Director, of any material breach of financial regulations or procedures. If deemed to be of a serious nature, then the Executive Director for Resources & Regeneration shall submit an appropriate report to the Executive.

### **Executive Directors**

A.8. Executive Directors have overall accountability for the finances of their directorate and must ensure there are proper systems for financial administration and control in place. Executive Directors shall consult the Executive Director for Resources & Regeneration on any matter which is liable materially to affect the finances of the Council before any provisional or other commitment is incurred and before reporting to the Executive. The duties in respect of Regeneration, Planning and Transport, Property and Building Control are delegated by the Executive Director for Resources and Regeneration to the Executive Director for Customer Services till further notice.

A.9. Executive Directors shall ensure that accounting systems and procedures within their directorates incorporate adequate controls to safeguard against loss and fraud. Executive Directors shall ensure that officers in their directorates have adequate training in order for them to comply with financial regulations.

### **Heads of Service**

A.10. Under the arrangement for financial devolution, there shall be two Heads of

Service designated to support Executive Directors and budget holders in discharging their financial and budgetary responsibilities. The Heads of Service shall be as follows:

- Head of Corporate Resources and Deputy S151 officer
- Head of Financial Services

A.11. They shall be accountable to the Executive Director for Resources & Regeneration for all matters pertaining to Section 151 responsibilities as they affect the Council's finances. Where a potential conflict arises between the service considerations and the S151 duties, the S151 duties must prevail.

### Decision making

A.12. Where officers make decisions under delegated authority, they shall record their decisions and the reasoning behind them and shall store those records in such a way as to be accessible for scrutiny, audit and inspection.

A.13. Where officers make a Key Decision under delegated authority, they shall only do so on the basis of a written report that contains service, corporate, financial and legal and all relevant considerations. Officers shall further comply with all other requirements of Key Decisions as set out in the Rules of Procedure and Standing Orders (G23).

### Key Decisions

A.14. The Constitution identifies certain executive decisions as being Key Decisions (Article 16.2) and sets out in Part IV the procedures that must be followed when Key Decisions are made (Rules of Procedure and Standing Orders G12–25). These procedures apply whether a Key Decision is exercised by the Mayor or is delegated to the Executive collectively or an individual Executive member, by an area committee, joint committee or another local authority, an individual ward member (to the extent the function is exercisable within the ward), or by an officer. The full list of Key Decisions is set out in Article 16.2 of the Constitution. The following list highlights those Key Decisions most directly related to financial matters:

- decisions which will involve expenditure or savings of £500,000 or more (save treasury management transactions taken in accordance with the Council's Treasury Management Strategy as approved by the Council)
- Any decision having a **significant** impact in two or more wards, whether the impact is direct (e.g. where the decision relates to a road which crosses a ward boundary) or indirect (e.g. where the decision relates to the provision or withdrawal of a service which is or would be used by people from two or more wards).

## Roles and responsibilities statement

Decisions will still be deemed to affect more than one ward even if one or more of the wards affected is outside the borough

- consideration of any report relating to the possibility of the withdrawal of delegation of budget from a school
- the Council's scheme for the financing of maintained schools
- closure of, or a significant reduction in the provision of, any Council service
- the fixing of fees and charges for Council services
- granting or withdrawing financial support to any external organisation in excess of £10,000
- writing off any individual bad debt in excess of £50,000, unless the Council has within the last three years already written off debts for the person/organisation concerned totalling that amount, in which case any further write off would be a Key Decision
- the disposal of any council property for less than best consideration
- the disposal of any interest in council property with a value of £500,000 or more
- the taking by the Council of an interest in land worth £500,000 in total
- the granting of any interest in land where the interest is valued at £500,000 or more
- applications for funding from any external body which if successful would also require council match funding of £500,000 or more, or entail a revenue commitment of at least £500,000 in total by the Council
- the award of a contract with a total value of £200,000 or more
- consideration of any matter in which, to the decision-maker's knowledge, the decision-maker (or any member of a committee or subcommittee making the decision) has an interest which ought to be declared ; an interest includes a family member, friend, employer or organisation with which the member is associated

Where there is any doubt as to whether a decision is a Key Decision, it should be treated as if it were a Key Decision in any event.

# **B Financial planning and financial accountabilities**

## **Annual revenue budget and budgetary control**

### **Budget format**

B.1. The general format of the budget will be approved by the Council and proposed by the Executive on the advice of the Executive Director for Resources & Regeneration. The draft budget should include indicative cash limits for different services and projects, proposed taxation levels and contingency funds.

### **Budget preparation**

B.2 The Executive Director for Resources & Regeneration is responsible for issuing guidance on the general content of the budget. Following approval of the budget for the forth coming year by full Council, the Executive Director for Resources & Regeneration will allocate resources for discharge by the directorates, which will operate within allocated cash limits.

B.3. Financial control and administration is the responsibility of officers in finance, with responsibility for budgetary control and financial monitoring vested in the budget holders. Executive Directors shall prepare budgets in accordance with guidance given by the Executive Director for Resources & Regeneration.

B.4. Officers shall ensure that the Executive and delegated decision-makers have the fullest information to enable them to exercise responsibility for the financial and other resources made available. Officers shall further ensure that such information is given in writing and includes service, legal and financial implications and a consideration of options. They shall further ensure that such information is made available to executive decision-makers within a sufficient timescale to allow them to give the matter proper consideration. Officers shall further ensure that all reports that have financial implications are forwarded to the Executive Director for Resources & Regeneration, who shall advise of the financial implications before the report is considered by the executive decision-maker.

### **Budget monitoring and control**

B.5. Executive Directors are accountable for ensuring effective budgetary control within their directorates. They shall establish budgets for directorate services and shall ensure that such budgets are properly and effectively managed by named budget holders. These budget holders shall ensure that their expenditure does not exceed their budget and that any required budget income target is achieved so as to meet their cash limit. Executive Directors are accountable for ensuring that their aggregate

directorates cash limit is not overspent and they comply with the rules governing virements as set out within the Financial Procedures and Directorate Schemes of Delegation.

B.6. Budget holders have operational responsibility for budgetary control. They shall record financial commitments against their budgets, monitor their budgets and reconcile their own records to the Council's financial information system on a regular basis and take corrective action promptly to deal with any problems that may arise. In carrying out their budgetary responsibilities, they shall comply with any guidelines issued from time to time by the Executive Director for Resources & Regeneration.

B.7. At the end of the financial year and following closure of the revenue accounts, Executive Directors will report to the Executive Director for Resources & Regeneration on the outturn of expenditure and income and the comparison with the approved budget. The Executive Director for Resources & Regeneration will report on the aggregate of the revenue outturn for all services to the Executive and full Council.

### **Budget Virements (Please see definition on page 18)**

B.8. All budget virements shall be in accordance with the Financial Procedure for budget preparation and the limits set by Council. Currently Executive Directors can vire up to £500,000 with the approval of the Executive Director for Resources & Regeneration. The delegated limits are set out in each Directorate's Scheme of Delegation. Executive approval is required for budget virements between £500,000 and £1m and full Council approval for budget virements of £1m and over.

### **Treatment of year-end balances**

B.9. The Executive Director for Resources & Regeneration is responsible for agreeing procedures for carrying forward under and over-spending on budget headings as part of the final outturn.

### **Resource allocation**

B.10. The Executive Director for Resources & Regeneration is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's policy framework.

### **Capital expenditure**

B.11. The budget virement regulations pertaining to capital expenditure relate to new schemes, as budget virements from one scheme to another are not permitted.

However, budget virement levels are set to ensure that new schemes have the appropriate level of approval as follows:

- up to £500k on the Council's capital programme delegated to Executive Director for Resources & Regeneration
- over £500k and up to £1m on the Council's capital programme delegated to the Mayor
- over £1m on the Council's capital programme full Council.

B.12. At the end of the financial year and following closure of the capital accounts, the Executive Director for Resources & Regeneration shall report to the Executive on the aggregate of capital expenditure compared to budget and the financing of the expenditure.

### **Repairs and Maintenance**

B.13. For Repairs and Maintenance items, the Assistant Director for Regeneration and Place may determine to move resources between schemes and divert their Repairs and Maintenance allocation towards any stream of revenue payments due under PFI or PPP contracts.

B.14. Capital and revenue projects will be managed in accordance with Lewisham's Standard for Project Management as contained in the Financial Procedures.

## **Accounting**

### **Accounting policies and standards**

B.15. The Executive Director for Resources & Regeneration is responsible for ensuring that the general principles adopted in compiling and presenting the annual audited accounts are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). Any deviations must be stated in the accounts.

B.16. The accounts and accounting records shall be prepared in accordance with Financial Regulations and Procedures as issued by the Executive Director for Resources & Regeneration. Executive Directors shall close down accounts under their responsibility in accordance with the closing timetable and guidance notes issued by the Executive Director for Resources & Regeneration.

B.17. Budget holders shall ensure that all expenditure and income transactions are recorded accurately on the Council's main financial information system by the use of

the correct accounting code.

B.18. Executive Directors shall ensure that all systems of accounting and financial organisations in their directorates are regularly reconciled with the Council's main financial information system administered by the Executive Director for Resources & Regeneration, and that the financial systems are kept up to date.

B.19. All financial systems shall be referred to the Executive Director for Resources & Regeneration for agreement before introduction or revision.

B.20. Executive Directors shall observe the following principles in the allocation of accounting duties:

- 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.
- officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

### **Maintenance of reserves**

B.21. It is the responsibility of the Executive Director for Resources & Regeneration to advise the Executive and/or the full Council on prudent levels of reserves for the authority.

# **C Risk management and control of resources**

## **Banking arrangements**

C.1. The Executive Director for Resources & Regeneration (or an officer authorised in writing by the Executive Director for Resources & Regeneration) is the only officer who can enter into banking arrangements on behalf of the Council.

C.2. Income receipts over £100,000 shall be notified to the Executive Director for Resources & Regeneration's Treasury Team in advance, for treasury management purposes.

C.3. All instructions to draw on a bank account shall be made by the Executive Director for Resources & Regeneration or an officer authorised in writing by the Executive Director for Resources & Regeneration.

## **Audit requirements**

C.4. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations (Amendment) (England) Regulations 2006 should make provision for internal audit in accordance with this code of practice, and they must 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

C.5. Public Sector Audit Appointments Ltd 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, and section 20 of the Local Audit and Accountability Act 2014.

C.6. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue & Customs, who have statutory rights of access.

## **Internal audit function**

C.7. The Council's internal auditors have access, by law, to all financial and other records. Officers shall allow the Council's internal audit service access to such financial and other records as they may require.

## **Preventing fraud and corruption**

C.8. The Executive Director for Resources & Regeneration is accountable for the

development and maintenance of an anti-fraud and anti-corruption policy.

C.9. Executive Directors shall report promptly any suspected financial irregularity or fraud in their directorates or otherwise to the Executive Director for Resources & Regeneration.

C.10. It is the responsibility of any employee discovering or having reasonable suspicion of any irregularity, misconduct or fraud immediately to notify the relevant Executive Director or Head of Corporate Resources. When so informed, the Executive Director shall appraise the circumstances and shall notify and discuss the action to be taken concurrently with the Head of Corporate Resources. All information shall be treated in complete confidence.

### **Contracts, orders for works, goods and services**

C.11. Officers shall comply with Article 17.2 of the Constitution (Contracts) and the Council's Contract Procedure Rules (Part IV of the Constitution, Section I).

C.12. Article 17.2 requires that any contract entered into on behalf of the Council in the course of the discharge of an executive function must be in writing. Such contracts must be:

- signed by an Executive Director if the value is £100,000 or less
- signed by an Executive Director and at least one other officer if the value is between £100,000 and £200,000
- for contracts with a value of £200,000 or more, executed under the common seal of the Council and attested by the Head of Law or such person as he/she nominates.

C.13. When the Council proposes to enter into any contract, whether it relates to works (construction or engineering contracts) and/or the supply (including the hire and leasing) of all goods and services, the Contract Procedure Rules must be applied.

C.14. All contracts shall comply with the EEC Treaty and with any relevant European Directives currently in force in the United Kingdom, as well as all relevant national legislation.

C.15. A number of corporate contracts exist which provide value for money. Officers are not permitted to purchase any commodities covered by these contracts outside of these contracts without the approval of the Executive Director for Resources & Regeneration.

### Accounting treatments

C.16. Executive Directors shall ensure adequate arrangements for the certification of payments which provide proper verification and authorisation of sums due, including adequate internal division of duties and internal control. Expenditure incurred on contracts must not exceed the value of the contract regardless of authorised order and/or invoice approval limits.

C.17. Executive Directors are responsible for orders issued from their directorates, which should be specific regarding terms and conditions and as a minimum must include the Council's standard terms and conditions. The Finance team shall maintain up to date lists of authorised signatories and Executive Directors shall ensure compliance. Orders shall be issued for all work, goods or services to be supplied to the Council, with the exception of purchases made using the corporate credit card.

C.18. In all matters of payments, orders and payroll, officers shall follow the designated internal division of duties and internal control set by the directorate.

### Interests in contracts

C.19. By law, officers are required to give written notice to the Chief Executive of any pecuniary, personal or prejudicial interest they may have in a contract which has been or is to be entered into by the Council, other than a contract to which they are a party. Members too are under a legal duty to declare any personal interest they may have in any contract.

C.20. Members and officers shall be required to abide by the Member and Employee Code of Conduct (copies of which are included as Part V of the Constitution), particularly in relation to their personal interests in contracts which have been or are to be awarded by the Council.

### Related Party Transactions

C.21. Members, Executive Directors, Heads of Service and all staff graded SMG1 and above shall state any declarations of interest or related party transactions at least once a year in accordance with the guidance issued.

### Consultants

C.22. Officers shall follow the Contract Procedure Rules (Section I of the Constitution) and the Appointment of Consultants Procedure Rules (Resources and Regeneration intranet page).

## Assets and records

### Corporate Assets

C.23. The management of corporate assets shall be the responsibility of the relevant officer as detailed below:

Property and Accommodation – Assistant Director for Regeneration and Place

IT – The Assistant Director of IT and Digital Services

Fleet – The Head of Environment

C.24. Management of these assets includes maintaining a full inventory in a form determined by the Executive Director for Resources & Regeneration, ensuring their security and arranging insurance through the Executive Director for Resources & Regeneration.

C.25. These officers should ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### Directorate's Assets

C.26. Each Executive Director shall be responsible for managing their directorate's assets, to include maintaining a full inventory in a form determined by the Executive Director for Resources & Regeneration, ensuring their security and arranging insurance through the Executive Director for Resources & Regeneration. All assets valued at purchase above £20,000 must be logged on the Oracle Cloud Fixed Asset Module maintained by the Core Accounting Team.

C.27. Executive Directors should ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### Acquisition and Disposal of Assets

C.28. Officers, in acquiring and disposing of assets, shall comply with the Council's Financial Procedures and Directorate Schemes of Delegation.

C.29. With regard to the acquisition and disposal of land and property, including the granting and taking of leases, licences, wayleaves and easements, all negotiations must be conducted either by or under the supervision of an appropriately qualified officer or adviser. For the purpose of these regulations the appropriately qualified officers or advisers are the Executive Director for Resources and Regeneration and the Head of Law. He/she shall expressly be required to approve any proposed terms in advance and thereafter the terms tentatively agreed. When disposing of land and

property, the Executive Director for Resources and Regeneration shall comply with Section 123 of the Local Government Act 1972 and if the disposal is at less than best consideration ensure that the necessary ministerial consents have been obtained.

C.30. Officers should note the definition of the disposal or write off of assets as a Key Decision in certain instances in Article 16.2c of the Constitution and shall comply with the Council's Rules of Procedure and Standing Orders (G12–25) where the disposal is a Key Decision.

C.31. Each Executive Director shall be responsible for keeping and maintaining full financial, staffing and other records necessary for the proper administration of their directorate's affairs. They shall supply such information and records to the Executive Director of Resources and Regeneration on request. All records shall be maintained for the periods agreed with the Council's External Auditor.

C.32. Executive Directors shall not write off any land and building assets (except for the Executive Director for Resources and Regeneration who has delegated authority up to £500,000), or any non land and non building assets above the financial value set by the Executive Scheme of Delegation (currently £20,000).

### Income

C.33. All income receivable by the Council, in respect of work done, goods supplied or services rendered, under contracts, leases or other arrangements or agreements, or for any other reason, shall be properly collected, recorded and accounted for through the Council's main financial information system. Demands for income due shall be raised and posted/sent promptly. Written or printed receipts shall be issued immediately for cash income received by an officer of the Council. Sufficient information must be obtained to enable allocation of income to the correct outstanding charge or account. All income received, in whatever form, shall be banked without delay.

C.34. The Executive Director for Resources & Regeneration is responsible for assessing the level of bad debt provision. Only the Executive Director for Resources and Regeneration and the Executive Director for Customer Services (in relation to housing rent debt) are permitted to write off individual debts against the directorate bad and doubtful debts provision within the limits of their delegation authority (see table of delegated write-off limits in the Directorate's Scheme of Delegation), after all reasonable steps have been taken to collect the debt. Debts in excess of these limits shall be reported to the Executive.

C.35. Executive Directors shall note that Article 16.2c of the Constitution defines the

write off of debt as a Key Decision where the debt is in excess of £50,000 or the Council has within the last three years already written off debts for the person/organisation concerned totalling that amount. In such cases, officers shall follow the procedures for Key Decisions as set out in the Rules of Procedure and Standing Orders (G12–25).

C.36. The Executive Director for Customer Services, with delegated authority to write off up to £10,000 housing rent debt, will prepare a summary of debts written-off under delegated authority and submit this to the Executive Director for Resources & Regeneration on an annual basis.

### **Treasury management and leasing**

C.37. All treasury management and transactions, including investments and borrowings by the Council, shall only be undertaken as authorised by the Executive Director for Resources & Regeneration. Also, the Executive Director for Resources & Regeneration shall report these transactions to the Executive in accordance with the CIPFA Treasury Management Code of Practice. The Treasury Management Strategy approved by the Council specifies the parameters within which all treasury management dealings shall operate.

C.38. All securities which are the property of, or which are in the name of the Council or its nominees, shall be held in the custody of the Executive Director for Resources & Regeneration. The registration of the Council's stocks, bonds and mortgages and the recording of all borrowing of money by the Council shall be carried out by the Executive Director for Resources & Regeneration or under such arrangements as the Executive Director for Resources & Regeneration may determine. All proposed finance leasing schemes should first be notified to the Executive Director for Resources & Regeneration' - Core Accounting Team, who shall appraise them and direct on necessary arrangements and arrange for the Executive Director for Resources & Regeneration to authorise them if necessary. All proposed operating leasing schemes should first be notified to the Executive Director for Resources & Regeneration' – Group Finance Managers, who shall appraise them and direct on necessary arrangements and arrange for the Executive Director for Resources & Regeneration to authorise them if necessary.

C.39. The Executive Director for Resources & Regeneration is responsible for reporting to the Executive quarterly, and to the Audit Panel bi-annually, each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

### Salaries, wages and pensions

C.40. The full Council is responsible for determining how officer support for executive and non-executive roles within the authority will be organised. 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.41. Executive Directors are responsible for controlling total staff numbers by:

- advising the Executive on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within the approved budget provision
- varying the provision as necessary within that constraint in order to meet changing operational needs and the proper use of appointment procedures.

C.42. The Council shall only pay such salaries, wages and pensions, compensations and other emoluments to employees or former employees as are permissible in law, and payment shall only be in a manner approved by the Executive Director for Resources & Regeneration.

### Risk management and insurance

C.43. The Executive is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive is responsible for ensuring that proper insurance exists where appropriate.

C.44. The Executive Director for Resources & Regeneration is responsible for preparing the authority's risk management policy statement and strategy, for promoting it throughout the authority and for maintaining the Corporate Risk Register.

C.45. The Executive Director for Resources & Regeneration is responsible for advising the Executive on proper insurance cover where appropriate and for effecting all insurance cover on behalf of the Council.

C.46. Executive Directors shall be responsible for identifying and effectively managing all significant risks within their directorates and for maintaining a register of all areas of significant risk within their directorates.

C.47. Executive Directors or their nominated representative shall notify the Executive

Director for Resources & Regeneration or his/her nominated representative in writing immediately upon the occurrence of any event that to their knowledge might give rise to a claim by or against the Council.

C.48. The Executive Director for Resources & Regeneration shall be responsible for negotiating all insured and self-insured claims in conjunction with claims handlers, legal advisers, loss assessors and loss adjustors as appropriate.

### **Gifts and hospitality**

C.49. Employees must follow the code of practice for receipt of gifts and hospitality as contained in the Employee Code of Conduct. Any breach of the code may result in disciplinary action.

### **Local management of schools**

C.50. These Financial Regulations also apply to schools and other institutions with delegated budgets under local management arrangements apart from the exceptions detailed in the Scheme of Delegation to Schools.

# Definitions

**budget holder** means an officer approved by the Executive Directors to take responsibility for budgets which have been allocated to them.

**order** means an instruction from the Council to a contractor or supplier to supply work, goods or services.

**authorised signatory** means an employee with delegated authority to sign orders and payments on behalf of a directorate.

**assets** means land, buildings, plant, equipment, vehicles, furniture, IT hardware and software, fixtures and fittings, materials.

**inventory** means a list of all assets held above a specified value or by type, containing a description of each asset, its location, its value, any service contract and date of acquisition.

**contract** means a legal agreement with another party to do work or have work done, or provide supplies and services.

**consultant** means any individual or organisation appointed to deliver a specified project with specified deliverables and a timetable. The project should either be developmental and/or problem solving and/or diagnostic and/or re-engineering in nature.

**budget virement** means the transfer of a budget from the purposes for which Council originally voted in setting the Budget and Council Tax to another purpose (e.g. from one service to another), or another use (e.g. from pay to non-pay or vice versa).