

## Appendix 1

### PART 3F Financial Regulations

#### GENERAL

#### 1 Application

- 1.1 These Financial Regulations are made in accordance with the provisions of section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2003 and subsequent amendments to provide for the proper administration of the Council's financial affairs. The Strategic Director Corporate Services has overall responsibility for this administration. More detailed guidance is contained in Financial Advice Notes and other procedures issued by the Strategic Director Corporate Services.
- 1.2 In these Financial Regulations "Appropriate Officer" means the Chief Executive, Strategic Directors, Directors, City Solicitor or any other officer designated by resolution of the Executive.
- 1.3 In these Financial Regulations "Appropriate Member" for the purposes of paragraph 16.4.2 means the portfolio holder for the service area required to comply with the Financial Regulations and the Ward members where the proposed expenditure has implications for a specific Ward.
- 1.4 These Regulations state the principles of financial control and administration, which must be followed by all officers of the Council. Failure to comply with these Financial Regulations may result in disciplinary action against the officer(s) concerned. Appropriate Officers must certify annually their compliance with internal controls.
- 1.5 In applying these Financial Regulations, all officers shall have regard to the duty of Best Value under the Local Government Act 1999.
- 1.6 The Governance and Audit Committee may alter these Financial Regulations on the recommendation of the Strategic Director Corporate Services.
- 1.7 The Strategic Director Corporate Services may allow specific exceptions to these Financial Regulations where in his/her opinion it is in the Council's interest. The Strategic Director Corporate Services must keep a record of these exceptions and report these to the Governance and Audit Committee on an annual basis.
- 1.8 The Strategic Director Corporate Services can alter the financial limits in these regulations because of changes in the value of money. S/he must report any alterations to the next meeting of the Governance and Audit Committee.
- 1.9 All amounts quoted in these Financial Regulations refer to values excluding Value Added Tax.

- 1.10 In applying these Financial Regulations, all officers shall comply with the Budget and Policy Framework Procedure Rules set out in Part 3C of the Constitution and implement the specific further requirements and best practice advice provided by the Strategic Director Corporate Services.

## **FINANCIAL CONTROLS AND PROCEDURES**

### **2 Accounting Control**

- 2.1 The Strategic Director Corporate Services is responsible for approving and controlling the Council-wide accounting and financial systems. Appropriate Officers must comply with these accounting and financial systems.

### **3 Audit Arrangements**

- 3.1 The Strategic Director Corporate Services must monitor, review and report on:
- 3.1.1 The soundness and adequacy of financial management control systems and how they are implemented.
  - 3.1.2 How far established policies, plans and procedures are complied with and the financial effect.
  - 3.1.3 How far assets, resources and interests are accounted for and safeguarded from losses due to fraudulent offences, waste, extravagance and inefficiency.
- 3.2 S/he can visit all premises to see cash, stores and other property. S/he has access to any documents and all other data sources s/he thinks necessary. S/he can ask any officer for any information and explanations s/he thinks necessary and may produce a report. The officer concerned then has two months to respond to the report detailing the intended action to be taken on the report's recommendations. The Appropriate Officers are responsible for appropriate procedures being in place to ensure that the intended action has been implemented. The Strategic Director Corporate Services must take to the Governance and Audit Committee the Annual Internal Audit Plan, the Annual Internal Audit Report and any other report relevant to Internal Audit. The Strategic Director Corporate Services must inform the Governance and Audit Committee every year about any replies to reports which are still outstanding.
- 3.3 If any officer suspects or knows of any losses or irregularities concerning cash, property, stores or other financial matters s/he must inform the Corporate Fraud Unit at once and discuss action to take. The Strategic Director Corporate Services must report serious losses and irregularities to the Governance and Audit Committee.

### **4 Statement of Accounts**

- 4.1 Each year the Strategic Director Corporate Services must produce to the Executive an outturn report for the previous financial year showing income and expenditure on both capital and revenue account compared against estimates.
- 4.2 Each year the Strategic Director Corporate Services must produce the Council's Statement of Accounts (which shall include the Annual Governance Statement) and submit them to the Governance and Audit Committee.

## **5 Payments to Staff**

- 5.1 Appropriate Officers are responsible for arrangements for paying employees in accordance with rules issued and systems established by the Strategic Director Corporate Services. [Payments to staff must comply with IR35.](#)
- 5.2 The Appropriate Officer is responsible for the accuracy of all information passed to the Strategic Director Corporate Services that is used for making payments to staff and the Strategic Director Corporate Services is responsible for the accuracy of payments made in accordance with information received.
- 5.3 Appropriate Officers or their nominees should maintain an up to date signatory list of all officers approved by them to manually authorise all payroll and related documents.
- 5.4 Appropriate Officers or their nominees should authorise staff who can have Chief Position status on MSS. Only staff with Chief Position status can authorise electronic payroll and related documents including starters and leavers for their staff.

## **6 Banking Arrangements**

- 6.1 The Strategic Director Corporate Services controls the Council's bank and giro accounts and is responsible for all procedures.
- 6.2 All cheques, giros, promissory notes and any other financial instruments and other orders for payment can be signed only by the Strategic Director Corporate Services or other officers authorised by her/him.

## **7 Borrowing and Credit Arrangements**

- 7.1 The Chief Executive and Strategic Director Corporate Services exclusively can negotiate loans to the Council.
- 7.2 Appropriate Officers must consult the Strategic Director Corporate Services before entering into any property lease, finance lease or other contract for the use of an asset which may be deemed a credit arrangement and controlled under Sections 7 and 8 of the Local Government Act 2003.

## **8 Investments**

- 8.1 The Chief Executive and Strategic Director Corporate Services exclusively can make investments. S/he must put them under the name of the Council and/or the appropriate Trust Fund. Investments can include loans made, to for profit and not for profit organisations providing the purpose of the loan is consistent with the Council's priorities.

## **9 Treasury Management**

- 9.1 The Treasury Management function shall be carried out by the Strategic Director Corporate Services in accordance with the Code of Practice on Treasury Management in the Public Service produced by CIPFA and in accordance with the Treasury Policy Statement and Treasury Management Practices/Schedules approved by the Governance and Audit Committee.
- 9.2 All Council money (excluding cash controlled by schools under delegated budgets) shall be under the control of the Strategic Director Corporate Services.
- 9.3 All operational decisions on borrowing, investment or financing (except for schools under delegated budgets) shall be made by the Strategic Director Corporate Services or officers nominated under the Scheme of Delegation contained in the Treasury Management Practices/Schedules.
- 9.4 Each year the Strategic Director Corporate Services shall present to Governance and Audit Committee the following reports on Treasury:
- 9.4.1 A Treasury Strategy for Borrowing and Annual Investment Strategy which subsequently will also be presented to Council.
- 9.4.2 An Annual Investment Report on Treasury for the preceding year

## **10 Value Added Tax**

- 10.1 Appropriate Officers must fully consider and take into account the VAT implications of all policy decisions.
- 10.2 Where a capital project is proposed which involves expenditure in any of the VAT exempt activity areas Appropriate Officers must:
- 10.2.1 Ensure that the VAT implications are taken into account during the planning stage.
- 10.2.2 Liaise with the Strategic Director Corporate Services on any capital proposals which may have exempt implications; and

10.2.3 Ensure that any report to members states that the VAT exempt implications have been considered within the financial implications section of the report.

10.3 Any proposal to change the method by which a service is provided should be notified to the Strategic Director Corporate Services.

## **11 Partnerships, Joint Ventures and Companies in which the Council is a Guarantor or has a Share Holding Interest**

11.1 Where it is proposed that the Council be involved in a partnership arrangement or a joint venture or where the Council is to be a guarantor of a company limited by guarantee or a shareholder of a company, the Appropriate Officer shall first consult with the Strategic Director Corporate Services and City Solicitor on the proposals, and shall agree arrangements to provide for the effective monitoring in each case of the arrangement, Joint Venture or company operation.

[11.2 All proposals for the transfer of in house services to an external provider must be considered by the Alternative Delivery Model Steering Group to ensure adequate safeguards are in place.](#)

11.23 This Regulation does not apply to investments under Regulation 9 or pension fund investments under Regulation 34.

## **PROCUREMENT OF GOODS, WORKS AND SERVICES**

### **12 Contract Standing Orders**

12.1 Any officer of the Council who is either responsible for, or undertakes, procurement of goods, works and services on behalf of the Council, or behalf of any other body for whom the Council acts, must follow the procurement regulations set out in the Council's Contract Standing Orders.

## **EXPENDITURE REQUIREMENTS**

### **13 Expenditure Limits**

13.1 Appropriate Officers may spend up to the total budgeted resources for their services in the most efficient and cost effective manner and deploy those resources flexibly in order to meet the objectives and policies for those services as approved in the Council's budget and policy framework, provided that:

13.1.1 Budget for capital charges and/or statutory charges may not be vired for other purposes.

- 13.1.2 Portfolio holders are consulted before the Appropriate Officer transfers resources under their delegated control but between Portfolio Holders' remits.
- 13.1.3 Requests for virement of revenue over £100,000 from the control of one Appropriate Officer to another are to be approved by Council unless agreed by all three leaders of the three largest political groups represented on the Council.
- 13.2 Where a request for virement of revenue over £100,000 is approved in accordance with Standing Order 13.1.3 above the officer seeking approval will notify all elected members of Council of that approval within 5 working days.
- 13.3 The Strategic Director Corporate Services will report all approvals given under Standing Order 13.1.3 to the Executive, as part of the Quarterly Financial Report.
- 13.4 Appropriate Officers are responsible for all expenditure incurred.
- 13.5 Appropriate Officers may make variations within their total budget but where any such variations will have a financial impact on another Council department they must consult with the department concerned.
- 13.6 Appropriate Officers shall not incur expenditure beyond the total budgeted provision, nor make commitments or variations in staffing levels which would lead to increases in expenditure in future years beyond approved limits. Appropriate Officers must inform the Strategic Director Corporate Services immediately if it appears to them that the total expenditure incurred by their services (including expenditure they propose to incur) is likely to exceed the approved budget.

## **14 Better Use of Budget**

- 14.1 In order for Appropriate Officers to manage their budgets more effectively, they may:
  - 14.1.1 Underspend their allocation and carry the balance forward to the following year, or,
  - 14.1.2 Overspend their allocation and deduct the amount overspent from the following year's budget, provided that by carrying a balance forward this would not create an overspending in the following year.
- 14.2 Any action taken under paragraph 14.1.1 or 14.1.2 above must be agreed with the Strategic Director Corporate Services.

## **15 Procure to Pay and Miscellaneous Payments**

- 15.1 Appropriate Officers, or their nominees, are responsible for authorising purchases or miscellaneous payments, and should ensure that either of these is necessary

and that there is a budget on the correct financial code to cover such expenditure, before giving approval.

- 15.2 Appropriate Officers should ensure that staff and managers responsible for purchasing goods, services and works are properly trained to follow the procure to pay process and to use SAP Procure to Pay
- 15.3 Officers who have been delegated responsibility for buying goods, services or works as part of their duties, are responsible for following the procure to pay process properly. This includes ensuring that the Council's requirements are clearly articulated to the supplier or contractor (on the purchase order), that expenditure is correctly coded and that contracted suppliers are used where possible.
- 15.4 Appropriate Officers should review and document the access that is given to staff and managers to the SAP Procure to Pay system at least on an annual basis to ensure it is up to date.

## **CAPITAL EXPENDITURE**

### **16 Expenditure Arrangements**

- 16.1 Appropriate Officers shall ensure that the potential effects of capital expenditure on the Council's VAT position are properly considered in accordance with Regulation 10.
- 16.2 All Capital Investment proposals must be supported by a business case approved by both the Project Appraisal Group and the Portfolio Holder. These proposals must be evaluated in terms of value for money risk, deliverability and fit within the overall Capital Programme. Only proposals with approved business cases can be included in the Capital Plan.
- 16.3 Appropriate Officers shall ensure that every scheme involving capital expenditure is approved for inclusion in the Capital Investment Plan before any commitment is made, and in this respect:
  - 16.3.1 Schemes to be financed from an approved revenue budget or to be fully financed from capital grant may be approved by the Strategic Director Corporate Services, and
  - 16.3.2 All schemes other than those approved by the Strategic Director Corporate Services in accordance with 16.3.1 must be agreed by the Project Appraisal Group before submission to the Executive for approval.
- 16.4 Appropriate Officers shall ensure that:
  - 16.4.1 The scheme is designed and specified within the approved costs in the Capital Investment Plan (which will be shown at outturn prices) in consultation with the Strategic Director Corporate Services where appropriate.

- 16.4.2 Appropriate Members are consulted on plans and detailed estimates for schemes over £75,000.
- 16.4.3 Where appropriate, Government or any other source of external funding approvals have been received.
- 16.4.4 The tender to be accepted does not exceed the technical officer's estimate of the tender price (as reflected in the Capital Investment Plan) by more than:
  - 16.4.4.1 10% or £100,000, whichever is the lesser, for schemes costing over £75,000.
  - 16.4.4.2 15% or £7,500, whichever is the lesser for schemes costing £75,000 and below.
- 16.5 Appropriate Officers shall ensure compliance with all current policies on capital expenditure including the requirement to refer schemes (excluding schemes that are entirely funded by external grants) to the Executive immediately prior to entering into any completely new commitments. In addition Appropriate Officers shall be responsible for keeping both the appropriate Executive member with portfolio and the Strategic Director Corporate Services advised of schemes; and shall ensure that the resultant revenue consequences of a capital scheme can be financed within their approved revenue budget.

## **17 Monitoring the Capital Investment Plan**

- 17.1 Each Appropriate Officer must ensure that annual spending on capital schemes does not exceed the approved cost.
- 17.2 Once a scheme has started an Appropriate Officer must report to the Executive at the point at which it becomes apparent that the cost of a capital scheme will exceed the approved figure in the Capital Investment Plan by more than the amounts referred to in 16.4.4.
- 17.3 Additional works to an approved scheme beyond the original scheme proposals exceeding the approved figure in the Capital Investment Plan may only be authorised by the Executive.
- 17.4 Where the approved cost of schemes is reliant on funding from specific resources such as supplementary credit approvals and grants, Appropriate Officers must secure the funding before entering into commitments.
- 17.5 Capital expenditure and funding form part of the financial monitoring reports prepared for the Executive which must include the benefits of investment. Each Appropriate Officer will monitor capital spending and resources and provide information in accordance with the timetable and guidelines issued by the Strategic Director Corporate Services.



## **INCOME REQUIREMENTS**

### **18 Income Arrangements**

- 18.1 When the authority provides goods or discretionary services to bodies or individuals external to the Council, Appropriate Officers must ensure
- 18.1.1 A sound business case is established
  - 18.1.2 The Council has legal authority to carry out the service
  - 18.1.3 All relevant financial, employment and legal aspects have been properly considered and
  - 18.1.4 The Council is not exposed to unreasonable or disproportionate financial or other risk
- 18.2 Appropriate Officers are responsible for arrangements for the collection, receipt, recording, banking and safe-keeping of all Council income in accordance with rules issued by the Strategic Director Corporate Services.
- 18.3 Appropriate Officers are responsible for all arrangements for credit facilities and accounting for doubtful debts in accordance with rules issued by the Strategic Director Corporate Services. The Council's Accounts Receivable System must be used for the recording and collection of credit income due and the recovery of all outstanding debt unless other arrangements have been agreed with the Strategic Director Corporate Services. Arrangements whereby customers self-bill should not be entered into.
- 18.4 All contracts where the Council agrees to provide a service for a fee must be in writing and state the services to be provided, the price to be paid, the payment agreement and the time within which the contract is to be performed.
- 18.5 Credit notes must only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and once it is confirmed that the debt is not payable. Credit notes must be approved by the relevant Appropriate Officer or their nominated Senior Officers before they are raised.
- 18.6 The Strategic Director Corporate Services must approve the writing-off of debts and other losses except where s/he has specified the level of small value debts below £100 for which Appropriate Officers can give approval. S/he may also nominate senior officers within his/her department to approve write-offs.

## **19 Prevention of Money Laundering**

- 19.1 In accordance with the Money Laundering Regulations 2007, the Council will not accept cash payments in excess of €15,000. For practical purposes, this limit is set at £9,000 subject to Financial Regulation 1.8.
- 19.2 All officers must adhere to guidance issued by the Strategic Director Corporate Services on compliance with Money Laundering Regulations

## **20 Review of Fees, Charges and Concessions**

- 20.1 The introduction of any fee, charge or concession, or removal of any subsidy must be approved by the Executive unless it is required by legislation or is in accordance with approved policy or strategy.
- 20.2 The Appropriate Officer must review fees charges and concessions annually; including circumstances where there is a legal power to charge but no charge is currently applied.
- 20.3 The annual review must have regard to relevant policies and strategies, cost of service and budget implications and inflation. In particular where there is a requirement for a service to break even or to generate a surplus, the review must have regard to this requirement.
- 20.4 Appropriate Officers may vary fees charges and concessions in line with inflation forecasts stated by the Strategic Director Corporate Services.
- 20.5 Proposed variations to fees, charges and concessions other than in line with inflation forecasts must be referred to the Executive, except that minor variations may be made by the Appropriate Officer after consultation with the appropriate Executive portfolio holder subject to any budgetary consequences being managed within existing service revenue budgets.

## **21 Grant Applications and Claims**

- 21.1 Appropriate Officers are responsible for arrangements for the submission of grant applications to outside agencies, the certification of claims and the proper management of monies received in accordance with the Corporate Standard 3.
- 21.2 The Strategic Director Corporate Services must be informed of all grant applications in excess of £100,000 at the time of application; and the result of all such grant applications as soon as this is known.

## **MANAGEMENT OF ASSETS**

### **22 Asset Register**

- 22.1 The Strategic Director Corporate Services will keep the asset register of the Council and will issue procedures for its maintenance and valuation.
- 22.2 Appropriate Officers must ensure that all assets which are used by or are the responsibility of their services are recorded in accordance with rules laid down by the Strategic Director Corporate Services. Appropriate Officers must supply such information to the Strategic Director Corporate Services as may be required by her/him from time to time.

### **23 Keeping Inventories and Stock Control**

- 23.1 Appropriate Officers must keep inventories of equipment, plant and machinery in accordance with rules issued by the Strategic Director Corporate Services. Inventories must be regularly reviewed and all items physically checked at least annually.
- 23.2 Stock held for re-sale must be valued at the lower of cost or net realisable value. Where valuation on this basis would result in a reduction in the overall carrying value of the range of stock held at a particular establishment of more than 10%, the Strategic Director Corporate Services must be consulted as to the appropriateness of the valuation. Any stock losses should be dealt with under Financial Regulation 3.3.

### **24 Property Marking**

- 24.1 Wherever possible, all portable and/or attractive equipment, plant and machinery that belongs to the Council must be visibly and permanently marked to show that it is the property of Bradford Council. In the case of new equipment the Appropriate Officer must first check to ensure that marking will not invalidate the warranty. Leased items will be marked as such where marking is acceptable to the Lessor.

### **25 Control of Assets**

- 25.1 Appropriate Officers are responsible for the safekeeping and proper use of all Council assets and other resources under their control.

### **26 Private Property**

- 26.1 When an Appropriate Officer has to look after private property s/he must make a complete inventory of the property under her/his custody and make arrangement for its safekeeping.

### **27 Private Funds**

- 27.1 Appropriate Officers must ensure that when an employee because of her/his job has to look after money that does not belong to the Council s/he must keep it separate from the Council's money and make arrangements for its recording and safekeeping.
- 27.2 A private fund can only be set up with the approval of an Appropriate Officer.
- 27.3 Private funds must be audited every year by two independent individuals or one CCAB qualified accountant. Copies of the audited accounts must be sent to the Appropriate Officer.
- 27.4 The Strategic Director Corporate Services can see all records and vouchers for private funds. S/he must be told of any funds which do not comply with all these requirements.

## **28 Land and Buildings**

- 28.1 Appropriate Officers must consult with the Strategic Director Corporate Services before acquiring or disposing of land or buildings by whatever means (purchase, sale, lease, tenancy or licence). The Strategic Director Corporate Services shall ensure compliance with all relevant current legislation, policies and protocols
- 28.2 The Strategic Director Corporate Services shall be consulted on the annual asset disposal plan and will approve all asset disposals before contract exchange.

## **29 Disposal of Assets**

- 29.1 When disposing of any other asset, Appropriate Officers must ensure the Council's Land and Property Disposal Policy and the Community Asset Transfer Policy is followed.

## **INFORMATION MANAGEMENT**

### **30 Computer and Information Management**

- 30.1 Appropriate Officers shall make adequate arrangements for the protection, identification, security, recording and proper use of all:
  - 30.1.1 Computer hardware/software and associated technologies owned by or accessible to the Council.
  - 30.1.2 Council information systems, manual and electronic, including the control of access to premises where information is processed.
- 30.2 Appropriate Officers shall have regard to the provisions of the British Standard Code of Practice for Information Security Management (BS 7799) or any replacement thereof for the time being in force when considering the protection and security of personal, financial, sensitive and confidential information.

- 30.3 All officers must comply with the Council's guidelines relating to the use of computer hardware, software, related technologies, E-mail and the Internet. [All Officers must undertake Information Governance update training annually.](#)

## **INSURANCE ARRANGEMENTS**

### **31 Insurance Cover**

- 31.1 The Strategic Director Corporate Services will arrange all insurance cover and keep a record of details.
- 31.2 Appropriate Officers must immediately tell the Strategic Director Corporate Services about:
- 31.2.1 New risks to be insured.
  - 31.2.2 Alterations to existing insurance cover required.
  - 31.2.3 Insured Assets which have been disposed of.
- 31.3 Each year Appropriate Officers must check that insurance cover is adequate.

### **32 Insurance Claims**

- 32.1 The Appropriate Officer, immediately s/he is aware of any loss, liability or damage which may involve a claim, must notify the Strategic Director Corporate Services who will negotiate and/or arrange settlement in accordance with any insurance arrangements made.

## **PENSION FUND**

### **33 Pension Arrangements**

- 33.1 The Governance and Audit Committee has legal and strategic responsibility for the West Yorkshire Pension Fund. The WYPF Joint Advisory Group and the WYPF Investment Advisory Panel have been established to support and assist the Governance and Audit Committee. All decisions of the Joint Advisory Group and the Investment Advisory Panel are reported to the Governance and Audit Committee.
- 33.2 The Director, West Yorkshire Pension Fund will control the management of the pension function in accordance with pension regulations and legislation, the decisions of the Joint Advisory Group, and the decisions of the Governance and Audit Committee.

- 33.3 The investment of the funds of the West Yorkshire Pension Fund shall be carried out by the Director, West Yorkshire Pension Fund in accordance with investment regulations, the decisions of the Investment Advisory Panel and the decisions of the Governance and Audit Committee. All investments shall be in the name of City of Bradford Metropolitan District Council on behalf of the West Yorkshire Pension Fund.
- 33.4 The Strategic Director Corporate Services is responsible for the preparation of the year end accounts for the West Yorkshire Pension Fund.

## **PUBLIC ACCOUNTABILITY REQUIREMENTS**

### **34 Rules for Officers**

- 34.1 An officer of the Council must not, in connection with her/his office of employment, accept any fee or reward whatsoever other than his/her proper remuneration.
- 34.2 An officer must not receive or give or offer any gift or bribe or personal inducements in connection with the Council's business.
- 34.3 An officer must not use Council property, assets or materials for other than the purposes of the Council. Permission of the Appropriate Officer must be sought for use of Council property, assets and materials for other purposes and such permission may only be given if it can be shown that such use is in the Council's interests.
- 34.4 An officer must not subordinate his/her duty to the Council to his/her private interests or put herself/himself in a position where her/his duty and private interests conflict.
- 34.5 If any officer suspects or knows of any financial loss or irregularity they must inform the Corporate Fraud Unit immediately.
- 34.6 An officer must comply with the Employee Code of Conduct.

### **~~35 Cashing of Cheques~~**

- ~~35.1 The cashing of personal cheques (whether drawn against the Council's bank account or any other) by any officer is prohibited except with the specific approval of the Strategic Director Corporate Services.~~

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