



**BRENTWOOD
BOROUGH COUNCIL**

Financial Regulations

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The Financial Regulations, as set out here, provide the overall key control framework to enable the organisation to exercise effective financial management and control of its resources and assets.

The Council is committed to the delivery of quality services and so needs to be responsive to the changing demands and expectations of its customers.

The Council is committed to improving the lives of our residents and creating opportunity and prosperity for local people and businesses.

In support of this commitment, the Council's financial management framework needs to be relevant and flexible enough to meet the challenges ahead. The change from the traditional role of local government to one of community leader and place-shaper involved with greater partnership working, have had a major influence on the delivery of local services. The significant reductions in Government grant experienced by the council in recent years have forced the Council, and indeed the whole of local government, to radically rethink and transform the delivery of services. The Financial Regulations provide the financial controls and procedures necessary to address the demands on local government and create the financial environment in which the Council's ambitions can be delivered.

The regulations also provide clarity about the financial accountabilities of individuals - Members, the Chief Executive (the Head of Paid Service), the Monitoring Officer, the Strategic Director Finance (Section 151 Officer), other Directors and staff in general. These Regulations are therefore formally approved by the Council as a key part of the Constitution.

Another key purpose of the regulations is to support and protect Members and staff in the performance of their duties where financial issues are involved. The Strategic Director Finance is authorised to provide a comprehensive set of Financial Procedure Notes (FPNs) to support the formal Regulations and to facilitate the operation and application of the Council's financial management arrangements. Like the Regulations themselves, the FPNs are regularly reviewed and updated to meet changing circumstances and the changing requirements of the Council. The FPNs are available on the intranet.

These Regulations need to be read in conjunction with the remainder of the Constitution and any other regulatory documents of the Council. Please address queries or comments regarding the Council's Financial Regulations and Financial Procedure Notes to the Strategic Director Finance (the Section 151 Officer).

Interpretation

In the regulations	Interpretation
People Chief Executive Officer (CEO) CLT Corporate Leadership Team (CLT) Corporate Manager (Accounts and Assurance) Deputy 151 Officer Director Director of People and Governance Head of Paid Service MO Monitoring Officer (MO) Section 151 Officer Strategic Director Finance	Head of Paid Service Corporate Leadership Team CEO, Strategic Directors, Directors Deputy 151 Officer Corporate Manager (Accounts and Assurance) CEO, Strategic Directors, Directors Monitoring Officer (MO) Chief Executive Officer (CEO) Monitoring Officer Director of People and Governance Strategic Director Finance Section 151 Officer
Meetings Finance Committee Policy Committee Audit Committee	Finance and Resources Committee As set out in the council's constitution Audit, Governance and Appointments Committee

1. Financial Administration

WHY ARE THESE REGULATIONS IMPORTANT?

It is important that the Council has a sound and effective financial management framework in place to safeguard the organisation's financial arrangements and activities, to support staff and to manage risk. The Local Government Act 1972 Section 151 requires the Council to nominate one of its Officers to be responsible for the proper administration of its financial affairs. The Officer so appointed is the Strategic Director Finance. Financial Regulations form part of the Council's corporate governance arrangements and provide a control framework through which the Strategic Director Finance carries out his statutory duty as the Section 151 Officer on behalf of the Council.

1.1. Application of Financial Regulations

- 1.1.1. Financial regulations provide the framework for managing the council's financial affairs. They apply to every Member and Officer of the council (including contract and temporary staff) and anyone acting on its behalf.
- 1.1.2. The regulations identify the financial responsibilities of Council, all the Council's Committees, the Chief Executive (who is also the Head of Paid Service), the Strategic Director Finance, Service and Budget Managers and all staff in general.
- 1.1.3. References in these Regulations to Service and Budget Managers also apply to the Chief Executive and all Directors and shall in every case be considered as referring to authorised persons acting on their behalf (whether authorised to do so or not). The Strategic Director Finance (who is also the Section 151 Officer) has a nominated Deputy who has authority to act on their behalf. In certain cases, as specified in these Regulations, Service and Budget Managers are required to maintain a written record where decision making has been delegated to members of their staff, including seconded and temporary staff.
- 1.1.4. These Regulations apply equally to any service conducted by the Council on behalf of any other authority, body or person, and to all external agencies and their employees incurring expenditure or receiving income on behalf of the Council. Accordingly, Members and Service and Budget Managers shall ensure that partnership and other arrangements with external parties are not set up to operate in conflict with these Regulations as far as this Council's involvement is concerned.
- 1.1.5. **All Members and staff have a general responsibility for taking reasonable action to provide for the security of any assets under their control, and for ensuring that the use of these resources is legal and properly authorised, and that economy, efficiency and effectiveness are always secured.**
- 1.1.6. Any action, which is an exception to these Regulations, may only be approved in **exceptional circumstances** by the Strategic Director Finance in consultation with the Chief Executive and a report setting out the reasons for such action shall be submitted to the next available meeting of the Finance Committee.

- 1.1.7. These Regulations shall apply until such time as they are rescinded, amended, or suspended by Council.
- 1.1.8. The Regulations are supported by a set of Financial Procedure Notes (FPNs) which provide more detailed directions on the arrangements to be complied with at an operational level.
- 1.1.9. **All Officers who have responsibility for a budget or financial decision making shall be required to demonstrate appropriate financial competencies. The methods by which such competence is demonstrated may involve internally delivered training, external certification or any other approach agreed by the Strategic Director Finance. Financial competencies shall be included in all relevant job descriptions and person specifications and demonstration of such shall form part of all recruitment activity and of the council's overall performance management framework.**

2. Internal Controls

WHY ARE THESE REGULATIONS IMPORTANT?

The functions of the Council are diverse and therefore to ensure delivery of the Council's strategic objectives, a framework of internal controls is required.

The Council has statutory obligations and therefore requires internal controls to identify, meet and monitor compliance with these obligations.

Moreover, the Council is required to produce an Annual Governance Statement (AGS). The Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accounting) Delivering Good Governance in Local Government Framework (2016). The AGS is produced following a review of the Council's governance, risk management, counter fraud and internal control arrangements and explains how Basildon Borough Council delivers good governance against the seven key principles of good governance. It also reviews the effectiveness of these arrangements and includes an action plan to address any significant governance issues identified.

2.1. Financial Framework

2.1.1. Council and Members' have responsibility for the overall management of the Council's financial affairs which is exercised through:

2.1.2. Council Meetings – The Council is responsible for:

Agreeing and approving the budget for the Council; and
Adopting and changing the constitution, of which these regulations form part; and
Approving the Council's Capital and Investment Strategy

2.1.3. Finance Committee is responsible for:

Formulating budget proposals in accordance with the Budget and Policy Framework, including capital and revenue spending in accordance with the Council's priorities and make recommendations to Council for approval. Discharging its functions in accordance with the policy framework and budget.

2.1.4. Audit Committee has right of access to all information it considers necessary. It is responsible for:

Reviewing governance and internal control arrangements and bringing any matters requiring further review or action to Council or Finance Committee.

Monitoring compliance with these financial regulations.

Approving and monitoring the delivery of the internal audit activity of the Council and can consult directly with internal and external auditors; and

Undertaking the Council's responsibilities under the [Accounts and Audit Regulations 2015](#). This includes approving the statement of accounts. The committee ensures that

the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it. The committee also monitors the effective development and operation of risk management within the Council.

2.2. Internal Control

2.2.1. Internal control is a set of rules, procedures, processes, and the use of segregation of duties implemented by the Council to ensure the integrity of financial and accounting information, promote accountability, and prevent errors or omissions. Internal controls provide assurance and aid compliance with laws and regulations, prevent fraud, and improve operational efficiency by ensuring that capital and revenue budgets are adhered to, policies are followed and that accurate financial reports are provided to Service and Budget Managers, and Members.

2.2.2. The Council is required to produce an Annual Governance Statement (AGS). The Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The AGS is produced following a review of the Council's governance, risk management, counter fraud and internal control arrangements and explains:

How the Council delivers good governance against the framework in the year being reported upon.

Details improvements made in the previous years against the action plan; and

Provides an action plan to enhance governance issues identified in the year ahead.

2.2.3. The Authority faces a wide range of financial, administrative, and commercial risks, from both internal and external factors, which need to be managed to enable the Council to achieve its objectives. Internal controls are necessary to manage these risks in line with the Council's risk appetite.

2.2.4. A system of internal controls is established to provide measurable achievement of:

- Efficient and effective operations,
- Reliable financial information and reporting,
- Compliance with laws and regulations, and
- Risk management.

2.2.5. Advice and guidance on an appropriate internal control environment can be obtained from Internal Audit.

2.2.6. A transparent framework of financial management accountability, responsibilities and decision making is essential to the effective management of the Council's financial affairs. All Members and Officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public money.

2.3. Accounting Arrangements

2.3.1. Strategic Director Finance (Section 151 Officer)

The Strategic Director Finance is the council's designated Section 151 Officer ([Section 151 of the Local Government Act 1972](#)) who has statutory duties in relation to the financial administration and stewardship of the Authority. This responsibility cannot be overridden. The statutory duties arise from:

[The Local Government Finance Act 1988.](#)
[The Local Government and Housing Act 1989.](#)
[The Local Government Finance Act 1992.](#)
[The Local Government Act 2000.](#)
[The Local Government Act 2003.](#)
[The Accounts and Audit Regulations 2015.](#)
[The Localism Act 2011.](#)
[The Local Government Finance Act 2012.](#)
[The Audit & Accountability Act 2014.](#)

- 2.3.2. Guidance on the role of the Section 151 Officer is also given by the Chartered Institute of Public Finance & Accountancy (CIPFA) in the paper entitled 'The Role of the Chief Financial Officer in Local Government'.
- 2.3.3. The Strategic Director Finance (Section 151 Officer) shall nominate a qualified member of staff to deputise for them in their absence.
- 2.3.4. The Strategic Director Finance is responsible for:
- The proper administration of the Authority's financial affairs.
 - Setting financial management standards and monitoring compliance with them.
 - Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
 - Arranging Financial Management training for Members, budget holders and all staff as appropriate to their roles and responsibilities.
 - Providing accurate and timely financial information.
 - Preparing the Capital and Investment Strategy
 - Preparing the revenue budget and Capital Programme.
 - Reporting on the robustness of estimates made for the purposes of preparing budgets and the adequacy of the proposed financial reserves; and
 - Preparing a budget outturn report to Members post the year end highlighting key variances and their root cause.
 - The execution and administration of treasury management decisions in accordance with the Council's policy statement and CIPFA Treasury Management Practices (TMP's) policy and guidance.
 - Authorising virements between budget heading above the delegated threshold and all virements between pay and no pay budgets or vice versa.
 - Preparing and reporting to Council where expenditure obligations cannot be maintained within existing budgets and a supplementary estimate would be required.
 - Preparing the Council's Annual Statement of Accounts in accordance with all applicable codes of practice on Local Authority accounting.
 - Reviewing all Council and Committee reports where financial data is included of actions and decisions will have financial implications and obligations.
 - Determining the council's council tax base¹

¹ [Delegated by decision of Council 27 January 2016](#)

2.3.5. The Strategic Director Finance may allocate their day-to-day responsibilities to an appropriate representative in accordance with the approved Scheme of Delegation Authority to Officers and the Schedule of Financial Authority to Officers (the Authorised Signatory List).

2.3.6. The Strategic Director Finance shall report to the Council, Finance Committee, Audit Committee and the external auditor in fulfilment of the statutory obligations under [Section 114 of the Local Government Finance Act 1988](#) or otherwise if the Authority or any of its Officers:

Has made, or is about to make, a decision which involves incurring unlawful or unauthorised expenditure.

Has taken, or is about to take, an unlawful or unauthorised action which has resulted or would result in a loss or deficiency to the Authority; or

Has made or is about to make an unlawful or unauthorised entry in the Authority's accounts.

2.3.7. The Strategic Director Finance shall assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective operations, financial stewardship, effective risk management, probity and compliance with laws and regulations. Arrangements will include a review of all council and committee papers to ensure that any financial implications of the proposed decisions are appropriately set out.

2.3.8. The Strategic Director Finance shall ensure that there are effective and properly resourced internal audit and risk management functions, that key controls are operating effectively and that controls are recorded and managed within an effective risk management framework.

2.3.9. The Strategic Director Finance shall:

Make satisfactory accounting arrangements for all financial transactions of the Council, including for any joint ventures or Council controlled companies, in consultation, where necessary, with the Corporate Leadership Team and Members.

Make safe and efficient arrangements for the receipt and payment of the Council's money.

Address weaknesses in the financial control framework identified by External or Internal Audit in a timely manner; and

review such arrangements periodically.

2.4. Service and Budget Managers

2.4.1. **All** Service and Budget Managers, including those employed in joint ventures and Council controlled companies shall ensure that:

- Managerial control systems operate effectively throughout their service areas. These will include the defining of policies, the setting of objectives and plans, the monitoring of financial and other performance, and the taking of appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities and ensuring staff have a clear understanding of the consequences of any lack of control.

- Financial and operational control systems and procedures operate effectively throughout their service areas. These will include physical safeguards for assets, segregation of duties, checking and authorisation procedures and information systems.
- The approval of the Strategic Director Finance is sought on any matter liable to affect the Authority's finances materially before any commitments are incurred.
- Members of all Committees are advised of the financial implications of all proposals and that these have been previously agreed by the Strategic Director Finance.
- Purchase Orders are issued, and contracts are duly signed on behalf of the Authority;
- Key controls and control objectives for internal control systems are reviewed regularly to be confident as to the proper use of resources, achievement of objectives and management of risk.
- Processes are managed to check that established controls are being adhered to and are effective.
- Existing controls are reviewed in the light of changes affecting the Authority and new controls are established and implemented in line with guidance from the Strategic Director Finance.
- Controls which are no longer necessary or no longer cost or risk effective, are removed in consultation with the Strategic Director Finance; and
- Assurance over the control environment is provided as part of the governance assurance framework.

3. Financial Planning and Budgeting

WHY ARE THESE REGULATIONS IMPORTANT?

The Council is responsible for producing an overall policy framework. The purpose of the framework is to explain overall priorities and objectives, and ensure that resources follow the identified priorities, agreed service levels and proposals for improvement. The revenue budget is important in this context because, together with the capital programme and the levels of reserves, it expresses the approved policies and service levels of the Council in financial terms.

Once approved, the revenue budget confers authority to incur expenditure to achieve the aims and objectives of the Council. If expenditure plans cannot be met within the approved budget, then they can only proceed with an approval to divert funds.

The revenue budget and the capital programme together express the approved policies and service levels of the Council in financial terms. It is important to ensure that the Council achieves maximum economy, efficiency and effectiveness from the use of its capital resources and directs those resources into the agreed priority areas.

3.1. Annual Budget and Medium-Term Financial Plan

- 3.1.1. The Strategic Director Finance shall prepare annually a Medium Term Financial Plan and Strategy covering, as a minimum, the following five financial years., for Council approval, to provide an estimate of resources available to the Council and identify budget pressures.
- 3.1.2. Proposed budgets over periods of one year or longer shall be prepared by Service and Budget Managers in consultation with the Strategic Director Finance to reflect the cost of delivery of the Council strategic and operational target along with service delivery in accordance with legislation and approved policy and procedures, including defined service standards and charters.
- 3.1.3. The Corporate Leadership Team shall recommend an annual budget to Finance Committee that includes the following:
 - Annual capital and revenue budget for both the General Fund and HRA
 - Proposed contingencies, general reserves and specific reserves.
 - Council Tax requirement.
 - Capital and investment strategy, and borrowing limits; and
 - The Strategic Director Finance statutory declaration on budget setting.
- 3.1.4. Budget management and monitoring will ensure that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account Managers responsible for defined elements of the budget. A quarterly update on the current year budget will also be provided and approved by Members if appropriate and required.

3.2. Capital Budget

3.2.1. The Capital budget produced annually shall include:

A capital programme for each financial year for both the General Fund and Housing Revenue Account.

A future indication of a capital programme over at least a four-year period; and

The recommended funding methods for the programme (including the use of borrowing, capital receipts, revenue, or other financing methods).

3.2.2. Following the approval of a capital programme, and subject to any conditions specified in that programme, or specified by the Strategic Director Finance, the relevant Service or Budget Managers shall take all appropriate action to carry into effect the approved schemes, within the budget and timescale agreed in the capital programme.

3.2.3. Any material variation in cost or timescale shall be reported to the Strategic Director Finance, Corporate Leadership Team and Members (on a quarterly basis) who will all monitor capital expenditure once budgets are approved by Council. If a project has not started within the specified period, being one year behind the intended start date it will require resubmitting before proceeding.

3.2.4. Any report for a project or policy of a capital nature shall include details of:

- The estimated cost of the proposal.
- Any phasing of the capital expenditure.
- The proposed method of financing, whether by loan, revenue or otherwise.
- The effect on the revenue estimates in the first and subsequent years.
- The additional staff and grades and full costs required both initially and ultimately.
- An assessment and measurement of the need for the scheme and the benefits it will produce.
- A technical and financial appraisal of the alternative approaches to meeting the need; and
- The key risk the capital scheme poses and their mitigation arrangements.

4. Financial implications in reports

WHY ARE THESE REGULATIONS IMPORTANT?

Member decisions should be made on the basis of sufficient and accurate information ensuring that both the financial and risk management implications of a decision are properly considered. This section sets out the requirements for the provision of financial information in reports to Members.

- 4.1. All financial and risk management implications must be detailed within reports for Members and be validated by Strategic Director Finance prior to their progression through the approval process. Informal advice to Members shall also have regard to these arrangements.
- 4.2. All comments and observations made by the Strategic Director Finance (or delegate) must be considered by the report author. Where the author decides not to reflect such advice in the report this should only be done after consultation with the Strategic Director Finance (or delegate).**
- 4.3. Reports shall only be put before the Council or Committees if both the financial and risk management implications for the Council have been considered and presented fairly in the report.
- 4.4. Consultation shall take place as appropriate between the authors of reports, the Strategic Director Finance, and any other members of CLT affected, in good time for any financial and risk management implications to be properly identified.
- 4.5. Report authors shall follow the guidance set out in FPN 1 'Financial Implications Advice to Members' when drafting the financial implications section of their report.
- 4.6. Where there are no financial or risk management implications or they are negligible, the report shall say so.

5. Reserves Policy

WHY ARE THESE REGULATIONS IMPORTANT?

It is important that the Council has a policy setting out its approach to reserves. It is also a requirement of Sections 32 and 43 of the [Local Government Finance Act 1992](#) that each local authority has regard to the level of resources needed to meet estimated future expenditure when calculating its annual Council Tax requirement.

This policy also has regard to [CIPFA Bulletin 13](#) 'Local Authority Reserves and Balances'.

All reserves form part of the General Fund. The Housing Revenue Account balance is specifically ring fenced for use in connection with that account.

The Strategic Director Finance has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on reserve balances represent proper stewardship of public funds.

- 5.1. It is a requirement of the CIPFA Financial Management Code that the Council has a policy setting out its approach to reserves and balances. It is also a requirement of Sections 32 and 43 of the [Local Government Finance Act 1992](#) that each local authority has regard to the level of resources needed to meet estimated future expenditure when calculating its annual Council Tax requirement. All reserves and balances form part of the General Fund apart from the Housing Revenue Account balance which is specifically 'ring fenced' for use in connection with that account.
- 5.2. As there is no specified minimum level of reserves / balances that an authority should hold, it is the responsibility of the Strategic Director Finance to advise the Council about the level of reserves.
- 5.3. The Council shall maintain the following types of reserves:
 - 5.3.1. General reserves/balances - to manage the impact of uneven cash flows and unexpected events or emergencies. The general reserves/balances do not have any restrictions as to their use; and
 - 5.3.2. Earmarked reserves - sums set aside from time to time to meet known or predicted specific requirements, exceptional risks and uncertainties.
- 5.4. The Council may maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices, including grant funding. These reserves, which may not be resource-backed and cannot be used for any other purpose, will be specified, including in year movements, by the Strategic Director Finance in the Annual Financial Report.
- 5.5. The Strategic Director Finance will advise the Council on the principles to assess the adequacy of reserves / balances. In considering the level of general reserves / balances, the Strategic Director Finance will have regard to:
 - The strategic financial context within which the Council will be operating through the medium-term.
 - The overall effectiveness of governance arrangements and the system of internal control.
 - The robustness of the financial planning and budget-setting process.
 - The effectiveness of the budget monitoring and management process; and having had regard to these matters, the Strategic Director Finance will advise the Council on the monetary value of the required general reserve/balances.

5.6. In exceptional circumstances, the actual level of the Council's reserves / balances may happen to or may be allowed to fall below the level that was considered appropriate. This may be consistent with the need to meet short-term unforeseen expenditure. However, the actual level will be monitored against reserves / balances outlined in the Council's Medium Term Financial Plan and Strategy.

5.7. General reserves – basis of transactions

5.7.1. If it is deemed necessary to utilise part of the General Reserves (or HRA balance) the following approvals shall apply on a cumulative basis annually:

Up to £99,999		By the Strategic Director Finance
£100,000	to	By the Finance Committee
£250,000		
£250,000 and over		By Council

5.7.2. All such approvals shall be accompanied by proposals to replenish the general reserves.

5.8. The Strategic Director Finance will report the use of the general reserves to the next available Council.

5.9. Carry forward of budgets from previous financial years (revenue and capital) shall be approved by the Strategic Director Finance.

5.10. Establishing and Utilising Earmarked Reserves

5.10.1. When establishing earmarked reserves, compliance with the Code of Practice on Local Authority Accounting and the need to distinguish between reserves and provisions must be complied with.

5.10.2. The CIPFA Code of Practice states that for each reserve established, the purpose, usage and the basis of transactions should be clearly identified.

5.10.3. The Council may create new or add to earmarked reserves at any time. The following approvals apply in respect of the initial balance to be placed in the reserve:

Up to £500,000	Strategic Finance	Director
Over £500,000	By the Committee	Finance

5.10.4. The approval for establishing the earmarked reserve should include the following information:

- The reason for creating the reserve.
- The source of funds used to establish the reserve (e.g. budgeted amounts, from any budget surplus)
- The proposed further transfers to the reserve (if any)
- A clear statement of how and when the reserve can be used. Without a clearly defined purpose and clearly defined usage there will be ambiguity over the application of reserves.

5.10.5. The Strategic Director Finance will be responsible for managing the earmarked reserve (including altering the year-to-year profiling if required) and will have delegated authority, to be exercised in accordance with the requirements of the Financial Regulations, for approval of budget allocations in accordance with the purpose of the reserve, although day to day management of the reserve may be delegated to a specific officer.

5.10.6. Such use of earmarked reserves will be reported to the Finance Committee.

5.10.7. Use of an earmarked reserve for any purpose not in accordance with the purposes for which it was established must be approved in accordance with the requirements for use of general reserves

5.10.8. Once an earmarked reserve has fulfilled the purpose for which it was established the Strategic Director Finance shall advise the Finance Committee on whether the balance should be allocated to another similar purpose reserve or surrendered to the Council's overall reserves.

5.11. Reporting of Reserves

5.11.1. The Strategic Director Finance will monitor the overall reserves position and report such to the Finance Committee through normal budget monitoring reports as and when required.

- As part of the budget setting report to Council the Strategic Director Finance will include:
- A statement of movements in reserves for the year ahead and the following 5 years (or more if necessary).
- A statement of the adequacy of general reserves and provisions in the forthcoming year.

6. Budget Monitoring and Control

WHY ARE THESE REGULATIONS IMPORTANT?

Budgetary control ensures that once Council has approved a revenue budget or a capital programme, the resources allocated are used for their intended purposes, i.e. the agreed priority areas, and are properly accounted for. It is a continual process, enabling the Council to review and adjust its budget targets during the financial year to make the most effective use of resources in delivering the Council's policies and objectives. The budgetary control framework also sets out the accountabilities of managers for defined elements of the budget.

By continually identifying and explaining variances against budgets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

Each service is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other priorities or to support any savings requirements. The mechanisms described here provide for switching funds between budgets, including contingencies and reserves, where required to maintain service levels and achieve policy objectives.

Members of CLT are responsible for alerting the Strategic Director Finance to any issues with the potential to affect revenue or capital budgets or resources in the current year or future years, and where significant the Strategic Director Finance shall report such matters to the Finance Committee at the appropriate time.

Performance reports, including the outcomes of budget control activities, are submitted to the policy committees as appropriate as part of the Budget Monitoring process highlighting any significant budget variances.

6.1. Budget monitoring will operate on a hierarchical basis through Service and Budget Manager, Directors, the Strategic Director Finance, Corporate Leadership Team and Members. Reporting will be monthly to CLT and quarterly basis Finance Committee from Months 3 to 9 followed by an outturn report after the year end.

6.2. The Strategic Director Finance has overall responsibility for budgetary control arrangements, including providing training to Service and Budget Managers. Operational budgetary control is delegated to individual Service or Budget Managers. The responsibilities of any officers managing budgets are:

- For the budgets and programmes allocated to them, for delivering the levels of service on which they were based, and for compliance with their financial obligations.
- For monitoring levels of service and performance within services,
- For proactively seeking savings to offset potential or actual overspends (or under recovery of income) within their allocated budgets and cost centres and/or to meet future budget gaps and/or to be redirected to agreed political priorities.
- For working with Finance Business Partners to manage their budgets and notifying any actual or potential overspend where it cannot be contained within funding limits set for the financial year.
- For providing any additional information the Strategic Director Finance may require.

6.3. In no circumstances shall Service or Budget Managers:

- Use staffing budgets to fund non pay costs without the express written approval of the Strategic Director Finance.
- Use non pay budgets to fund staff costs without the express written approval of the Strategic Director Finance.
- Make or commit the Council to any costs in future years, unless there is approval and funding available.

6.4. Virement

- 6.4.1. A 'virement' is: "planned transfer of a budget for use in a different purpose to that originally intended". This does not include budgetary overspends or under collection of income.
- 6.4.2. Subject to appropriate consultation, budget allocations may be moved (vired) between revenue budgets or between schemes within the Capital Programme for the purpose of maintaining approved service levels and / or responding to unforeseen budget pressures and / or meeting any efficiencies target, by Service or Budget Managers in consultation with and subject to the approval of the Strategic Director Finance or officer delegated by them.

7. Procuring and Paying for Works, Supplies and Services

WHY ARE THESE REGULATIONS IMPORTANT?

The letting of council contracts should be done with demonstrable transparency and in accordance with Council policies, including the policy on counter fraud and corruption. It is essential for maintaining public confidence that the Council and its Officers are seen to act with complete fairness and impartiality in the letting of contracts.

The Council has a statutory duty to achieve value for money through economy, efficiency and effective use of resources. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

These Regulations should be read in conjunction with the Council's Contract Procedure Rules, its Corporate Procurement Strategy, and the Council's Employee Code of Conduct.

7.1. Purchase orders and contracts

7.1.1. All goods and services must be procured in accordance with the Contract Procedure Rules and Purchase Ordering Processes. **The Contract Procedure Rules provide for all contracts (including those made by purchase order) more than £249,999 to be approved by the appropriate policy Committee.**

7.1.2. Members of CLT may, therefore, commit expenditure in respect of goods and services up to a value of £249,999 if they do so in accordance with the requirements of these Regulations. They must establish that there is sufficient budget provision to cover the costs before the goods or services are procured. If there is no budget, or insufficient budget, then procurement cannot proceed until such time as there is, and funding is approved in accordance with these Regulations.

Further delegation is as per the council's scheme of delegation.

7.1.3. Temporary arrangements to cover the absence of any individual should be communicated in writing to the Chief Financial Officer with defined start and finish dates. Such arrangements should be authorised by the relevant Corporate Leadership Team member or Corporate Manager.

7.2. Other Expenditure

7.2.1. The Council makes payments to other bodies and individuals that are not in respect of the receipt of goods or services. Where these payments are not more than £249,999 the scheme of delegation for goods and services set out above applies. Where they do exceed £249,999 authority to approve these payments is set out below. The authority is unlimited except where stated otherwise. Such authority can only be exercised where all relevant requirements of these Regulations and of the Council's constitution have been met.

7.2.2. Deputy Section 151 Officer

- Precept payments to major and local precepting bodies including such additions and deductions as required by agreements between the bodies e.g. council tax sharing agreement

- Payments to the Government in respect of statutory schemes e.g. pooling of housing capital receipts
- Payments made to any other Authority under the provisions of an approved business rates pooling scheme
- Payments made to Essex County Council in respect of the pension deficit

7.2.3. Director of People and Governance

- All salary and allowances
- All payments to third parties in respect of statutory and other deductions from pay
- All other payments related to employment or post-employment

7.2.4. Strategic Director Finance/ Director of People and Governance

- All payments relating to matters settled as the result of legal activity

7.2.5. Strategic Director Finance and Deputy Section 151 Officer

- All other payments of this nature (and those allocated to other officers above)

7.2.6. The nominated officer may delegate the authority provided above to any other officer. Such delegation should be communicated in writing to the Strategic Director Finance and such delegation shall cover all such payments irrespective of value.

7.2.7. All orders will be placed through the Council purchase order payments systems which is hard coded to ensure segregation of duties and ensure compliance with delegated financial limits. Segregation of duties in this area ensure that officers making an order request (requisition) are not also authorising the order. This will be the appropriate Service or Budget Manager and their line Manager where the Service or Budget Manager generates the order. No invoice will be paid by Finance unless an order has been raised by the relevant Service.

7.3. Service Managers and budget holders shall:

- 7.3.1. Ensure works and services are not delivered, unless at the contractor's own risk before a Purchase Order or contract have been authorised and issued.
- 7.3.2. consult with the Strategic Director Finance and / or the Procurement Officer to ensure every contract has an appropriate clause to cover financial and insurance requirements, and to provide sufficient security for due performance.
- 7.3.3. Put in place adequate procedures for the effective cost control of all contracts; then
- 7.3.4. Ensure all contracts are entered onto the Council Contract Register (available on the Council website), which will be maintained by the Procurement Officer.

7.4. Minor items of expenditure, up to a limit set for each authorised card holder may be paid on procurement/credit cards by officers authorised to hold a card. All cardholders must comply with the Council's Procurement/Credit Card Policy, which is available on the Council's intranet, non-compliance will result in the card being cancelled.

7.5. Service and Budget Managers shall put in place adequate systems for verifying the performance of work or the receipt of supplies and services. Controls shall be established to ensure that:

- 7.5.1. Work completed or supplies and services received are as specified.
- 7.5.2. Quality or workmanship was of the required standard; and
- 7.5.3. Appropriate entries are made in inventory, stock or other records.
- 7.6. Service and Budget Managers shall make adequate and effective arrangements approved by the Strategic Director Finance for checking and certifying invoices and other requests for payment without undue delay. Unless there is a dispute with the supplier the Council will pay the supplier within 30 days, unless payment terms state otherwise. The formal and standard payment terms are 30 days from the date of the supplier's invoice.
- 7.7. Creditor payment runs will be checked and validated by officers within the Finance Team who are not involved in procurement and purchasing thereby giving a further segregation of duties. Payment and BACS transmissions will be authorised by approved signatories to the Council's bank account in accordance with arrangements established by the Strategic Director Finance.

8. Treasury Management

WHY ARE THESE REGULATIONS IMPORTANT?

Treasury Management is in place to provide assurance that the Council's money and overall cash flow are properly managed, in a way that balances risk with return but with overriding consideration being given to the security of investments.

The signing of leases and other forms of credit can have a wider financial impact than just the rental payments. It is therefore necessary that the Strategic Director Finance be given the opportunity to evaluate the costs of any potential agreement before it is legally binding.

- 8.1. The Strategic Director Finance shall arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management, any relevant statutory guidance and the Council's capital and investment strategy.
- 8.2. The Strategic Director Finance shall prepare an annual capital and investment strategy regarding investments, borrowing and the repayment of external debt. The capital and investment strategy will include the following:
 - Borrowing requirement and strategy.
 - Investment policy and strategy.
 - Minimum Revenue Provision (MRP) statement.
 - Capital programmes and proposed financing thereof
 - Prudential indicators for the next three years providing assurance that the Council's capital plans are affordable, prudent and sustainable; and
 - The Treasury Management Policy Statement.
- 8.3. Reporting on Treasury Management matters to the Corporate Leadership Team and Members will be on a quarterly basis in line with the CIPFA Code of Practice on Treasury Management.
- 8.4. The Strategic Director Finance shall maintain in writing a list of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them (the Authorised Signatories List).

9. Staffing, Employment and Pay (including expenses)

WHY ARE THESE REGULATIONS IMPORTANT?

Staffing costs are the largest single item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due 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 paid in accordance with the scheme adopted by Council.

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe. It is therefore important for all Officers to be aware of their role.

9.1. The Chief Executive (as the Head of Paid Service) is responsible for the administration of all arrangements for the payment of existing and former employees including:

- Salaries and wages.
- Other emoluments (excluding pensions which are scheme obligations) including overtime.
- Car loans and leased vehicles.
- Travel and subsistence; and
- Any honorariums, ex-gratia or redundancy payments

9.2. All payroll documents shall be authorised by an approved officer and no employee shall certify their own documents. All payroll records or other pay documents shall be in a form approved by the Strategic Director Finance and shall be certified by the employees designated Line Manager and / or Budget Holder as appropriate.

9.3. It is also important that all payments are accurately and completely recorded and accounted for, and that Members' allowances are paid in accordance with the scheme adopted by the Full Council.

9.4. The Director of People and Governance will put in place controls to ensure that:

- 9.4.1. Staff are only recruited to authorised posts for which there is designated post number and budgetary approval;
- 9.4.2. Funding for the post recruited to is available at both Councils, bearing in mind the fact that the cost of the post is split between multiple Councils;
- 9.4.3. All employees have a signed contract of employment and a job description;
- 9.4.4. Only duly documented and authorised changes will be processed on the Personnel and Payroll Systems;
- 9.4.5. That before release the payroll is adequately checked and reviewed to ensure completeness and accuracy of the pay run, including the calculations of approved deductions from gross pay and employers on costs;
- 9.4.6. Member allowances and expenses are subject to the same control processes as applied to officer's payroll processing;
- 9.4.7. All payroll information and data will be restricted and adequately controlled from unauthorised access.

10. Income

WHY ARE THESE REGULATIONS IMPORTANT?

It is essential that all income due to the Council is identified, collected, receipted and banked promptly. To achieve this, it is necessary to put effective systems in place. Whenever possible income must be received in advance or at point of delivery as this improves the Council's cash flow and avoids the time and cost involved in administering debts.

- 10.1. The annual review of fees and charges will form part of the budget setting process. Service and Budget Managers shall, in consultation with the Strategic Director Finance, review all fees and charges at least annually in accordance with the guidance included in the Annual Budget Setting guidance issued by the Strategic Director Finance. Service and Budget Managers shall also ensure adherence and notification to the Strategic Director Finance of any fees and charges which are set by statute or subject to regulatory guidance and limits on any increase.
- 10.2. Segregation of duties will be maintained within the income collection process such that officers providing information, calculating, checking and recording sums due to or from the Council shall be separated as far as is possible from the duty of collecting such sums due, including debt recovery and write off.
- 10.3. Accounts for sums due may only be raised on the Council's corporate Sundry Debtors system unless alternative arrangements have been approved by the Strategic Director Finance.
- 10.4. Service and Budget Managers shall:
 - 10.4.1. Make adequate and effective arrangements for the prompt identification of all sums due to the Council;
 - 10.4.2. Secure payment in advance where this is accepted practice and appropriate e.g. Licensing;
 - 10.4.3. Make adequate and effective arrangements for recording all sums due accurately and in a timely manner in the Council's accounts;
 - 10.4.4. Service and Budget Managers shall make adequate and effective arrangements for the sums collected and banked to be reconciled with the records of sums due;
 - 10.4.5. Ensure cheque and cash income is only received where absolutely essential, with appropriate security, storage and arrangements to bank the income, in accordance with guidance issued by the Strategic Director Finance;
 - 10.4.6. Ensure appropriate payment routes are available to all stakeholder groups to maximise income collection, whilst being mindful that debit card payments are preferable to Credit Card payments in areas such as Housing Rent and service charges.
- 10.5. Money Laundering
 - 10.5.1. Any Service within the Council that receives cash from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness

of a cash transaction this must be reported to the Council's nominated Money Laundering Reporting Officer (the Strategic Director Finance), **without alerting the payer.**

10.5.2. Cash sums above £10,000 must not be accepted by any Council Officer.

10.5.3. Refer to the Council's Counter Fraud Policy and associated Guidance notes, for more information.

10.6. Debt management

10.6.1. Debt Management will be dealt with by the Housing Rents and Sundry Debtors staff and debts will be proactively managed to seek to recover income due to the Council whilst giving those in hardship payment plan options. Debt Management, including referral to outside Debt Collection Agencies will be documented in procedure notes approved by the Strategic Director Finance.

10.6.2. Debt write off will be considered in the following cases, only once all documented recovery actions have been carried out:

- The debt is uneconomic to pursue any longer (small amounts);
- The debtor has died and there are no available funds to settle the estates debts;
- The debtor cannot be traced (through a tracing company checking at least twice on two separate occasions – usually 6 months apart);
- The debtor has returned overseas or permanently left the United Kingdom;
- Collection is now time barred by statute; or
- The courts deem the debt unenforceable.

10.6.3. Debt write off will be reported annually to the Audit, Governance and Appointments Committee alongside historic data for comparison. Debt write off will be authorised as follows:

- Sundry Debtors Manager up to £1,000 per debtor;
- Senior Housing Manager up to £1,000 of current or former tenant arrears, including service charges;
- Any Council Debt up to £10,000 by the Strategic Director Finance in consultation with the relevant Service or Budget Manager; and
- Debtors over £10,000 by the Strategic Director Finance in consultation with the Chair of the Finance Committee

11. Banking Arrangements

WHY ARE THESE REGULATIONS IMPORTANT?

The Council has a duty to ensure that all moneys are properly safeguarded and only utilised for authorised purposes. It is therefore necessary to have controls to ensure the proper authorisation and control of all bank accounts, all payments made from them and all income deposited.

- 11.1. The Council has a duty to ensure that all money is properly safeguarded and only utilised for authorised purposes. The Council must also comply with the statutory money laundering regulations. It is therefore necessary to have controls to ensure the proper authorisation and control of all bank accounts, all payments made from them, and all income deposited.
- 11.2. The Strategic Director Finance is responsible for:
- 11.2.1. Opening, closing and operating all bank accounts, including those used for Treasury purposes, and related facilities in the Council's name;
 - 11.2.2. The opening, closing and operating of bank accounts and related facilities operated by Council Companies and Joint Ventures, where the Council's interest exceeds 50%;
 - 11.2.3. Approving arrangements for all communications with the Council's bankers concerning its bank accounts and any changes in banking arrangements; and
 - 11.2.4. Ensuring there are always sufficient authorised signatories to the Council's accounts.
- 11.3. All payments from the Council's bank accounts shall be, as far as is practicable, automated bank transfer but the Strategic Director Finance may exclude from this regulation such payments as he may consider appropriate.
- 11.4. Payment by Direct Debit and Standing Orders must be under arrangements authorised by the Strategic Director Finance.
- 11.5. Bank reconciliation is a fundamental Internal Control. The Strategic Director Finance shall regularly, at least monthly, ensure the reconciliation of the Council's bank accounts with the accounting records and promptly investigate any discrepancies. Treasury balances and bank accounts are to be reviewed and checked on at least a weekly basis, and validated to transaction documentation and discrepancies, including the non-receipt of interest, should be promptly investigated.

12. Property, Assets, Leases and Inventories

WHY ARE THESE REGULATIONS IMPORTANT?

The Council holds assets in the form of land and buildings, fixed plant, vehicles and machinery, furniture and equipment, software and data, cash and other items of value (e.g. stocks and stores, tickets and vouchers). It is important that assets are used efficiently in service delivery. Up to date records are a prerequisite for sound asset management.

- 12.1. All property owned or leased by the Council is held corporately or in the name of the appropriate Council company or joint venture. Resolution of disputes on property matters is overseen by the Chief Executive.
- 12.2. The Director of Assets and Investments is responsible, in consultation with other Service Managers, for the compilation and maintenance of an Asset Register covering land and property and other fixed assets. The function of the asset register is to provide the Authority with information about fixed assets so that they are safeguarded, used efficiently and effectively, and are adequately maintained.
- 12.3. The acquisition, improvement and sale of any property assets will be detailed within the Capital Programme, including the use of any capital receipts, where it is unencumbered by any obligation. Asset Management and usage will be fully documented in the appropriate service Assets Management plans and strategies.
- 12.4. The valuation, acquisition, development and sale of any property will be carried out in line with the requirements of the Constitution and under arrangements approved by the Strategic Director Finance, alongside appropriate measures to ensure Best Value is obtained from public funds.
- 12.5. **Inventories** are to be maintained of items that are below the Asset Register threshold but, above a de-minimis level set in procedural guidance, need to be logged, recorded and periodically verified that they are still under Council control.
- 12.6. The requirements related to inventories apply to all Officers and Members and are:
 - 12.6.1. Inventories will be documented and maintained in accordance with procedures approved by the Strategic Director Finance.
 - 12.6.2. The Head of IT will maintain the IT hardware and software inventories.
 - 12.6.3. Service and Budget Manager will maintain inventories in their areas, excluding IT hardware and software.
 - 12.6.4. Service and Budget Managers will also log assets which, although below the de-minimis level, are attractive and desirable and therefore more prone to theft; and
 - 12.6.5. Inventories are to be checked annually prior to the year end and any discrepancies are to be reported to the Strategic Director Finance.
- 12.7. Leases are long-term financial obligations and commitments, extending over several financial years. The taking of a lease or other similar arrangements, including new or extended leases of land and property, may only be entered into with the consent of the

Strategic Director Finance. Such arrangements may be defined for this purpose as any lease, contract hire or other contract or series of contracts under which the use of an asset is obtained in exchange for a series of payments which extend beyond the end of the following financial year.

- 12.8. If the taking of the lease (or other similar arrangement) is in relation to real estate/property (i.e. land or buildings or rights associated) then the method of treatment of the costs may vary depending on the length of the agreement and whether a premium (lump sum) is paid and/or an annual rental/fee. No agreement relating to property or rights over property may be entered into (either taking or granting) without the consent of the Strategic Director Finance.
- 12.9. The Contract Procedure Rules shall apply to all finance lease or similar arrangements, including vehicle lease arrangements.

13. Security and Insurance

WHY ARE THESE REGULATIONS IMPORTANT?

It is important that tassets are adequately insured and that there are arrangements for the security of both physical assets and information required for service operations.

13.1. Security

13.1.1. The security of Council staff, building, equipment and documents is everyone's responsibility, including Officers, Members and other Stakeholders accessing Council sites.

13.1.2. All staff and particularly Service and Budget Managers shall make proper arrangements and ensure:

- The security of all buildings and compliance with access controls and restrictions in place;
- The security and safe custody of equipment and other assets under their control;
- The safe custody of all hard copy documents, particularly those with personal data detailed; and
- The security of computers and portable devices for which they have responsibility or used to access corporate systems.

13.2. Insurance

13.2.1. The provision of insurance cover is one of the major methods of responding to corporate and service risks identified under the Council's Risk Management arrangements (Section 5 of these Financial Regulations). Cover is arranged externally (with major insurance companies). Accurate record keeping and timely provision of information are essential if the Council's insurance cover is to be effective.

13.2.2. The Strategic Director Finance is responsible the following arrangement based on guidance from the Council's Insurance Officer and the Council's Insurers:

- effecting all insurance cover on a corporate basis, through external insurance or through internal self-insurance arrangements as they consider appropriate and maintaining proper records of these arrangements; and
- handling, negotiating, processing and settlement of all claims, in consultation with any external insurers where necessary.

13.2.3. Service and Budget Managers and Members shall notify the Strategic Director Finance, through the Insurance Officer promptly:

- of all new risks, properties, vehicles or other assets that require insurance;
- of any alterations to such risks or assets affecting existing insurances;
- should any of the Authority's assets be damaged, lost or stolen;

- of any loss, liability, damage or personal injury that may lead to a claim against the Authority.

13.2.4. Failure of the Council to appropriately notify the insurer may invalidate cover under the policies and shall provide any related information or explanation required within time scales determined by the Strategic Director Finance and/or relevant legislation.

13.2.5. Service and Budget Managers shall

- Ensure that no employee or other person covered by the Authority's insurances admits liability (orally or in writing) or makes any offer to pay compensation, because this may prejudice a proper assessment of the Council's liability;
- Maintain proper records relating to assets which require insurances effected by the Authority, under arrangements approved by the Strategic Director Finance
- Consult with the Strategic Director Finance and Insurance Officer and also seek advice from the Legal team on the terms of any indemnity that the Authority is requested to give; and
- Consult with the Strategic Director Finance to determine the minimum level of insurance cover required of any person or body (including all Council contractors and those bodies using Council land or facilities) to indemnify the Council or to effect insurance cover in accordance with the Council's requirements and shall check that appropriate insurance cover is in place.

14. Value Added Tax

WHY ARE THESE REGULATIONS IMPORTANT?

Value Added Tax (VAT) is a tax applied to many of the goods and services the Council either buys in or supplies to others. VAT therefore impacts on many of the Council's financial transactions. It is imperative that VAT is correctly charged on the supply of goods and services by the council. Whilst generally speaking the Council is able to reclaim the VAT it pays on buying in goods and services, this ability is limited in relation to certain types of services made by the Council. VAT is a very complex tax, particularly where it relates to land and property transactions and partnership arrangements. It is essential that the VAT implications of all major projects, partnership arrangements and land and property transactions be evaluated well in advance of commitments being made. If this is not done the Council could be faced with a substantial irrecoverable VAT bill that is both unplanned and unbudgeted. HM Revenues and Customs also have the power to impose penalties (fines) for late or non-compliance with VAT rules.

14.1. The Strategic Director Finance is responsible for the determination of all arrangements for the collection, recording, payment and recovery of VAT.

14.2. The Strategic Director Finance shall:

- 14.2.1. maintain complete and accurate accounting records of all the Council's VAT transactions.
- 14.2.2. submit the Council's VAT return to HM Revenues and Customs monthly in accordance with statutory deadlines.
- 14.2.3. prepare the Council's partial exemption calculation as at the end of each financial year and monitor the Council's partial exemption position quarterly.
- 14.2.4. submit the Construction Industry Scheme returns monthly in accordance with statutory deadlines.
- 14.2.5. prepare and submit Voluntary Disclosure Notices as necessary to HM Revenues and Customs and recover any revenues due.
- 14.2.6. conduct all negotiations with HM Revenues and Customs in respect of VAT matters affecting the Council and make appropriate decisions as a result of these negotiations.
- 14.2.7. exercise as appropriate the Council's option to tax in respect of land and buildings.
- 14.2.8. provide guidance, advice and training to Council staff on all aspects of VAT as they affect the Council.
- 14.2.9. publish and regularly update appropriate VAT guidance notes on the Council's intranet.

14.3. Members of CLT shall:

- 14.3.1. properly account for VAT on all transactions under arrangements determined by the Strategic Director Finance.

- 14.3.2. consult the Strategic Director Finance in all cases where the VAT treatment of any transaction is unclear so that the matter can be reviewed and appropriate treatment determined.
- 14.3.3. consult the Strategic Director Finance in all cases where new projects, schemes or services are proposed, well in advance of commitments being made, so that any impact on the Council's VAT position can be assessed, any necessary action taken to protect the Council's VAT recovery position and the financial implications of the proposal can be properly considered.
- 14.3.4. comply with any request from the Strategic Director Finance to cooperate with a VAT inspector and give access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.

16 Risk Management and Audit

WHY ARE THESE REGULATIONS IMPORTANT?

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit”.

Accordingly, internal audit provides one aspect of an independent and objective assurance in the review of the system of governance, risk management and internal control as a contribution to the proper, economic, efficient and effective use of resources. In fulfilling this responsibility the internal audit service must comply with the mandatory Public Sector Internal Audit Standards and Code of Ethics and CIPFA’s Statement on the role of the Head of Internal Audit.

The basic duties of the external auditor are governed by statute.

In fulfilling their responsibilities the external auditor works to a code of audit practice issued by the National Audit Office.

The Council may from time to time also be subject to audit, inspection or investigation by various other external bodies. Government department inspectorates and bodies such as HM Revenues and Customs have statutory rights of access. Rights of access are also sometimes granted under contractual arrangements, including partnerships where the Council is not the lead body. It is important that all Officers of the Council respond to external scrutiny in a timely, professional and helpful manner.

The Council faces numerous risks: to people (including its employees), to property, to its reputation and to continuity of service delivery. Risk management is the planned and systematic process by which risks and opportunities are identified, evaluated and controlled. Risk management seeks to protect the Council and enable it to achieve its stated aims and objectives. It is the responsibility of the Audit and Risk Committee on behalf of the Council to approve the Council’s Risk Management Policy and Strategy and to promote a culture of risk management awareness throughout the organisation.

This Section should be read in conjunction with that relating to Insurance

14.4. Risk Management

14.4.1. The Council faces numerous risks: to people (including its employees), to property, to its reputation and to continuity of service delivery. Risk is the threat that an event or action will adversely affect the Council’s ability to achieve its objectives and to successfully execute its strategies. This will include both external and internal risks. An opportunity is an event or action that will enhance the organisations’ ability to achieve its objectives and deliver approved strategies.

14.4.2. Risk Management is the planned and systematic process by which risks and opportunities are identified, evaluated and controlled. Risk management seeks to protect the Council and enable it to achieve its stated aims and objectives. It

also seeks to maximise the rewards that can be gained through effectively managing risk. It is the responsibility of the Audit, Governance and Appointments Committee to approve the Council's risk management Policy and Strategy and to promote a culture of risk management awareness throughout the organisation.

14.4.3. The Audit, Governance and Appointments Committee shall approve and promote the Authority's corporate risk management policy and strategy and receive periodic updates on Risk Management and the current Strategic Risk Register.

14.4.4. The Strategic Director Finance shall:

- develop risk management processes and procedures to assist in the identification, assessment, reduction and control of material risks and opportunities, in line with best practice and guidance including HM Treasury Orange Book on Risk Management;
- Undertake regular monitoring and review of the corporate, project, partnership and service arrangements for effective risk management; and
- Ensure that the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage of its resources, including IT systems through a cyber or hacking attack.

14.4.5. Service and Budget Managers are responsible for:

- Risk management within all areas under their control, including service, projects and partnerships, having regard to appropriate advice from the Strategic Director Finance;
- For carrying out regular reviews of risk and opportunity, reduction and maximisation strategies and the operation of appropriate controls (including business continuity plans) within their departments;
- Ensure that their service, project and partnership risk registers are appropriately updated on a regular basis, within the Council's approved system; and
- All Officers and lead Members shall promptly notify the Strategic Director Finance of all new risks and opportunities that are material, as they are identified.

14.5. Internal Audit

14.5.1. The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2015 more specifically require that a "relevant body shall maintain an adequate and effective system of internal audit". Accordingly, internal audit provides one aspect of an independent and objective assurance in the review of the system of governance, risk management and internal control as a contribution to the proper, economic, efficient and effective use of resources. In fulfilling this responsibility, the internal audit service must comply with the mandatory Public Sector Internal Audit Standards and Code of Ethics and CIPFA's Statement on the role of the Head of Internal Audit.

14.5.2. The Strategic Director Finance shall:

- Ensure that the Internal Audit Service is available and adequately resourced and independent in its planning and operation; and
- That Internal Audit staff as the Strategic Director Finance's authorised representatives shall have authority to enter at all reasonable times any offices, premises or land under the control of the Council and shall have unrestricted access to all records, documents and correspondence relating to any matter under consideration, without limitation.
- All staff shall provide such information and explanations to Internal Audit as considered necessary and shall produce upon demand cash, stores, documents or other property of the Council under their control.
- Members, the Corporate Leadership Team, Strategic Director Finance and all staff with financial responsibilities, including for Council assets shall give appropriate consideration of Internal Audit reports and identified control and governance concerns.
- All staff shall immediately notify the Internal Audit Service on behalf of the Strategic Director Finance upon discovery or suspicion of any financial irregularity, whether affecting cash, stores, property, financial records or otherwise. Internal Audit has delegated authority to investigate allegations of Fraud, Theft, Corruption, Bribery, Money Laundering and any other financial irregularity on behalf of the Strategic Director Finance. The Strategic Director Finance shall notify the Head of Paid Services in all significant cases.

14.5.3. The Council shall set out in policy documents its approach to countering fraud, theft, bribery, money laundering and corruption and to "whistle blowing".

14.5.4. The Internal Audit Service has direct and unfettered access to the Chief Executive, Strategic Director Finance, Monitoring Officer and to all levels of management and to elected Members.

14.5.5. As part of the adequate system of internal audit, the Council will maintain an Audit Committee in line with Codes of Practices. This function is performed by the Audit, Governance and Appointments Committee. The Council's Internal Audit Service will report its findings, assurances and performance to the Audit and Scrutiny Audit, Governance and Appointments Committee in line with the Internal Audit Charter.

14.5.6. Internal Audit will provide an annual opinion on the adequacy and effectiveness of the internal control, governance and risk management arrangements. This opinion will be fed into the Council's Annual Governance Statement.

14.6. External Audit

14.6.1. The duties of the external auditor are governed by statute and the appropriate professional International and National standards.

14.6.2. The Authority may from time to time also be subject to audit, inspection or investigation by various other external bodies. Government department inspectorates and bodies such as HM Revenues and Customs have statutory rights of access. Rights of access are also sometimes granted under contractual arrangements, including partnerships where the Council is not the lead body. It is important that all Officers of the Council respond to external scrutiny in a timely, professional and helpful manner.

- 14.6.3. The Strategic Director Finance shall facilitate the co-ordination of the work of internal and external audit together with ensuring appropriate consideration of External Audit reports by officers and Members.
- 14.6.4. The Strategic Director Finance shall ensure that the Council's accounts are scrutinised by the External Auditor, who must be satisfied that the statement of accounts 'gives a true and fair view of' the financial position of the Council and its expenditure and income for the year in question and complies with the legal requirements.
- 14.6.5. Co-ordination of all other inspection and independent review work shall be the responsibility of the Strategic Director Finance. All staff and relevant Members shall give external auditors and inspectors access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.
- 14.6.6. The External Auditor will report their findings, assurances and recommendations to the Council through the Audit, Governance and Appointments Committee.

15. External Arrangements

WHY ARE THESE REGULATIONS IMPORTANT?

Partnerships play a key role in delivering Council Services and in helping to promote and improve the wellbeing of the Borough. Working with others the Council will mobilise investment, bid for funds, champion the needs and harness the energies of local people and community organisations.

Partnerships can provide ways to access new resources and share risk. In some instances however, tight specifications may not be flexible enough to link to the Council's Corporate Plan. Also, new ways of working can increase the Council's exposure to fraud and to irregularities in the operation of, for example, VAT, insurances and pay.

15.1. External Arrangements

- 15.1.1. Partnerships play a key role in delivering Council Services and in helping to promote and improve the wellbeing of our residents and stakeholders. The Council works in partnership with others including public agencies, private companies, community groups and voluntary organisations.
- 15.1.2. The Council, through its distinctive leadership role, will seek to bring together the contributions of the various stakeholders and act as an enabler of greater outcomes than the parties could achieve individually. The Council will mobilise investment, bid for funds, champion the needs and harness the energies of local people and community organisations. The Council will be accountable and measured by what it achieves in partnership with others.
- 15.1.3. Partnerships can provide ways to access new resources and share risk. They can also lead to innovative and improved ways of delivering services whilst forging new relationships. Whilst external funding is an especially important source of income, funding conditions need to be carefully considered to ensure they are compatible with the aims and objectives of the Council. In some instances, tight specifications may not be flexible enough to link to the Authority's corporate plan. Also, new ways of working can increase the Council's exposure to poor financial control, fraud and to irregularities in the operation of, for example, VAT, insurance and pay, including adherence to these Financial Regulations.

15.2. External funding

- 15.2.1. Service and Budget Managers shall seek external resources to further the priorities and aims of the Council's Corporate Plan. Before approaching any funders, a Service and Budget Manager must obtain an in principle "go / no go" decision from the Strategic Director Finance based on a short outline of the funding and what it is available for, including any matched funding requirements.
- 15.2.2. After in principal approval and before making a bid for resources which, if successful, would require any financial commitment from the Council, Service and Budget Managers shall ensure that appropriate budgets have been approved or earmarked in accordance with these Regulations. In working up bids, Service Managers shall:

- Use appropriate project appraisal processes to assess the viability of the project in terms of resources, staffing and expertise;
- Review the capacity, capability and reputation of proposed funders and any joint applicants;
- Identify the specific improvements or outcome the funding will deliver and how this will be measured;
- Identify and assess all potential risks and to ensure achievement of the required outcomes, including any potential grant claw back risks; and
- Obtain approval of the Strategic Director Finance and Service Managers before the bid is submitted.

15.2.3. If successful all external funding will be allocated a cost centre and Budget Manager and be managed as to financial, budgetary, risk management and all other requirements as set out in these Financial Regulations.

15.3. Partnerships

15.3.1. All partnerships, with other public, private and third sector bodies require the approval of the Corporate Leadership Team, before any commitments and agreements are made.

15.3.2. All partnerships shall be entered on the council's partnership register.

15.3.3. Where the Council is to be the lead partner, or the accountable body where other public funds are involved, the responsibilities of the Council and the obligations of the various partners are to be clearly defined and understood.

15.3.4. Service and Budget Managers shall consult the Strategic Director Finance on:

- All financial control, insurance and audit requirements are to be incorporated in the partnership arrangements.
- The overall financial implications for the Council, including staffing costs in future years;
- The cost of terminating the partnership and how they will be attributed across the Partnership;
- The risks including reputational risk posed by the Partnership and the other partners, including risks associated with partnership conflict and termination; and
- Prior to entering into any commitment, the relevant Service Manager shall ensure that any matched funding or other financial obligations of the Council are provided for within the revenue budget or Capital Programmes and that arrangements are made for future years' financial provisions to reflect these obligations. This should include any audit and other consequential fees as appropriate.

15.3.5. These Financial Regulations and the Council's Contracts Procedure Rules shall apply equally to any orders for works, goods or services which are the responsibility of the Council under the partnership arrangements.

15.3.6. The relevant Service and Budget Manager shall comply with any key conditions of funding and any statutory requirements. Compliance with the conditions of funding should be logged and assessed as a Partnership Risk, within the Council's Risk Register for the Partnership.

15.3.7. The relevant Service and Budget Manager shall:

- Ensure that any financial control, insurance and audit requirements of the partnership are met;
- Communicate regularly with the other partners throughout the project so that any problems are identified and shared on a timely basis to achieve their successful resolution; and
- notify the Strategic Director Finance in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Partnership Agreements.

15.3.8. All Partnership agreements must be reviewed by the Council Legal Services Officer prior to signing. Once signed the Partnership agreement is to be recorded on the council's partnership Register.

15.3.9. Any private or third sector partnerships must be procured in accordance with the Contract Procedure Rules.

15.4. Commercial Arrangements and work carried out for others

15.4.1. All the requirements of these financial regulations are applicable to the Council's commercial activities.

15.4.2. The Strategic Director Finance shall:

- Conduct due diligence on the financial and governance status of the partner, appropriate to the quantum of the risk of entering the partnership, the nature of the partnership and the period of time the partner has been operating.
- Advise on and approve the financial implications of any proposed commercial arrangements between the Council and third parties.
- Advise on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.

15.4.3. Members of CLT shall:

- Identify potential commercial opportunities and evaluate the respective risks and financial benefits using guidance issued by the Strategic Director Finance.
- Seek advice from other departments e.g. Legal and Procurement as necessary
- Obtain the approval of the Strategic Director Finance to proceed before seeking the required Member approval for implementation of the proposal
- Update the Corporate Contract Register with such contracts entered into.
- Comply with advice issued by the Strategic Director Finance in relation to the operation of trading accounts and the proper recording and reporting of trading results.

16. Financial Procedure Notes

Financial Procedure Notes (FPNs) form part of the governance framework for managing the Council's financial affairs. They are issued by the Strategic Director Finance to support the operation of the Council's Financial Regulations and provide greater detail on the arrangements to be complied with.

The Procedures apply to every Member and officer of the Council and to anyone acting on its behalf. Compliance is mandatory unless an exception has been agreed by the Strategic Director Finance.

A schedule of the Procedures issued by the Strategic Director Finance is outlined below.

They are available on the Intranet and their contents will be kept under review to ensure they remain current and relevant. Advice on their application in practice can be obtained by contacting the named procedure owner.

By their nature FPN's add detail to the principles set out in the Financial regulations and can be tailored closely to particular needs. Where an existing FPN is not considered appropriate in particular cases the relevant manager should contact the relevant 'owner' of that FPN.

Where accountability for ensuring the requirements of the Financial Regulations are met falls outside Finance it is the responsibility of the accountable service to issue and maintain appropriate procedure notes.

{Insert table of FPNs here}

17. Glossary

Annual Financial Report

The Council's annual report on its financial position for the year ending 31 March. The report is required to be in a prescribed format and is subject to independent review.

Asset Management Plan

A document setting out the Council's plan for developing systems and internal controls to manage its land, buildings and capital expenditure in the most effective way to achieve its goals.

Asset register

A detailed listing of land, buildings, vehicles and major items of plant and equipment (assets). Asset registers are important because they enable an effective assessment of the management of assets to be made through a comprehensive record of attributes. They are also a useful basis for arranging appropriate insurance cover and substantiating insurance claims in the event of fire, theft or other loss.

Budget

A statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and the capital programme and any authorised amendments to them, and the planned usage of reserves and balances. It does not however include the forward financial forecast, which is for financial planning purposes only.

Budgetary control

The continual review of expenditure and income, both revenue and capital, against planned levels of expenditure and income to help ensure that service objectives are achieved, and the overall resources of the Council are not over or under spent. This process is aided by the use of budget profiles.

Budget profiles

As an aid to budgetary control, managers are required to specify before the start of a budget year the rate at which each budget head for which they are responsible is expected to be consumed during the financial year, having regard to seasonal influences, past experience and other factors. This budget "profile" is then used to monitor the actual rate of consumption as the year progresses.

Budget provision

The amount approved by the Council for a particular budget.

Capital contributions

Sums contributed by external persons and bodies towards the cost of capital schemes to be carried out by the Council. These commonly derive from planning agreements with developers but also include government grants and sums recovered from third parties.

Capital expenditure

This generally relates to expenditure on the acquisition or enhancement of fixed assets which will be of use or benefit to the Council in providing its services for more than one year. It also includes grants to other persons and bodies for spending by them on similar purposes.

Capital & Investment Strategy

The strategy for the capital and treasury management activities to be adopted for a particular financial year as approved by the Council within the parameters set by the Treasury

Management Policy Statement. The strategy needs to be flexible enough to allow the Strategic Director Finance to respond appropriately to changing circumstances during the course of the year to the best advantage of the Council.

Capital programme

The Council's financial plan covering capital schemes and expenditure proposals for the current year and several future years. It also provides estimates of the capital resources available to finance the programme and a statement of any under- or over- programming.

Capital receipts

The proceeds from the disposal of land and other assets which are available to finance new capital expenditure after deducting any amount required by statute to be paid over to the Secretary of State. Statute prevents capital receipts being used to finance revenue expenditure.

Capital resources

The resources earmarked either by statute or by the Council to meet the cost of capital expenditure instead of charging the cost directly to revenue. The definition covers borrowing, capital receipts and grants and contributions from external persons and bodies given for capital purposes. The Council may also contribute revenue resources to the financing of capital expenditure, and for as long as these are included in the capital programme; they are regarded similarly as capital resources.

Carry forwards

Revenue budget provision for specific goods or services which had not been supplied to the Council by 31 March and for which there is inadequate budget provision in the subsequent year. When these budgets are carried forward and added to the budget for that subsequent year in accordance with these Regulations, they are referred to as "carry forwards". A similar principle applies to capital expenditure budgets.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the leading professional body for accountants employed in the public sector. It issues Codes of Practice and other guidance as appropriate on matters addressed by these Regulations.

Codes of conduct

The protocols within which Members and Officers will work as set out in Part 5 of the Constitution.

Codes of practice

Guidance issued normally by professional bodies in relation to standards which are not regulated by statute. For example, CIPFA have issued Codes of Practice giving detailed guidance on accounting standards, internal audit and treasury management.

Collection Fund

The fund into which Council Tax and Business Rates income is paid and out of which the precepts of Essex County Council, Essex Police Authority, Essex Fire Authority, Basildon Borough and Local Councils are met. DLUHC's central share of Business Rates income is also paid out of the Collection Fund. Any surplus or deficit is shared between the various parties, other than Local Councils, based on precepted amounts and local shares.

Contingency provisions

Money set aside in the budget to meet the cost of unforeseen items of expenditure or shortfalls in income and to provide for changes in inflation and interest rates compared with the assumptions on which the rest of the budget was set.

Contract Procedure Rules

The Council's rules relating to the procurement of works, supplies and services as set out in Part 4 of the Constitution. These are supported by Section 9 of these Regulations.

Corporate Governance

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also refers to its duty under the Local Government Act to plan to secure continuous improvement in the way in which its functions are exercised.

Corporate Plan

A statement made by a Local Authority setting out its long-term aims for the community it serves, the organisational aims of the Council and the main values which underpin its work for the community.

Council Tax

A local tax based on the capital value of residential properties as determined by the Valuation Office, a branch of HM Revenues and Customs. The level of Council Tax set by an Authority for a particular year will be broadly determined by its expenditure on General Fund services less other income, use of Council reserves and government grant.

Council Tax base

A figure calculated annually to represent the number of dwellings over which the Council Tax for the following financial year may be collected. All dwellings within the Borough are valued by the Valuation Office Agency (an agency of HM Revenues and Customs) and classified into one of eight bands (A to H), each of which is expressed as a proportion above or below the value of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D average, after making allowance for the cost of Council Tax support, other discounts and losses on collection. When the Council sets the level of Council Tax for that year, it is expressed as an amount due per Band D, equivalent properties.

Creditor

A person or body to whom the Council owes money.

Debtor

A person or body who owes the Council money. The debt may derive from several sources such as Council Tax, Business Rates or rent arrears, rechargeable works or where an account has been rendered for a service provided by the Council.

Earmarked Reserves

See "Reserves"

Estimates

The amounts which are expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets which are being prepared for the following financial year or have been approved for the current year. The "original estimate" for a financial year is that approved as part of the budget prior to the start of that year and the "revised estimate" is an updated revision for that year.

External Audit

An independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper

practices and to ensure the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fees and charges

Charges made to the public for Council services and facilities.

Financial Regulations

That part of the Council's Constitution which provides an approved framework for the proper financial management of the Council.

Financial year

The period of twelve months commencing on 1 April.

Financial forecast

The estimated value of a revenue budget head for the three financial years immediately following the budget year, or the totals of such estimates. The forecast conveys no authority to spend and is made for financial planning purposes only.

General Fund

The revenue fund of the Council covering day-to-day expenditure and income on services. The net cost on this account is met by Council Tax.

Housing Business Plan

A document setting out the Authority's purpose or mission as a social housing landlord, its objectives and standards for the service, and a plan demonstrating over the short, medium and long-term how those objectives will be achieved. Of particular importance are the Council's strategies in relation to investment, management and maintenance. The Business Plan is complemented by a Housing Strategy document.

Housing Revenue Account

The revenue account covering day-to-day expenditure and income arising from the provision of Council housing. Whilst technically part of the General Fund, the debits and credits are defined in statute and any balance on the account is only available for spending on the housing stock. Activities relating to the strategic housing function, as opposed to the landlord function for the Council's own housing stock, are accounted for in the General Fund outside of the Housing Revenue Account.

In Consultation With

For the purposes of the Financial Regulations the meaning of 'In Consultation With' means that the officer and member will agree. Where there is disagreement, it will be referred to the Finance Committee

Internal Audit

Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Inventory

A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim.

Investment Strategy

A statement of policies for determining the type, value and length of investments that the Council will use to place its surplus funds and also for determining appropriate third parties with whom these investments will be placed.

Leasing

A method of acquiring the use of capital assets (normally, but not exclusively) through the payment of a rental sum for a period of years. If the arrangement is for vehicles, plant and equipment, the ownership of the asset remains with the leasing company and the annual rental is charged directly to the Council's revenue accounts. If the lease (or other agreement) is in relation to real estate/property (i.e. land or buildings or rights associated) then the method of treatment of the costs may vary depending on the length of the agreement and whether a premium (lump sum) is paid and/or an annual rental/fee. No agreement relating to property or rights over property must be entered (either taking or granting) without the agreement of the Corporate Property Manager.

Local Councils

Term used in these regulations to refer to Parish Councils, Town Councils and Village Councils.

Medium Term Financial Strategy (MTFS)

The Medium-Term Financial Strategy (MTFS) identifies how the Council intends to structure and manage its available resources over the medium term (current plus 3 years), and to ensure that resource allocation is aligned with and supports Council priorities'. It is updated and approved annually as part of the budget process.

Members' Allowances

A scheme of payments to elected Members of the Council in recognition of the duties and responsibilities assumed by them.

Precept

The amount that Councils and certain other public authorities providing services within Basildon Borough require to be paid from the Collection Fund to meet the cost of their services.

Reserves

A Council's accumulated surplus income in excess of expenditure. Reserves are available at the discretion of the Council to meet items of expenditure in future years and may be earmarked or held for general purposes. An example of an earmarked reserve is the Insurance Pool.

Revenue

A term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.

Risk

Risks are significant uncertainties that may affect an organisation's ability to achieve its strategic and operational activities. A risk can be an opportunity or a threat.

Risk management

Risk management is the adoption of a planned and systematic approach to the identification, evaluation and management of threats and opportunities to maximise benefits and minimise potentially negative consequences for the Council and its partners.

Risk Management Policy

This is approved by the Audit and Risk Committee endorsing the commitment of the Council to effective risk management and sets out the responsibility of Members, Directors, and the

Senior Leadership Team and all staff for the identification, control and reduction of threats, the containment of loss and maximisation of opportunities in all aspects of their activities.

Supplementary estimate

The approval of an increase in the level of a particular budget head, or the establishment of a new budget head, under the procedure laid down in Section 7 of these Regulations. Where an existing budget head is involved, a supplementary estimate would not normally be approved where an appropriate virement was available.

Treasury Management

The management of the Authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks. It includes the setting of Prudential Indicators and monitoring compliance with them.

Treasury Management Policy Statement

A statement approved by the Council from time to time setting out the parameters within which treasury activities are to be managed.

Virement

The transfer of budget provision from one budget head to another, under the procedure laid down in Section 7 of these Regulations. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads. Virements may be approved by Officers within the limits specified in Section 7 of the Financial Regulations.

Write off

The action taken to charge to the Council the amount due from some external party which has been found to be irrecoverable from that party. Whilst the sum remains due to the Council in law, it will no longer be shown as outstanding in the Council's accounts.