

Part Five - Finance and Contract Rules
Section A - Financial Procedure Rules

Introduction

In these Rules, reference to the Group Director, Finance and Corporate Resources includes any person authorised by them to act on their behalf.

The Officer designated by the Council as having the statutory responsibility set out in Section 151 of the 1972 Act shall be the Group Director, Finance and Corporate Resources.

Financial Procedure Rules provide the framework for the financial administration of the Council with a view to ensuring that the Council's financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. Financial Procedure Rules are not intended to constitute a set of detailed rules to respond to every contingency.

All financial decisions and decisions with financial implications shall have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action shall be clarified in advance of the decision or action with the Group Director, Finance and Corporate Resources.

Detailed Financial Guidance, Codes of Practice and other financial instructions (e.g. Financial Management System Business Process Procedures) may be issued from time to time by the Group Director, Finance and Corporate Resources, where assistance is needed with the interpretation of Financial Procedure Rules.

Failure to observe Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instructions issued under Financial Procedure Rules, may result in action under the Council's disciplinary procedures.

FRP1 - ResponsibilitiesResponsibilities to the Council

- 1.1 All elected Councillors and employees of the Council shall be responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They shall strive to achieve value for money and avoid legal challenge to the Council. These responsibilities shall apply equally to Councillors and employees when representing the Council on outside bodies.

Personal Responsibilities

- 1.2 Any person charged with the use or care of the Council's resources and assets shall inform themselves of the Council's requirements under Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they shall seek advice. Unresolved questions of interpretation shall be referred to Internal Audit.
- 1.3 An employee shall report immediately to their manager, or other responsible Officer any suspected illegality, impropriety, serious breach of procedure or serious deficiency in the provision of service. Employees are able to do this without fear or recrimination providing they act in good faith via the Council's Whistleblowing policy. In such circumstances, managers shall record and investigate such reports and take appropriate action. Compliance with the Council's Anti-Fraud and Corruption policy and Code of Conduct for officers shall be mandatory for all officers.

Group Director, Finance and Corporate Resources

- 1.4 The Group Director, Finance and Corporate Resources shall maintain on behalf of the Council an adequate and effective system of internal audit of the accounting records and internal control systems of the Council.
- 1.5 The Group Director, Finance and Corporate Resources shall be responsible for maintaining a continuous review of the Financial Procedure Rules and financial schemes of delegation and submitting any additions or changes necessary to the full Council for approval.
- 1.6 The Group Director, Finance and Corporate Resources shall also be responsible for reporting, where appropriate breaches of the Financial Procedure Rules to the Council and / or to Cabinet Councillors.
- 1.7 The Group Director, Finance and Corporate Resources shall be authorised to temporarily suspend Financial Procedure Rules in exceptional circumstances, and where such suspension is authorised, a written record shall be kept for this.
- 1.8 Section 114 of the Local Government Finance Act 1988 requires the Group Director, Finance and Corporate Resources to report to Full Council or the Cabinet (as appropriate) and the external auditor if the authority or one of its officers:

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

Section 114 of the 1988 Act also requires the authority to provide the Group Director, Finance and Corporate Resources with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114.

Group Directors

- 1.9 Group Directors shall ensure that any financial procedures / guidelines produced by their Directorate in support of financial control are fully compliant with these Financial Procedure Rules and that Internal Audit have been consulted in the development of such procedures.
- 1.10 Group Directors shall be responsible for ensuring that all staff in their Directorates are aware of the existence and content of the authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them.
- 1.11 Group Directors shall be responsible for ensuring that Financial Procedure Rules are observed throughout all areas under their control and shall:
 - (a) Provide the Group Director, Finance and Corporate Resources with such information and explanations as the Group Director, Finance and Corporate Resources feels is necessary to meet their obligations under Financial Procedure Rules;
 - (b) Consult with the Group Director, Finance and Corporate Resources and seek approval to any matter liable to affect the Council's finances materially, before any commitments are incurred;
 - (c) Ensure that Cabinet Councillors are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the Group Director, Finance and Corporate Resources;
 - (d) Inform the Group Director, Finance and Corporate Resources of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;

- (e) Wherever any matter arises which may involve irregularities in financial transactions consult with the Group Director, Finance and Corporate Resources and, if a serious irregularity is confirmed, the matter shall be reported to the Chief Executive, appropriate Cabinet Councillor and the Head of Human Resources and Organisational Development;
- (f) Ensure the legality of the Directorate's or service's actions.

FPR2 - Financial Planning and Annual Estimates

- 2.1 The Group Director, Finance and Corporate Resources shall, each year, recommend to Cabinet a timetable for consideration of revenue and capital estimates by Directorates, the Cabinet and the Council. The programme shall include adequate time for such discussions to take place. The form of the annual estimates shall be agreed by the Cabinet upon the recommendation of the Group Director, Finance and Corporate Resources.
- 2.2 Detailed estimates of revenue income and expenditure, capital and receipts and payments shall be prepared by Group Directors in the form required by the Cabinet. The Estimates shall align with the Council's Corporate & Business Plans and follow the guidelines issued annually by the Group Director, Finance and Corporate Resources. A copy of the estimates shall be forwarded to the Group Director, Finance and Corporate Resources by each Chief Officer in accordance with the agreed Programme in order that they can be examined and submitted to the Cabinet.
- 2.3 The Cabinet shall review the estimates and submit them to the Council together with such summaries, statements and reports as are considered desirable and shall recommend the Council Tax to be levied for the ensuing year.
- 2.4 Council shall:
 - (a) Approve the Council's annual Council Tax Base;
 - b) Approve the Council's revenue budget and capital programme and set the level of Council Tax for each year within statutory deadlines and requirements;
 - (c) Approve forecast Business Rates Income.

Revenue Budget Preparation

- 2.5 The Cabinet shall keep under review the medium-term financial position of the Council taking into account the Council's performance, plans and anticipated future levels of capital and revenue resources.
- 2.6 Group Directors shall be responsible for preparing directorate financial plans and ensuring they are clearly aligned with relevant service plans; and for ensuring that prior approval is given by the full Council or the Cabinet (as appropriate) for any measures that are likely to extend or reduce the Council's services or policy objectives, and for new commitments for which there would otherwise be no agreed budget.

Revenue Budgetary Control

- 2.7 In accordance with the Council's Scheme of Delegation, Group Directors, and their budget holders, shall have powers to incur revenue expenditure in carrying out the functions allocated to them provided:
- (a) The expenditure is lawful and there is sufficient budget provision;
 - (b) Procurement Rules have been complied with;
 - (c) Expenditure is within the approved revenue budget or capital programme provision;
 - (d) Expenditure is in respect of Council policy;
 - (e) Consultations have taken place with the appropriate Group Director and with Councillors of the Cabinet/Committee
- 2.8 Nothing in these Rules shall prevent a Group Director incurring expenditure to meet the needs of an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported at the earliest opportunity to the Cabinet and where appropriate the Council.
- 2.9 Each Group Director in charge of a revenue budget shall:
- (a) Monitor and control Directorate expenditure within their approved budget;
 - (b) Report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet in consultation with the Group Director, Finance and Corporate Resources;
 - (c) Keep the Group Director, Finance and Corporate Resources informed of any actual or likely changes which will / may have a significant impact on current or future budgets.

- 2.10 The Group Director, Finance and Corporate Resources shall also provide guidance on and co-ordinate the budget monitoring process and the form, basis, supporting information and timetable for the preparation thereof.
- 2.11 Virement (or transfers) between Budgets. Chief Officers must fulfil the following requirements to exercise virements within the financial limits of these Rules:
- (a) Virement should only apply to the transfer of funds within the delegated budget of the Chief Officer;
 - (b) The proposals should be consistent with approved Council policy;
 - (c) Virement should only involve the transfer of funds between Services;
 - (d) Virement should only be allowed where the total net delegated budget is still within the delegated costs limit;
 - (e) There should be no consequential revenue effects in later years;
 - (f) There are some restrictions on the type of budgets that can be vired i.e. you are not allowed to vire central recharge budgets, insurance or salary budgets;
 - (g) Virements for less than £100,000 require the specific approval of relevant Heads of Service and Heads of Finance.
 - (h) Virements for £100,000 or more require the specific approval of the relevant Service Directors and Directors of Finance.
- 2.12 Should a virement be requested which is contrary to one of the above conditions, it is necessary to seek the prior approval of the Group Director, Finance and Corporate Resources.
- 2.13 Transfers from contingencies to revenue budgets shall require the approval of the Group Director, Finance and Corporate Resources, the appropriate Cabinet Member and the Cabinet.

Capital Programme Preparation

- 2.15 The Council shall determine a strategic approach to Capital, which takes due account of Asset Management Plans, and shall include the process for setting the Council's investment priorities and the principles upon which directorate and corporate Capital Programmes will operate.

- 2.16 In order to gain budget and spend approval Group Directors shall ensure that: for all major capital schemes an option appraisal is completed outlining the business case and the full financial implications, including those relating to whole life costing and component accounting, to ensure that all schemes are fully evaluated and disclosed. This shall be submitted to the Capital and Asset Steering Board prior to submission to Cabinet for approval.
- 2.14 Each year, each Group Director, supported by their Director of Finance and budget holders, shall draw up proposals for capital expenditure for their directorate, taking into account:
- (a) Statutory requirements;
 - (b) Performance and service plans;
 - (c) Supported capital expenditure guidelines issued by Central Government including available resources;
 - (d) Government capital grants and specific borrowing approvals, availability of capital receipts, other resources;
 - (e) Level of existing capital commitments.
- 2.15 The Council shall determine a strategic approach to Capital, which takes due account of Asset Management Plans, and shall include the process for setting the Council's investment priorities and the principles upon which directorate and corporate Capital Programmes will operate.
- 2.16 In order to gain budget and spend approval Group Directors shall ensure that for all major capital schemes an option appraisal is completed outlining the business case and the full financial implications, including those relating to whole life costing and component accounting, to ensure that all schemes are fully evaluated and disclosed. This shall be submitted to the Capital and Asset Steering Board prior to submission to Cabinet for approval.
- 2.17 The proposals for capital spending, together with financial implications shall then be submitted to the Cabinet for determination of the Capital Programme to be recommended to Council.

Capital Programme Monitoring and Budgetary Control Arrangements

- 2.18 The Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations:
- (a) Are within available resources;

- (b) Are consistent with Council policy.
- 2.19 Where projects in the Capital Programme are included on the assumption of resources becoming available, no financial commitments shall be entered into on these projects unless resources are confirmed as being available to the satisfaction of the Group Director, Finance and Corporate Resources. In the case where joint schemes are entered into by one Chief Officer that will impact on another Chief Officer's Directorate then a full consultation process shall be completed before expenditure is incurred.
- 2.20 Group Directors shall:
- (a) Make arrangements for the implementation of the agreed Capital Programme in accordance with Procurement Procedure Rules;
 - (b) Monitor progress against established milestones and spending against the Capital Programme and report accurately the position at least quarterly through the Overall Financial Position (OFP);
 - (c) Review and update costings and phasing of projects and programmes as appropriate.
- 2.21 In the event that project costs are at variance with programme, either in terms of cash flow or in total, the Chief Officer shall seek to bring the scheme in line with programme or, if that should not prove possible, shall attempt to contain variances within the overall programme for which the Chief Officer is responsible.
- 2.22 The Group Director, Finance and Corporate Resources shall be consulted where significant variances to the Capital Programme are in prospect. Should the Chief Officer be unable to accommodate variations in expenditure within the approved capital programme, the approval of Cabinet shall be required to a variation in the Capital Programme subject to resources being available.

FPR3 - Accounting

- 3.1 The Group Director, Finance and Corporate Resources shall:
- (a) Determine accounting systems and procedures and the form of financial records and statements;
 - (b) Provide guidance and advice on all accounting matters;
 - (c) Monitor accounting performance to ensure an adequate standard for all services; and

- (d) Certify all financial returns, grant funding applications and claims and other periodic financial reports required of the Council.

3.2 Each Group Director shall:

- (a) Implement accounting procedures and adopt the form of financial records and statements as determined by the Group Director, Finance and Corporate Resources.
- (b) Obtain the approval of the Group Director, Finance and Corporate Resources prior to introducing or changing the form or method of existing accounting systems and procedures, financial records or statements. Approval shall be requested from the Group Director, Finance and Corporate Resources in writing. The request shall give details of the proposed change and the anticipated benefit from the change, an estimate of the costs involved and the proposed implementation date. Internal Audit advice shall be sought for all proposed changes at as early a stage as possible;
- (c) Complete and pass to the Group Director, Finance and Corporate Resources financial returns and other financial reports requiring certification in good time; and
- (d) Keep a proper segregation of duties for staff with financial responsibilities.

3.3 The following principles shall be observed in connection with accounting systems:

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

FPR4 - Internal Audit

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

- 4.2 Internal Audit is established by the Council under the requirements of the Accounts & Audit Regulations 2011 that requires the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 4.3 The prime objective of Internal Audit is to provide assurance to the Council in relation to its internal control environment and assist management in delivering the objectives of the Council and its associated bodies through assessing exposure to risk and recommending, where appropriate, practical improvements to the control environment. To this end it shall be the responsibility of Internal Audit to review, appraise and report to management upon:
- (a) Whether operations are being carried out as planned and objectives and goals are being met.
 - (b) The adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally;
 - (c) The completeness, reliability and integrity of information, both financial and operational;
 - (d) The extent to which the Council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud and corruption, waste, extravagance, abuse, ineffective management and poor value for money; and
 - (e) The economy, efficiency and effectiveness with which resources are employed.
- 4.4 A continuous internal audit, under the independent control and direction of the Group Director, Finance and Corporate Resources, shall be arranged to carry out an examination of accounting, financial and other operations of the Council.
- 4.5 Internal Audit shall be required to provide an objective audit service in line with the Public Sector Internal Audit Standards and professional auditing standards. To this end Internal Audit shall have no Cabinet responsibilities and the Corporate Head of Audit, Anti-Fraud and Risk Management shall report directly to the Group Director, Finance and Corporate Resources, and shall have direct access to, and freedom to report to, all senior management including the Group Director, Finance and Corporate Resources, Chief Executive and Members.

- 4.6 Internal Audit will produce a Strategic Internal Audit Plan, subject to the agreement of the Group Director, Finance and Corporate Resources, and ratification of the Audit Committee. In producing the strategic plan the Corporate Head of Audit, Anti-Fraud and Risk Management will have the freedom to determine the priorities for Internal Audit in consultation with the Group Director, Finance and Corporate Resources and other Group Directors, and shall have an unrestricted range of coverage of the Council's operations. In general, but not exclusively, the priorities for Internal Audit will be determined by a risk assessment process.
- 4.7 All material findings will be communicated to the relevant departmental management and once agreed a final report will be issued and where appropriate, copied to the relevant Group Director and the Group Director, Finance and Corporate Resources. Management are expected to implement all agreed audit recommendations within a reasonable timeframe. Internal Audit will undertake appropriate follow up work in this regard.
- 4.8 An annual report will be produced and presented to the Audit Committee which will include a view on the effectiveness of the Council's system of internal control based on the work carried out by Internal Audit.
- 4.9 The Group Director, Finance and Corporate Resources will:
- (a) Report material failures of financial control to the Chief Executive, the Chair of the Audit Committee and the appropriate Councillor of the Cabinet and relevant Chief Officer; and
 - (b) Decide upon the relevant course of action where evidence of fraud, misappropriation or theft is suspected or identified, (e.g. referral to police).
- 4.10 Each Group Director will:
- (a) Respond without undue delay to any enquiries or recommendations made by the Corporate Head of Audit, Anti-Fraud and Risk Management and their representatives; and
 - (b) Inform the Corporate Head of Audit, Anti-Fraud and Risk Management as soon as possible of failures of financial control, including matters which involve, or may involve, fraud/financial irregularity.
- 4.11 All issues of potential fraud / financial irregularity will be investigated in accordance with the Council's Anti-Fraud and Corruption Policy. Concerns should be reported at the earliest opportunity to the Corporate Head of Audit, Anti-Fraud and Risk Management who will have lead responsibility for any

subsequent investigation, in certain circumstances investigations may be carried out in collaboration with individual Group Directors.

- (a) Supported capital expenditure guidelines issued by Central Government including available resources;
- (b) Government capital grants and specific borrowing approvals, availability of capital receipts, other resources;
- (c) Level of existing capital commitments.

4.12 If serious irregularity is suspected or confirmed the Corporate Head of Audit, Anti-Fraud and Risk Management will report the matter to appropriate officers which may include the Group Director, Finance and Corporate Resources, the Chief Executive, the Cabinet Member, the Chair of the Audit Committee, the appropriate Chief Officer and, where staff are involved, the Head of Human Resources and Organisational Development.

4.13 It shall be the responsibility of all Council officers to provide, upon the request of the Group Director, Finance and Corporate Resources or a person nominated by them for this purpose, a full explanation and any information or document under the control of the Officer concerned or access to any premises, facilities or systems, which is required for the purposes of or in connection with an Internal Audit inquiry, project, or investigation. This applies to not only the Council, but also associated bodies and partners including: -

- (a) Organisations to which the Council has given grants;
- (b) Organisations with whom the Council contracts; and
- (c) Partner organisations in any scheme for which the Council has responsibility as lead body.

4.14 Group Directors shall ensure that such rights of access are written into appropriate agreements with these organisations.

FPR5 - Procurement Arrangements

Procurement Procedure Rules

5.1 The rules for procurement shall be embodied in the Council's Procurement Procedure Rules which shall cover the process of acquiring supplies, works and services from third parties, including:

- (a) The purchase of goods, materials and related services;

- (b) All contracting including the execution of works;
- (c) Commercial partnering; and
- (d) Commissioning of supplies, works or services

FPR6 - Income

- 6.1 The objective of this Financial Procedure Rule is to ensure that all income due to the Council is collected, banked and properly accounted for. This includes sums received by electronic means such as debit/credit cards, internet, telephone and direct debits. (detailed guidance on collecting debtor income can be found in “Collecting the Council’s Money”).
- 6.2 The collection of all sums due to the Council shall be under the supervision of the Group Director, Finance and Corporate Resources. In conjunction with the Chief Officer concerned or the appropriate Officer of any third party collecting sums on behalf of the Council, the Group Director, Finance and Corporate Resources shall make and maintain adequate arrangements for prompt and proper accounting for all cash, cheques, standing orders, direct debits, and debit/credit card payments. The arrangements shall include the collection and deposit of sums received.
- 6.3 Particulars of all charges to be made for work done, services rendered, or goods supplied by the various Directorates of the Council, and all other amounts due, shall be promptly notified to the Group Director, Finance and Corporate Resources in a form approved by them and all income due to the Council shall be collected by the Group Director, Finance and Corporate Resources, subject to any other arrangements made by them.
- 6.4 The Council’s Financial Management Systems (CedAr/PARIS) shall be used as the Billing, Account Maintenance and Collection system unless there are very good reasons otherwise.
- 6.5 Chief Officers shall put in place additional controls if some of the income is to be collected as cash. These arrangements shall provide that:
 - (a) Officers are appropriately trained in income collection, accounting and cash handling arrangements;
 - (b) Sufficient separation of duties is in place, in particular between raising invoices and receiving payments;
 - (c) Official receipts are always given;
 - (d) Proper records are kept;

- (e) All money received is banked as soon as practicable. All insurance limits on safes shall be adhered to and all cash/cheques shall be banked no later than one week after receipt;
 - (f) VAT is properly accounted for in accordance with the VAT Guidance Manual for Directorate Staff;
 - (g) Where it is necessary for cash to be held prior to it being paid into the Council's bank account, it shall be recorded and kept in an appropriate secure environment; and
 - (h) Security of staff shall be maintained when cash collections are involved.
- 6.6 Directorate records and forms used in collecting income shall be approved by the relevant Director of Finance on behalf of the Group Director, Finance and Corporate Resources. All invoices shall clearly state that cheques or any other payment shall be made payable to the 'London Borough of Hackney'.
- 6.7 All sums received by either:
- (a) A cashier; or
 - (b) Another person authorised by a Chief Officer to collect sums due to the Council shall be immediately acknowledged, by the issue of a receipt or ticket or by other method agreed by the Group Director, Finance and Corporate Resources.
- 6.8 Every transfer of official money from one member of staff to another shall be immediately evidenced in the records by the signature of the receiving officer.
- 6.9 Where an invoice is raised, officers shall observe guidelines issued by the Group Director, Finance and Corporate Resources. These shall be covered in detail in Collecting the Council's Money and shall include:
- (a) A debtor account shall be opened, and the debtor details verified. For trading organisations, a credit check shall normally be carried out;
 - (b) Invoices raised shall be accurate, stating what the invoice is for and when the goods/services were provided;
 - (c) Invoices shall be raised promptly (normally within 14 days of the service being provided);
 - (d) If the invoice remains unpaid after 28 days, the formal escalation process shall begin, and this shall be progressed quickly;

- (e) If the debtor disputes the invoice, it shall be recorded as in dispute and referred to the operational area for resolution. Disputes shall be resolved quickly and where necessary credit notes shall be raised without delay;
 - (f) Where the invoice remains unpaid after the escalation process and there is no dispute or ongoing dialogue, a decision shall be made as to whether to refer the debt for legal action or write to it off;
- 6.10 The approval of the Group Director, Finance and Corporate Resources or the Director, Financial Management is required to write-off a debt.
- 6.11 Each Officer who pays in money on behalf of the Council shall enter on the paying in slip and duplicate or counterfoil, particulars of such payment, including in the case of each cheque paid in:
 - (a) The amount of the cheque;
 - (b) The account / invoice number if one exists;
 - (c) If an account / invoice number does not exist then a reference (such as the number of the receipt given, or the name and/or address of the debtor), which will connect the cheque with the debt for which it was received;
 - (d) Their name and contact number.
- 6.12 The Group Director, Finance and Corporate Resources may advance such sums as may be necessary for the purpose of change money and the existence of these sums shall be periodically verified by an independent officer.
- 6.13 Changes in all fees and charges and the introduction of new fees and charges including proposals affecting rents and associated charges for Council dwellings shall require Cabinet approval. The Cabinet shall review the fees and charges on the advice of the Group Director, Finance and Corporate Resources, at least annually.
- 6.14 Chief Officers shall ensure that levels of income received are compared to budget figures of income due on a regular basis and differences promptly investigated. This shall mean that responsible officers carry out regular reconciliations between monies sent to the bank and monies credited to the bank account.

- 6.15 The advice of the Group Director, Finance and Corporate Resources shall be sought on agreements which provide for variable income.
- 6.16 Wherever possible / practical, income shall be collected in advance of service, or where not possible, by an official invoice
- 6.17 Agreements for payment by instalment shall be authorised by the Group Director, Finance and Corporate Resources.
- 6.18 When receiving payment by debit or credit card, under no circumstances shall the card details be recorded other than when keyed directly into the payments system, which shall normally be PARIS. Similarly, card details shall not be retrieved from systems on which they are taken. Failure to adhere to this risks a substantial fine for breaching the payment card industry's security rules.
- 6.19 Unused manual receipts, tickets or vouchers shall be held securely at all times. A record of stocks held shall be kept and blank receipt books/unused tickets and shall only be issued to staff on receipt of their signature in the stock record. Individual receipt books held by staff shall be kept in a secure manner. Chief Officers shall ensure that a regular independent reconciliation is carried out of stock records to physical stocks held.
- 6.20 Security and retention of safe keys shall be in accordance with the dictates of the Council's Insurers. Advice on the matter shall be sought from the Council's Insurance Section.
- 6.21 Authorisation of the Group Director, Finance and Corporate Resources shall be obtained before uncollected income due is written off.
- 6.22 Grant claims or certificates requiring certification in the name of the Group Director, Finance and Corporate Resources shall be submitted for approval in a timely manner.
- 6.23 Personal cheques shall not be cashed out of money held on behalf of the Council unless they are cheques drawn on the Council's bank account and express authority of the Group Director, Finance and Corporate Resources has been given to such action.

FPR7 - Banking Arrangements

- 7.1 The Council's banking arrangements shall be the responsibility of the Group Director, Finance and Corporate Resources. Bank accounts shall only be opened in consultation with the Banking Team within the Directorate of Finance and Corporate Resources and shall be approved by the Group

Director, Finance and Corporate Resources. All bank accounts shall include London Borough of Hackney in their title.

- 7.2 The Group Director, Finance and Corporate Resources shall approve the signing arrangements for each bank account including the names of officers authorised to sign cheques and issue instructions to the bank and the limits of their authority.
- 7.3 The Group Director, Finance and Corporate Resources shall issue guidance on how bank accounts shall be operated, controlled and reconciled.
- 7.4 Directors of Finance shall be responsible for ensuring that all bank accounts within their directorate area are operated in accordance with guidance issued by the Group Director, Finance and Corporate Resources and that they are reconciled at least once a month in accordance with guidance issued by the Group Director, Finance and Corporate Resources.
- 7.5 Group Directors shall also ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Cabinet or the Council, following consultation with the Group Director, Finance and Corporate Resources.
- 7.6 Group Directors / Directors of Finance shall be responsible for ensuring that all monies collected are banked promptly and properly accounted for in accordance with guidance issued by the Group Director, Finance and Corporate Resources

FRP8 - Orders for Goods and Services

- 8.1 The objective of this Financial Procedure Rule is to ensure that work, goods and services are only ordered for the purpose of Council business and the resulting expenditure is within budget and properly approved (details of how the ordering process works are contained in “Spending the Council’s Money”).
- 8.2 Group Directors shall be responsible for ensuring an authorised and appropriate Scheme of Financial Delegation has been established within their directorate and is operating effectively. The scheme shall identify staff authorised to act on the Group Director’s behalf regarding orders and payments for works and goods and services.
- 8.3 Other than for agreed exceptions as defined in “Spending the Council’s Money”, orders shall be raised, using the Council’s Financial System (CedAr) for the supply of all goods and services.

- 8.4 Group Directors, supported by their budget holders, shall be responsible for orders issued from their directorates. Each order shall conform to the directions of the Council with respect to corporate purchasing and the standardisation of supplies and materials. Each employee responsible for purchasing shall comply with the Council's Corporate Procurement Framework.
- 8.5 Orders shall be raised and authorised through the Council's Financial Management System (CedAr). Verbal and manual orders are not acceptable, except in emergencies. In those cases, orders shall be confirmed by an authorised Purchase Order in CedAr within two working days. Officers who do not have access to raise orders in CedAr shall ask their line manager or cost centre manager how to get an order raised.
- 8.6 Before orders are made, the authorising Officer shall ensure that there is adequate budget provision to cover the cost of the order.
- 8.7 Every Officer raising an order shall be responsible for making sure they have complied with the Council's rules about tenders and quotations. In any case, officers shall make every effort to secure the best terms for the Council.
- 8.8 All officers shall check with the Director of Legal and Governance Services before accepting unusual terms and conditions as part of their order.
- 8.9 The Group Director, Finance and Corporate Resources shall be responsible for approving the operation of ordering and payment systems across the Council. No system may be established without the explicit agreement of the Group Director, Finance and Corporate Resources. These rules shall apply to all existing payment systems across the Council which have been approved by the Group Director, Finance and Corporate Resources.
- 8.10 Group Directors shall be responsible for payments made by their directorate. They shall make sure there are secure systems in place so that:
- (a) Only officers approved by them can initiate or certify payments;
 - (b) Those officers are appropriately trained, and adequate written instructions are available;
 - (c) There are effective financial controls including separation of duties; and
 - (d) VAT is calculated, recorded and treated appropriately in all cases and supported by a valid VAT invoice in accordance with the VAT Guidance Manual for Directorate Staff.

- 8.11 The duties of ordering, receiving goods and certifying the respective invoices for payment shall not be performed by one officer. Every Officer receiving works or goods or services of satisfactory quality shall ensure this receipt is promptly recorded. This shall usually be by a goods receipt note in the CedAr system, or by authorising a timesheet in the electronic timesheet system for temporary staff. If the Officer does not input the receipt themselves, they shall supply evidence of satisfactory receipt to the Officer who does so.
- 8.12 Every Officer receiving works or goods or services of unsatisfactory quality shall notify the supplier promptly and ensure suitable corrections are made
- 8.13 Areas of spending where CedAr purchase orders are not mandatory shall be specified in the document 'Spending the Council's Money as Agreed Exceptions'. These shall include spending managed by specialist systems, payments initiated by the Council from its own records and contracts paid by direct debit.

FPR9 - Payment of Accounts

- 9.1 The purpose of this Financial Procedure Rule is to ensure that all payments made by the Council are:
- (a) Lawful;
 - (b) Properly authorised by an appropriate officer; and
 - (c) Within the amount provided by the Council's budget.
- 9.2 Officers shall not process or certify payments to themselves or to anyone to whom they are related or with whom they have a close personal or domestic relationship outside work.
- 9.3 Invoice-related payments shall only be made through the Council's on-line payment system (CedAr) and officers shall use this official payment system, unless the Group Director, Finance and Corporate Resources has given their explicit agreement to make other arrangements.
- 9.4 The Group Director or authorised Officer shall be responsible for examining, verifying and certifying accounts for payment and certification shall mean that:
- (a) The goods have been received, the work done, or the services rendered and that they are satisfactory as to quality and correct as to quantity;
 - (b) The goods or services have not been paid for previously;

- (c) Prices are in accordance with the agreement, quotation or current market rate, whichever is applicable and that all trade or cash discounts have been applied;
 - (d) Any special authority needed has been obtained;
 - (e) The payment is lawful and is in accordance with the Council's policy and instructions and complies with the Council's procurement rules;
 - (f) The expenditure is within the amount provided by annual estimates or approved supplementary estimate; that it has been charged in the financial year in which the work is done or the goods received, irrespective of the years in which provision has been made in annual estimates;
 - (g) The amount/invoice is correctly coded;
 - (h) VAT is properly accounted for and evidenced by a valid VAT invoice;
 - (i) Appropriate entries have been made in inventories or stock or stores records; and
 - (j) The account is arithmetically correct or subject to a sample test agreed by Directorate's Directors of Finance.
- 9.5 The Central Payments Team shall be responsible for receiving and paying invoices by matching them to purchase orders and Goods Receipt Notes (GRNs). The Group Director shall be responsible for ensuring that purchase orders have been raised and GRNs entered before the invoice is received so that payment can be made promptly.
- 9.6 It shall be the buying officer's responsibility to raise a GRN in CedAr as soon as the goods or services have been received unless the quantity is unknown, in which case the GRN shall be raised as soon as the invoice is received.
- 9.7 The buying Officer shall be responsible for resolving price and quantity mismatches between invoices and Goods Receipt Notes as soon they are notified, so that the invoice can be paid within terms.
- 9.8 Payments shall only be made against valid invoices unless the Group Director, Finance and Corporate Resources has given their explicit agreement to make the payment. Inaccurate, unclear or incomplete invoices, or those written in pencil or invoices not addressed to the London Borough of Hackney, are not valid. They shall be returned to the supplier who shall submit a valid one. Officers shall not amend or alter invoices.

- 9.9 Payments shall not normally be made in advance. Officers shall check with their Director of Finance if they are considering making advance payments.
- 9.10 Payments which are not CedAr PoP related shall be certified by an authorised officer. Certifying officers shall make adequate checks to satisfy themselves that: (a) the goods and/or services have been received and are satisfactory; (b) the expenditure is covered by a budget; (c) the prices, arithmetic and cost allocations are correct; and (d) VAT is correctly identified and supported by a valid VAT invoice.
- 9.11 Officers shall follow the Council's payments policy, which requires that valid payments shall be processed promptly and paid in good time to take account of early settlement discounts. Invoices shall be paid in accordance with the terms agreed with the supplier or in the absence of such terms, 30 days from the receipt of a correct invoice or the goods and/or services (whichever is the later). In exceptional circumstances earlier payment may be effected where there are valid reasons to do so.
- 9.12 The requirements of the Late Payment of Commercial Debts (Interest) Act 1988 and the policies and procedures adopted by the Group Director, Finance and Corporate Resources in relation to the Act shall be fully adhered to by all Chief Officers.
- 9.13 Accounts duly certified shall be processed daily in the manner prescribed by the Group Director, Finance and Corporate Resources, who shall examine them as they see necessary.
- 9.14 Certificates for contract payments shall be submitted together with a valid VAT invoice to the appropriate Group Director or authorised officer, who shall authorise the certificate and VAT invoice for payment after examining it to see that it is within the contract sum, subject to any agreed variations, and is reasonable. Certificates shall include details of the value of the work, retention money, amounts previously certified and amounts now certified.
- 9.15 All invoices shall be retained for at least six years by each Group Director. The Group Director, Finance and Corporate Resources shall be consulted before any disposal takes place. This shall be in line with the Council's legal obligations to keep all original invoices, and paid and copy debtor accounts, for six years from the date they were paid or raised, for VAT purposes.

FPR10 - Payment of Employee Related Expenses

- 10.1 The objective of this Financial Procedure Rule is to ensure that staff are appointed in accordance with the Hackney Recruitment Policy, shall be paid in

accordance with their Contract of Employment and to ensure leavers are removed from the payroll.

- 10.2 All staff shall be appointed in accordance with the Hackney Recruitment Policy and there shall be written evidence to support this kept on file.
- 10.3 The Director, HR and OD is responsible for the operation of the Council's payroll services. This shall include making sure that there are appropriate arrangements in place so that staff pay and deductions are made accurately and promptly, and that statutory records are properly maintained.
- 10.4 The Group Director, Finance and Corporate Resources shall be responsible for the accurate accounting for all payroll transactions. Each Group Director shall keep a personal record file for each employee within their approved establishment, containing a copy of the employee's contract of employment together with sufficient information to identify service, salary scale and current amount payable, sickness leave taken and annual leave taken and due.
- 10.5 Group Directors shall be responsible for notifying the Director, HR and OD of any changes in employees' circumstances which would affect their payments or deductions. Where employees submit timesheets, they shall accurately record the hours they worked.
- 10.6 On a regular basis, and at least annually, each Director of Finance shall be provided by the Director, HR and OD with a list of staff currently paid within their directorate and the rate at which they are currently being paid. The Director, Financial Management shall certify that every name on the list is a bona fide employee of their directorate and that the rate of payment to the employee is correct.
- 10.7 Any prime records shall be checked and certified by an approved Officer before being passed to the Director, HR and OD in time for them to meet their established deadlines.
- 10.8 The Group Director, Finance and Corporate Resources shall be responsible for the calculation of pension and retirement benefits as well as making appropriate arrangements for their payment.
- 10.9 Officers can claim reimbursement of costs they incur on Council business, including car mileage and subsistence, as long as they follow the correct procedures including seeking their line manager's approval before incurring significant expenditure. All claims shall be made on standard forms with the receipts attached. Claims shall be authorised by the employee's line manager or a more senior Officer and then certified before being passed for payment.

10.10 Expenses claims shall be submitted within one month of incurring the expenditure. All officers shall take reasonable steps to minimise costs when spending the Council's money. Officers who deliberately claim expenses to which they are not entitled may be guilty of gross misconduct and may be dismissed.

FPR11 - Imprest and Petty Cash Accounts

- 11.1 The Group Director, Finance and Corporate Resources shall provide petty cash accounts of such amounts as may from time to time be required for the purpose of paying minor items of equipment and postage stamps and other such urgent payments as he may determine.
- 11.2 Directors of Finance shall be responsible for determining the petty cash arrangements in their directorate, subject to authorisation and procedures issued by the Group Director Finance and Corporate Resources
- 11.3 Directors of Finance shall issue detailed guidance to officers holding cash floats setting out how they expect them to be operated and what security arrangements they require to be maintained.
- 11.4 A petty cash slip shall be completed for every reimbursement that is made, signed by the claimant, authorised by their manager and signed by the person making the payment. Receipts shall be obtained to back up all expenditure made and reclaimed through the petty cash account and attached to the petty cash payment slip in line with an agreed HMRC prerequisite.
- 11.5 Proper VAT invoices shall be obtained when VAT is applicable.
- 11.6 Petty cash accounts shall not in any circumstance be used to cash personal cheques or make personal loans.
- 11.7 On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash advance, an employee shall account to the Group Director, Finance and Corporate Resources for the amount advanced to them.

FPR12 - Risk Management and Insurance

- 12.1 The objective of this Financial Procedure Rule is to ensure that the Council manages all potential risks and liabilities and to limit the authority for arranging insurance cover to the Group Director, Finance and Corporate Resources.
- 12.2 The Group Director, Finance and Corporate Resources shall be responsible for the development, monitoring and review of the Council's risk management policy, which shall be approved by the Audit Committee.

- 12.3 The Group Director, Finance and Corporate Resources shall be the Council's principal risk management adviser and co-ordinator.
- 12.4 The Group Director, Finance and Corporate Resources shall assess the Council's overall insurance requirements and shall be responsible for arranging all insurance cover. The Group Director, Finance and Corporate Resources shall review insurance cover on an annual basis.
- 12.5 Each Chief Officer shall be responsible for identifying, assessing and controlling risks within their Directorate and shall undertake an annual review of Directorate risk in consultation with the Group Director, Finance and Corporate Resources.
- 12.6 Group Directors shall submit an Annual Risk Register in respect of their Directorate to the Group Director, Finance and Corporate Resources and shall report quarterly on its implementation.
- 12.7 All line managers shall ensure that they are familiar with the extent of their insurance cover.
- 12.8 Group Directors shall inform the Head of Insurance of any new risks they take on and of any alterations, which affect insurable risks in their department as soon as is practically possible.
- 12.9 All employees shall provide information required by the Head of Insurance, which shall be relevant to the Council's risk exposure or relate to an insurance claim within specified timescales.
- 12.10 Group Directors shall be responsible for ensuring that anyone covered by the Council's insurances is aware that they shall not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 12.11 All employees concerned with the receipt, custody and/or disbursement of the monies and property of the Council shall be included in a suitable fidelity guarantee insurance. Group Directors shall ensure that the Insurance Section is notified of such persons.
- 12.12 An annual insurance review shall be carried out which will take the form of a declaration of existing covers and values provided by all Group Directors; and any changes in covers, activities, changes to assets, major projects or contracts shall be notified to the Group Director, Finance and Corporate Resources in the review (or within 14 days if mid-year).

12.13 Group Directors shall notify the Head of Insurance in writing of any loss or damage to property or goods in their department, whether insured or not. If the loss arose as a result of theft, the relevant Group Director shall notify the Corporate Head of Audit, Anti-Fraud and Risk Management. They shall also inform the Head of Insurance of all claims made or of incidents that may give rise to a claim against the Council.

12.14 The Group Director, Finance and Corporate Resources shall be consulted about any insurance policies that Group Directors may wish to arrange on behalf of other parties.

FPR13 - Treasury Management

13.1 All investments and borrowing shall be made by the Group Director, Finance and Corporate Resources and shall be in the name of the London Borough of Hackney.

13.2 All securities which are the property of, or are in the name of, the Council shall be recorded, managed and monitored by the Group Director, Finance and Corporate Resources

13.3 The Group Director, Finance and Corporate Resources shall:

(a) Produce a Treasury Management Policy Statement and Annual Strategy Report and submit them to Cabinet and then to Council each year;

(b) Report on Treasury Management activity during the year, at least mid-year, and revise the Treasury Management Strategy as appropriate and submit to Cabinet for approval, as and where appropriate to Council; and

(c) Produce an outturn report for the previous year's activity against the agreed strategy and also a report on the treasury management activity for the first half of the current financial year.

13.4 All Treasury Management activities shall be conducted by the Group Director, Finance and Corporate Resources in line with the relevant CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities.

13.5 Adequate division of duties shall exist between arranging and settling of transactions. Additional segregation shall exist between arranging and recording of transactions.

- 13.6 Arrangements shall exist which provide for someone other than the Treasury Officer to monitor investment levels, which shall be periodically reviewed. Investment levels shall be monitored by the Treasury & Pensions Manager reviewing the weekly strategy reports produced by the Treasury Officer.

FPR14 - Reimbursement of Expenses and Payment of Allowances

- 14.1 The objective of this Financial Procedure Rule is to ensure that the reimbursement of allowances and expenses to staff and members is in accordance with the appropriate agreements and legislation.
- 14.2 All claims by employees for payment of car allowances shall be submitted at monthly intervals to the Group Director, Finance and Corporate Resources in an approved form, duly certified by the Group Director or other nominated officer. Payment of other travelling expenses, subsistence allowances and incidental expenses shall be made upon receipt of the appropriate form duly certified, in line with the Council's expenses policy and guidance issued by the Human Resources section of the Council.
- 14.3 Receipts shall be provided for all expenditure claimed wherever possible in line with HMRC requirement. A valid VAT invoice shall also be obtained where appropriate.
- 14.4 All claims for a financial year shall be submitted not later than one month following 31st March in any year, except with the express approval of the Group Director, Finance and Corporate Resources.
- 14.5 Certification of a claim shall be taken to mean that the journeys were authorised and the expenses properly and necessarily incurred, and that the allowances are properly payable by the Council in accordance with the rates approved by Cabinet. Claims submitted shall provide sufficient information to allow such certification to take place.

FPR15 - Security and Control of Assets

- 15.1 The objective of this Financial Procedure Rule is to ensure the proper use and safeguarding of assets owned by the Council or for which the Council has responsibility. This Rule applies to all assets, including stocks, stores, furniture, equipment, vehicles, cash, land and buildings, software and information that are owned by, or are in the possession of the Council and for which the Council is responsible.
- 15.2 The use of assets shall be restricted to authorised Council business. Surplus assets shall be disposed of in accordance with Council procedures.

- 15.3 It shall be the responsibility of the Group Director, Finance and Corporate Resources to ensure the Council's Corporate Asset Management Plan support the strategic approach to Capital as well as complying with best practice and guidance issued by the Government.
- 15.4 Group Directors shall be responsible for other Asset Management plans prepared for the Council's key assets such as Highways, Maintenance, Vehicles, and ICT. In some instances, these may be encompassed within the appropriate strategy e.g. ICT.
- 15.5 The Director of Legal, Democratic and Electoral Services shall have custody of all title deeds of properties owned by the Council and be responsible for their security, and the Group Director, Finance and Corporate Resources shall maintain a terrier of all land and properties owned by the Council recording the location, extent, plan, reference, purchase details, nature of the interests, tenancies granted, rents payable and purpose for which held.
- 15.6 It shall be the responsibility of Group Directors to ensure compliance with the measures, processes and policies outlined in the Asset Management Plans and to ensure the maintenance and annual review of an inventory of their directorate's assets including those leased or loaned to the Council. The directorate review shall be undertaken in accordance with directions and guidance issued by the Group Director, Finance and Corporate Resources.
- 15.7 Group Directors shall be responsible for the land and properties in their directorate. They shall take all reasonable steps to safeguard them. Properties shall be adequately insured, and appropriate procedures put in place to ensure their security and safety.
- 15.8 An independent register of land and properties held by the Council and shall be reconciled to the Council's asset register held by the Group Director, Finance and Corporate Resources.
- 15.9 Group Directors shall inform the Group Director, Finance and Corporate Resources if they propose to acquire, lease or dispose of land and properties by lease or freehold. They shall also inform the Insurance Section within the Directorate of Finance and Corporate Resources for insurance purposes and ensure that their actions are in accordance with Council rules and procedures
- 15.10 Group Directors shall obtain the written prior approval of the Group Director, Finance and Corporate Resources for all transactions involving land and properties which involve the Council in taking or granting an interest.

- 15.11 The Group Director, Finance and Corporate Resources shall be responsible for making sure that land and property is sold for the best consideration possible with exceptions of Right-to-Buy sales.
- 15.12 Right-to-Buy sales shall be the responsibility of the Group Director, Climate, Homes and Economy and the scheme shall be administered by the Council's Housing Service.
- 15.13 The Group Director, Climate, Homes and Economy shall be responsible for ensuring that the Council obtains best consideration for Right-to-Buy properties and these shall comply with the rules approved by Cabinet.
- 15.14 Appropriations shall require approval by Cabinet.
- 15.15 To appropriate land and property held for one purpose to another under s122 of the Local Government Act, 1972, the asset shall first be declared surplus and appropriated by the Group Director, Finance and Corporate Resources after consultation with the relevant Group Director. The Group Directors and the Group Director, Finance and Corporate Resources shall ensure the Asset Register and other records are updated and the necessary ministerial consents obtained.
- 15.16 Disposals shall be made in accordance with Council rules and procedures; and in the case of disposals of property all disposal requires Cabinet approval. In relation to all disposals the same rules as those covering tendering contracts shall apply. The disposal of all property shall be reported to the Group Director, Finance and Corporate Resources to be reflected in the resources available to the Capital Programme and reported to Cabinet.
- 15.17 Group Directors shall arrange for an end of year check to make sure the assets are still there, and their inventories are accurate. They shall send a copy of their inventory to the Head of Insurance who shall use it to make sure adequate insurance arrangements are in place.
- 15.18 No property of the Council shall be removed otherwise than in the ordinary course of business or used otherwise than for the Council's purposes.
- 15.19 Group Directors shall have power to dispose of assets with a sale value of between £500 and £5,000 with the agreement of their Director of Finance. This limit shall apply to single items or the aggregate value of identical items within the financial year. Other assets can only be disposed of with the approval of Cabinet. Assets shall be sold at the best consideration obtainable. Under no circumstances shall Council assets be sold to employees of the Council.

- 15.20 The Group Director, Finance and Corporate Resources shall be responsible for issuing rules on the purchase and disposal of IT-related equipment.
- 15.21 Inventories shall be maintained by all Directorates and kept up to date. They shall contain an adequate description (including serial numbers where appropriate) of furnishings, fittings, equipment, plant, machinery, vehicles and other property of the Council with an individual value exceeding £250.
- 15.22 Attractive and portable items such as computers, cameras and video recorders shall be identified with security markings as belonging to the Council.
- 15.23 Each Chief Officer shall be responsible for making checks of such inventories not less than once per year and certifying within the inventory documentation that the check has taken place.
- 15.24 The Group Director, Finance and Corporate Resources shall be responsible for maintaining the lists of assets of community value in compliance with the Council's protocol and discharge the requirements of Chapter 3 of Part 5 of the Localism Act 2011.

FPR16 - Payment of Grants and Benefits

- 16.1 The objective of this Financial Procedure Rule is to ensure that only properly authorised grant and benefit payments are made and where discretionary, to ensure that the purpose of the payment is achieved.
- 16.2 All claims shall be correctly certified and submitted only if all conditions are met. The Group Director or designated Officer shall be responsible for examining, verifying and certifying grant/benefit payments and certification shall mean that:
- (a) The grant / benefit payment has not been paid previously;
 - (b) The payment is lawful and in accordance with the Council's policy;
 - (c) The payment is arithmetically correct; and
 - (d) The grant is within budget provision.
- 16.3 When making payments for which external funding can be claimed, Group Directors shall be aware of any conditions/obligations laid down by the external funder that the Council shall meet (e.g. monitoring of spending) and be satisfied that these conditions/obligations are being met.

- 16.4 Where funding is dependent on the achievement of outputs, such outputs shall be evidenced and monitored accordingly.
- 16.5 The approval of the Cabinet shall be sought before a Group Director provides assistance to industry by way of loan, grant or guarantee over £50,000 to any one body in any one financial year.
- 16.6 Each Group Director shall provide a record justifying the award of the grant.

FPR17 - Record of Contracts for Capital Works

- 17.1 Each Group Director shall be responsible for maintaining proper records for all contracts and for informing the Group Director, Finance and Corporate Resources and appropriate Cabinet Councillor when the final cost is likely to exceed the financial provision.
- 17.2 In every case, before a Group Director or consultant issues or certifies a final certificate of payment under a contract, the Group Director, Finance and Corporate Resources shall examine the contractor's final account together with such relevant documents and information as may be required.
- 17.3 These requirements shall be set out in Contract Standing Orders and shall be applicable to all contracts.

FPR18 - Grants from External Bodies

- 18.1 The purpose of this Financial Procedure Rule is to ensure that all grant claims submitted to external funders (e.g. European Union and the Government Office London) in respect of specific projects are:
- (a) Lawful and in line with statutory obligations;
 - (b) Accurate;
 - (c) Complete;
 - (d) Timely;
 - (e) Within the approved grant allocation;
 - (f) In accordance with each funder's eligibility criteria;
 - (g) Submitted with due regard to the Council's continuing commitment to the project; and
 - (h) In accordance with Council priorities.

18.2 The Group Director, Finance and Corporate Resources shall be responsible for:

- (a) building in any agreed financial implications (e.g. matched funding) into the budget strategy; and
- (b) accounting for non-specific Government Grants received and receivable

18.3 Group Directors shall be responsible for:

- (a) Ensuring that all external funding agreed with external bodies is received and is properly recorded in the Council's accounts; liaising with the Grants Team in Financial Management;
- (b) Maintaining a Directorate Grant Register and reconciling this with the Central Grants Register held by the Grants Team in Financial Management;
- (c) Ensuring that the Director of Finance is aware of and agrees all bids for external funding;
- (d) Ensuring that external funding which is sought supports the Council's service priorities;
- (e) Ensuring that any matched funding requirements relating to external funding agreements are provided for in the budget prior to any external funding agreement being concluded;
- (f) Ensuring that necessary approvals are obtained before external funding agreements are concluded; and
- (g) Investigating ways of maximising income.

18.4 Where the use of external funding for projects requires a financial commitment from the Council for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the relevant Group Director, in conjunction with the Group Director, Finance and Corporate Resources, shall provide a written report to Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. This report shall also set out the ways that the external funding sought supports the Council's service priorities.

18.5 The applicant Directorate shall nominate a named responsible (senior) Officer to be accountable for the performance and financial monitoring of each

project. The named responsible Officer shall agree deadlines for the preparation of claims and returns with the Grants Team in Financial Management and adhere to the “How to Guidance on Grants” issued by them

- 18.6 Written approval shall be obtained from the funder which clearly shows the approved allocation, the purpose of the grant and the financial period to which it relates.
- 18.7 The responsible Officer shall ensure, prior to submission of a grant claim, that all expenditure declared is eligible in accordance with the relevant funder’s criteria, including purposes and deadlines.
- 18.8 Should there be any uncertainty as to the purpose of such funding; the responsible Officer shall make such enquiries as necessary, to the funder, to ensure proper use of grant.
- 18.9 Grant claims and monitoring returns working paper files shall include an internal authorising form approved by the Directorate Director of Finance prior to submission to the Group Director, Finance and Corporate Resources, and be submitted within the funder’s timescales.
- 18.10 Where receipt of funds from a third party (i.e. matched funding) is part of any grant submission, Group Directors shall adhere to the guidance which has been provided by the Group Director, Finance and Corporate Resources.
- 18.11 The manner in which external funding is managed shall be in accordance with Council policy, Contracts Procedure Rules and Financial Procedure Rules, in addition to the funder’s own requirements.
- 18.12 Grant claim working papers shall be maintained in a form agreed by the Group Director, Finance and Corporate Resources.

FPR19 - Partnerships

- 19.1 A partnership shall be defined as “*a relationship between two or more independent legal bodies, organisations or individuals working together to achieve a common vision with clear aims and objectives*”.
- 19.2 All Councillors and Officers currently involved in or considering ‘partnership’ working shall have regard to the Council’s Partnership Code of Practice and ensure compliance with it.
- 19.3 The selection of partners shall be underpinned by a procurement process as set out in Contract Standing Orders except for the following circumstances:
 - (a) Where there is no exchange of funds (e.g. information sharing only);

- (b) Where the Council is providing grant (e.g. this would not apply where funding depends upon detailed specified requirements);
 - (c) Where it is permitted, required or encouraged by law (e.g. joint committee, pooled budgets and integrated services with Health Trusts).
- 19.4 The view of the Group Director, Finance and Corporate Resources and Chief Executive shall be sought before any discussions are held with potential partners.
- 19.5 Any financial relationship with a partner shall be fully documented and legally binding.
- 19.6 Where the entering into a partnership requires a financial commitment from the Council, either immediate or potential, for which the budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the relevant Group Director in conjunction with the Group Director, Finance and Corporate Resources shall provide a written report to Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond.
- 19.7 The approval of the Cabinet shall be secured before the Group Director commits the Council to any partnership agreement. In addition, a clear exit strategy shall be in place prior to entering into any partnership agreement.
- 19.8 The Group Director of the applicant Directorate shall be responsible and accountable for the performance and financial monitoring of each partnership. A risk assessment shall be maintained in relation to the Council being a party to each Partnership.
- 19.9 Where receipt of funds from a partner or third party (i.e. matched funding) is part of any grant submission, Group Directors shall adhere to the guidance which has been provided by the Group Director, Finance and Corporate Resources
- 19.10 Internal Audit's rights of access to all officers, buildings and information, explanations and documentation required to discharge the audit and investigation role shall be written into the appropriate agreements within these organisations. This shall be the responsibility of Group Directors.

FPR20 - Acquisition and Disposal of Land and Buildings

- 20.1 Proposals for the acquisition and disposal of land or buildings, whether freehold or leasehold, shall be referred to the Group Director, Finance and Corporate Resources for recommendation to Cabinet.
- 20.2 The acquisition and disposal of land or buildings by the Council which shall have due consideration to the Council's strategic approach to capital and be executed as part of the Revenue Budget or Capital Programme as appropriate.
- 20.3 The Group Director, Finance and Corporate Resources shall have responsibility for advising on land and building issues and as such:
- (a) the Group Director, Finance and Corporate Resources shall maintain a detailed record of all land and buildings owned by the Council; and
 - (b) Chief Officers shall be responsible for providing information in a form specified by the Group Director, Finance and Corporate Resources to ensure that this record is accurate, complete and up to date.
- 20.4 The acquisition or lease of land or disposal of land shall be agreed by Cabinet
- 20.5 All proposed new lease arrangements (whether as a lessee or a lessor) shall be referred to the Group Director, Finance and Corporate Resources for a technical assessment of the International Financial Reporting Standards (IFRS implications), prior to any further action taking place

FPR21 - Demolition of Council Owned Property

- 21.1 The Group Director, Finance and Corporate Resources may, after consultation with the Lead Cabinet Councillor, authorise the demolition of a Council owned property valued at £500,000 or less. Any property valued over £500,001 shall be approved by the Chief Executive up to the value of £1 million. Properties requiring demolition valued at over £1 million shall be referred to Cabinet for a decision.
- 21.2 The Director of Housing/Director of Regeneration may, after consultation with the Lead Cabinet Councillor, authorise the demolition of HRA property valued at £100,000 or less. Any property valued £100,001 and over shall be approved by the Group Director of Climate, Homes and Economy, up to the value of £500,000. Properties requiring demolition valued at £500,001 and over shall be approved by the Chief Executive up to the value of £1 million. Properties requiring demolition valued at over £1million shall be referred to Cabinet for a decision.