

Part 5 Codes and Protocols

Financial Procedure Rules

Section A - Financial Control

1. General

1.1 For the purposes of these Rules:

- (a) “the Chief Executive Officer” means the officer designated by the Council as Head of Paid Service under Section 4 of the Local Government & Housing Act 1989.
- (b) “the Chief Finance Officer” means the officer designated by the Council as the officer responsible for the administration of its financial affairs under Section 151 of the Local Government Act 1972.
- (c) “Chief Officer” means any of the following:
 - The Chief Executive Officer;
 - The Corporate Director - Social Services and Wellbeing;
 - The Corporate Director - Education and Family Support;
 - The Corporate Director - Communities;
- (d) “the Monitoring Officer” means the officer designated as such by the Council under Section 5 of the Local Government & Housing Act 1989.
- (e) “the Cabinet” means the Executive established under Part II of the Local Government Act 2000.
- (f) “Cabinet Member” means the Leader and any of the members of the Cabinet.
- (g) “Budget Head” means the budget for a particular service/services.
- (h) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender include the feminine and vice versa.

1.2 A Chief Officer may nominate any suitably qualified officer in their Directorate to undertake any of the duties placed upon him or exercise any power granted to him by these Rules.

1.3 Each Chief Officer shall consult with the Chief Finance Officer on any matter which is liable to materially affect the finances of the Council before any commitment is incurred and before reporting thereon to the Cabinet or the Council.

1.4 (a) Chief Officers shall be responsible for bringing these Financial Procedure Rules to the attention of staff and for ensuring the observance of these Rules throughout their respective Directorates;

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- (b) Staff who fail to observe these Rules may be subject to disciplinary action.
- 1.5 Each Chief Officer shall be responsible for the accountability of staff, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Chief Finance Officer.
- 1.6 Each Chief Officer shall have a duty to endeavour to maximise the value for money obtained in running the activities within their purview.
- 1.7 Each Chief Officer shall have a duty to consult the Chief Finance Officer if he has reason to believe that any matter within their purview may result in:
 - (a) The Council incurring expenditure in excess of its approved budget;
 - (b) The Council incurring expenditure for which it has no statutory power to incur;
 - (c) The Council failing to comply with the financially related provisions of any relevant European and UK legislation;
 - (d) The Council failing to comply with the financially related provisions of any code of practice adopted by the Council.
- 1.8 Whenever any matter arises which involves or is thought to involve irregularities concerning cash, stores or other property of the Council or held on trust by the Council, the Chief Officer concerned shall notify the Chief Finance Officer who shall take such steps as he considers necessary by way of investigation and report.
- 1.9 Each Chief Officer shall have a duty to inform the Chief Finance Officer and the Monitoring Officer if he suspects that the Council or its officers are exceeding the Council's statutory powers.
- 1.10 No Chief Officer may recommend to the Council or the Cabinet that expenditure be incurred or any other action taken on the assumption that sufficient statutory power is provided by either Sections 137 of the Local Government Act 1972 and Section 2 of the Local Government Act 2000, without prior approval of the Chief Finance Officer and the Monitoring Officer.
- 1.11 The Chief Finance Officer in consultation with the Monitoring Officer shall be authorised to vary from time to time any amount included in the Rules, but any alteration shall be reported to the next meeting of Council.
- 1.12 Separate Financial Regulations shall be issued by the Chief Finance Officer for use by the Council's schools, drawing on, and supplementing this document, as appropriate.

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2. Accounting Systems

- 2.1 All accounting procedures and accounting records of the Council and its Officers shall be subject to the approval of the Chief Finance Officer.
- 2.2 All accounts and accounting records of the Council shall be compiled by, or under the direction of, the Chief Finance Officer.
- 2.3 The following principles shall be observed in the allocation of accounting duties:
 - (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 2.4 A Chief Officer shall be responsible for the financial management and audit of any private fund entrusted to him as part of their duties and will apply regulations to such funds as stipulated by the Chief Finance Officer.
- 2.5 Notwithstanding the duties of a Chief Officer in Rule 2.4, the Chief Finance Officer shall have the right to audit any private fund at any time.
- 2.6 For the purposes of these Rules “private fund” shall mean any fund in the management of which a Chief Officer of the Council is concerned and which may affect any person or property for which the Council has a responsibility, notwithstanding that contributions towards such fund shall have been made by another party other than the Council.

3. Budgeting and budgetary control

3.1 Council’s Budget

- 3.1.1 The Budget shall be approved by the Council in accordance with Rule 2 of the Budget and Policy Framework Procedure Rules;
- 3.1.2 In referring the Cabinet's Budget Proposals to Council the proper officer will forward to the Council a report of the Chief Finance Officer incorporating the recommendations of the Cabinet and detailing for approval of the Council:
 - (a) a probable out-turn for the current year;
 - (b) a revenue budget for the forthcoming year detailing the Budget Heads over which that budget is allocated to specific services and service programme areas;

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- (c) a forward indication of the medium term financial strategy which will comprise the revenue budget for the first year and indicative budgets for the subsequent three years and a capital budget for the forthcoming year incorporating a capital programme of at least three years, but no more than ten years;
- (d) an assessment of any major financial risks which may impact on the budget;
- (e) an analysis of reserves and balances and movements over the forthcoming financial year;
- (f) the proposed increase in fees and charges for the forthcoming year;
- (g) a recommendation of the level of Council Tax to be levied for the forthcoming year.

3.1.3 The detailed form of the Budget will be determined by the Chief Finance Officer within the general direction of the Council and Cabinet after consultation with Chief Officers.

3.2 Amendments to the agreed budget (virements and technical adjustments)

- 3.2.1. Each Chief Officer shall have the authority to incur expenditure on any activity under their control up to the amounts specified in respect of that activity in the revenue or capital budgets approved by the Council for the financial year, unless directed otherwise by the Chief Finance Officer.
- 3.2.2 Each Chief Officer, subject to the agreement of the Chief Finance Officer, may approve virements between specific revenue Budget Heads which do not amend any individual Budget Head by more than £100,000 from that approved by the Council. The relevant Chief Officer and Chief Finance Officer must jointly report to Cabinet on any virements which amend individual Budget Heads by more than £100,000.
- 3.2.3 Cabinet may, following a report of the appropriate Chief Officer in consultation with the Chief Finance Officer, approve virements between individual revenue Budget Heads which do not amend any individual budget head by more than £500,000 from that approved by the Council.
- 3.2.4 All approved virements over £100,000 must be reported to the Council for information as soon as reasonably practicable after their approval.
- 3.2.5 Any variations to the capital programme, other than those permitted under paragraphs 3.4.7 and 3.4.9, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.
- 3.2.6 All proposals for revenue and capital budget virements that exceed the above limits will need to be approved by the Council on receipt of a report of the appropriate Chief Officer in consultation with the Chief Finance

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Officer following consideration by the Cabinet. Virement proposals must also be approved by the Council if they:

- a) imply a change in a plan, policy or strategy which would be contrary to the existing policy framework;
- b) have a major operational impact on existing service provision;
- c) are contrary to or not wholly in accordance with the Budget;
- d) imply any additional revenue commitment in future years.

3.2.7 There are also technical adjustments to budgets as a result of the Council adhering to the Code of Practice on Local Authority Accounting. These could include, but are not limited to, the reallocation of budgets and spend for central support services to other areas within the Council or the allocation of capital charges across the Council. These are not subject to the authorisation limits of budget virements and the Chief Finance Officer or nominated representative can authorise these.

3.3 Budgetary control

- 3.3.1 The Chief Finance Officer shall provide each Chief Officer with regular information relating to income and expenditure under each approved budget head and any other relevant information available. Each Chief Officer shall be responsible for ensuring control of expenditure and income against the approved budget (attention is drawn to Rule 6.1).
- 3.3.2 A Chief Officer in consultation with the Cabinet Member responsible for the function in respect of which the service is provided will be expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control. A Chief Officer or Cabinet Member may not incur expenditure or forego income if this will result in the approved budget being exceeded.
- 3.3.3 A Chief Officer may delegate responsibility for management of budgets within their control to other senior officers within their Directorate. Such delegation shall be within defined parameters and shall be recorded in writing as determined by the Chief Finance Officer.
- 3.3.4 At year end, consideration will be given to the overall financial position of the Council including the final outturn, any accrued Council Tax income, the Council's reserve levels and any new pressures or risks that need to be provided for. At that time, in line with the Council's Reserves and Balances Protocol, a Chief Officer will be invited to submit earmarked reserve requests to meet any specific unfunded one-off expenditure that they expect to arise in the following financial year and these will be considered by the Chief Finance Officer in the context of the Directorate

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outturn position as well as that of the Council as a whole. Chief Officers will be notified of successful earmarked reserves.

- 3.3.5 Any over-spending against budget may be carried forward at the discretion of the Chief Finance Officer, either against the specific directorate or Council wide budgets. In no circumstances should this provision be seen as giving a Chief Officer power to overspend against approved budgets. Any such overspend will be treated as a breach of the Financial Procedure Rules and the respective Chief Officer held accountable. No Chief Officer or Cabinet Member may budget for a deficit. Where a net overspending occurs this will be a first call on the following year's budget, unless the Chief Finance Officer gives approval to meet this from usable reserves.
- 3.3.6 Urgent expenditure not included in any budget approval may only be incurred with the approval of the Chief Finance Officer.
- 3.3.7 The cash limited budget for a Chief Officer only relates to the "controllable" elements of their budget and excludes, amongst other things:
- Central capital charges
 - Central support service charges
 - Centrally controlled office accommodation budgets
 - Joint Committee precepts and levies

3.4 Capital programme

- 3.4.1 As part of the budget process the Chief Finance Officer or appropriate Cabinet Member will annually present to the Council a capital programme which shall include:
- (a) those capital expenditure items proposed to commence during the next three years as a minimum;
 - (b) an estimate of the capital costs of those schemes together with the associated proposed funding.
- 3.4.2 Schemes for which external funding has been approved will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council.
- 3.4.3 A Chief Officer, before submitting a scheme for inclusion in the capital programme, shall satisfy himself that the scheme is in line with the Council's Capital Strategy, and that:
- (a) land purchases, design planning consents and relevant studies are sufficiently advanced to ensure that the proposed year of start of a scheme is feasible;
 - (b) the level of expenditure envisaged is realistic, following a full feasibility assessment, and taking into account the Chief Finance

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Officer's forecast of capital resources available and the ability of each service directorate to meet the consequential costs resulting from prudential borrowing, if applicable, and any on-going maintenance costs;

- (c) each scheme in the programme has been fully appraised to ensure it is the most economic method of satisfying an identified need.

3.4.4 The Capital Programme upon approval by the Council shall:

- (a) confer authorisation upon the Chief Officer concerned to take steps to enable design work to be completed and land to be acquired in due time;
- (b) form the basis of the annual capital estimates.

3.4.5 The inclusion of any item in the approved capital estimates shall not confer authority to incur any expenditure (except on design work and land acquisition) until:

- (a) all necessary statutory approvals have been obtained;
- (b) any external funding contribution to the project has been secured; and
- (c) a tender or quotation has been received and accepted in accordance with the Contract Procedure Rules, which does not exceed that part of the total cost included in the capital estimate in respect of the main contract work for the project by more than 10% or £100,000, whichever is lower.

3.4.6 If the tender or quotation exceeds the criteria in 3.4.5(c) above, its acceptance will be subject to the approval of the Chief Finance Officer, in consultation with the Cabinet Member(s) responsible for the function in respect of which the decision is required, to a diversion of money from other approved schemes within the appropriate Chief Officer's control sufficient to meet any additional cost to be borne within the first year.

3.4.7 Chief Officers shall monitor both the progress of schemes and the totality of capital expenditure with the aim of avoiding under or overspending against the approved capital estimates. Should such a situation appear likely a Chief Officer in conjunction with the Chief Finance Officer shall recommend to the Council the remedial action necessary to accelerate or retard existing schemes within the approved capital programme.

3.4.8 Remedial action which necessitates the retardation or deletion of a scheme within the first year of the programme shall be subject to the prior approval of the Council based on a joint report of the Chief Finance Officer and Chief Officer.

3.4.9 The Chief Finance Officer shall give Chief Officers information relating to actual payments made for each scheme in such detail and at such time as

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arranged between them in order that they may carry out their responsibilities under paragraph 3.4.7.

- 3.4.10 The capital programme includes an annual allocation for capital minor works. Allocation of this funding to individual schemes is the responsibility of the Corporate Landlord Group (or its successor) and approval on individual schemes will not be sought from Council insofar as the overall funding allocated to schemes does not exceed the funding agreed by Council in the capital programme for that financial year.
- 3.4.11 Any additional capital expenditure from within the capital programme for new or existing schemes which, for reasons of urgency, cannot await the next meeting of Council, may only be incurred with the approval of the Chief Executive Officer in consultation with the Chief Finance Officer, subject to a maximum value of £100,000, under the Scheme of Delegation, Scheme B1 paragraph 2.2.
- 3.4.12 Urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer. Any such decision requires approval by either the Chief Executive Officer or Solicitor to the Council under the Scheme of Delegation, Scheme B1 paragraph 2.1.

3.5 Capital Strategy

- 3.5.1 The Chief Finance Officer will be responsible for preparing a Capital Strategy for submission to Council for approval prior to the start of each financial year. The Strategy must demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.
- 3.5.2 The Capital Strategy will need to comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code for Capital Finance in Local Authorities. It will incorporate the Prudential Indicators that will need to be approved by Council.
- 3.5.3 The Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Strategy and the Prudential Indicators.

4. Internal audit

- 4.1 The Chief Finance Officer shall have a duty to maintain an effective internal audit of the Council's operations in order to review, evaluate and test the adequacy of the Council's systems of internal control as contributions to the proper, economic, efficient and effective use of resources.
- 4.2 The Chief Finance Officer shall have the responsibility to review, appraise and report to Council, the Governance and Audit Committee, Cabinet, Cabinet Member, or Chief Officer as appropriate upon:

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- 4.2.1 The soundness, adequacy and application of financial and other related operations of the Council.
- 4.2.2 The extent of compliance with, and financial effect of, established policies, plans and procedures.
- 4.2.3 The extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - (a) fraud and other offences;
 - (b) waste, extravagance, poor value for money or other cause.
- 4.2.4 The suitability and reliability of financial and other related management data developed within the Council.
- 4.3 The Chief Finance Officer or an authorised representative of the Chief Finance Officer shall have the authority to require any officer to:
 - 4.3.1 Provide access to any Council premises or land under their control. Where sites are in the possession of a contractor or subject to any tenancy or licence to occupy, such entry will be governed by the conditions of the contract or other legal agreement.
 - 4.3.2 Produce any records, documents and correspondence in their possession.
 - 4.3.3 Provide explanations of matters arising from an audit.
 - 4.3.4 Produce and account for any cash, stores or other Council property under their control.
- 4.4 The Chief Finance Officer shall have the authority to request the immediate suspension from duty of any officers who:
 - (a) He has reasonable grounds to suspect of misappropriation of Council funds or other property;
 - (b) He believes present a threat of further misappropriation or hindering of any investigation.
- 4.5 Notwithstanding the duty of the Chief Finance Officer for the control and direction of Internal Audit, it shall be the duty of the Chief Internal Auditor to report direct to the Chief Executive Officer and to the Cabinet Member for Resources on any matter in which the Chief Finance Officer appears to be personally involved.
- 5. Contracts of building, construction or engineering work**
- 5.1 Contracts for the execution of capital works shall only be entered into for those schemes which are included in the approved Capital Programme.

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- 5.2 Each Chief Officer will maintain contract registers showing for each contract under their control which has a value greater than £50,000:
- (a) the contract sum;
 - (b) the value of any extras or variations to the contract;
 - (c) the amounts and dates of any instalments made;
 - (d) the amount of any retentions held or bonds taken under any contract;
 - (e) the balance outstanding to the Contractor.
- 5.3 Payments to contractors on account of contracts shall be made only on a certificate issued by the responsible officer.
- 5.4 When authorising any extra or variation to a contract the appropriate Chief Officer shall:
- (a) estimate the cost of the variation;
 - (b) issue written instructions to the Contractor to carry out the work, except in cases of urgency where a Chief Officer may issue verbal instructions but shall confirm them in writing as soon as possible, but in any case within 7 days; and
 - (c) ensure that such variation is in accordance with the Council's Contract Procedure Rules.
- 5.5 The Chief Finance Officer may, at their discretion, decide to audit the final account of a contract, before certifying the final payment.
- 5.6 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Solicitor to the Council for consideration of the Council's legal liability and, where necessary, to the Chief Finance Officer for financial consideration before a settlement is reached.
- 5.7 Each Chief Officer shall as soon as practical report to Cabinet the total of extras or variations to any contract which exceeds 10% of the original contract sum, or £100,000 whichever is the greater.
- 5.8 If the final account of any contract has not been agreed within eighteen months of the completion of works, then the Chief Officer controlling that contract shall report to the Cabinet on the outstanding items. Any report under this regulation shall include a comparison of the final or likely cost with the original contract sum together with reasons for any differences.

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6. Orders for work, goods and services

6.1 Each Chief Officer has a duty to issue official orders for all works and services to be carried out, and all goods supplied, within their Directorate with the exception of:

- (a) public utilities;
- (b) periodical payments;
- (c) petty cash purchases;
- (d) purchases made using Purchasing Cards;
- (e) works, goods and services subject to formal written contracts, or excepted from this requirement by the Chief Finance Officer.
- (f) Framework contracts.

Before issuing official orders, Officers authorising them must be satisfied that there is provision in the estimates and that the Contract Procedure Rules have been complied with.

6.2 Each official order shall be in a form prescribed and approved by the Chief Finance Officer and shall include:

- (a) a description of the works, goods and services ordered;
- (b) the name and address of the supplier;
- (c) an estimate of the cost;
- (d) the financial code to which the cost is to be charged;
- (e) name of the authorising officer.

6.3 Verbal orders may only be placed in exceptional circumstances the details of which must be confirmed by e-mail or other appropriate means on the same day and confirmed by written official order within 3 working days.

6.4 Electronic orders will be treated in the same way as other official orders. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

7. Leasing

7.1 The Chief Finance Officer shall be responsible for making leasing arrangements for the use of buildings, plant, vehicles and equipment. No officer other than the

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Chief Finance Officer may enter into any type of leasing arrangements unless agreed in writing or delegated by the Chief Finance Officer.

- 7.2 Due to complex capital accounting requirements regarding expenditure in relation to leases, all leases, hire, rental, hire purchase agreements, deferred purchase agreements and other arrangements where the use of an asset is being acquired without the ownership of it must be referred to the Chief Finance Officer.
- 7.3 Provision within revenue estimates to cover the annual costs of leasing should be made only following consultation with the Chief Finance Officer.

8. Grant Funding and Third Party Funding

- 8.1 It is essential that proper management of external funding or grants received, or funding awarded by the Council, is undertaken in order to safeguard the financial position of the Council and also to maximise the benefits to service delivery from the receipt of these additional funds.
- 8.2 The Council has a Grants Management Policy which all Chief Officers and their staff must adhere to in order to ensure the proper management of grant funding and other internal and external funds. Failure to comply could result in funding being withheld by the funding body or recovered at a later date. Any failure to comply with the Grants Management Policy, which results in funding being reduced to the Council, may be reported to Governance and Audit Committee, and any shortfall in the funding borne by the responsible directorate.

Section B - Expenditure and Income

9. Payment of accounts

- 9.1 Excluding payments in the form of petty cash from imprest accounts, the preferred method of payment of money due from the Council shall be by automated transfers from the Council's bank accounts overseen by the Chief Finance Officer.
- 9.2 The Chief Finance Officer shall be the authorised signatory of any joint bank account opened in the name of the Council and any other party and will be responsible for the payment of any cheques from that joint bank account.
- 9.3 Each Chief Officer is responsible for examining, verifying and authorising invoices and any other payment vouchers or accounts arising from sources in their Directorate including the use of purchasing cards. Authorised officers can discharge this responsibility on behalf of the Chief Officer. Each Chief Officer will supply the names and specimen signatures for authorised officers together with authorisation limits to the Chief Finance Officer and will need to confirm the list on an annual basis.
- 9.4 The Chief Finance Officer, in consultation with a Cabinet Member, can give approval for payment in advance of goods or services in exceptional circumstances and on request from a Chief Officer.
- 9.5 Before authorising an account, the authorising officer shall be satisfied that:

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- (a) the work, goods or services to which the account relates have been received, carried out, examined and approved;
 - (b) the invoice satisfies VAT regulations and that prices, extensions, calculations, trade discounts, other allowances and credits are correct;
 - (c) the relevant expenditure has been properly incurred and is within the relevant estimate provision;
 - (d) the financial code to which the expenditure is to be charged is correct and sufficient budget is available;
 - (e) the account or invoice indicates the official order number relating to the goods or services provided, or if there is no such order the reason for the omission unless it relates to services not subject to orders such as care contracts;
 - (f) appropriate entries have been made in inventories, stores records or stock books as required;
 - (g) the account has not been previously passed for payment and is a proper liability of the Council;
 - (h) in the case of accounts for the supply of public utility services and other periodic payments, relevant expenditure, and where appropriate, units of energy consumed, have been entered in records approved by the Chief Finance Officer.
- 9.6 Accounts authorised manually should be passed for payment to the Chief Finance Officer, unless alternative arrangements have been specifically agreed with the Chief Finance Officer. All payments should be processed within 30 days.
- 9.7 Where payments are electronically uploaded into the financial system via a feeder file, appropriate controls, including standardising of files and validity checks, are put in place to ensure their integrity. For any new feeder files, Internal Audit will be asked to review and give assurance on the process for authorisation before use.
- 9.8 For the Council to reclaim VAT on individual payments, the Council is required under VAT Regulations to obtain the supplier's VAT registration number and invoice to be addressed to Bridgend County Borough Council.
- 9.9 The Chief Finance Officer shall set down procedures for the retention of financial documentation. Such documentation must not be disposed of without the specific approval of the Chief Finance Officer. All invoices shall be retained for at least 6 years plus the current financial year. In the case of invoices relating to grant claims, these must be kept until after the grant claim has been audited even if this exceeds 6 years. It is the responsibility of the Chief Officer of the grant to ensure the correct retention period is maintained. The same retention periods apply to electronic copies of all original invoices.

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- 9.10 Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.
- 9.11 Each Chief Officer shall, no later than a date specified at the financial year end, notify the Chief Finance Officer of any outstanding expenditure relating to the previous financial year to be accrued in the Statement of Accounts.

10. Imprest accounts

- 10.1 Where appropriate, the Chief Finance Officer shall provide imprest accounts for such officers of the Council as may need them for the purpose of defraying petty cash and other expenses. Such accounts shall be maintained in accordance with the notes of guidance issued to imprest holders by the Chief Finance Officer.
- 10.2 Where appropriate, the Chief Finance Officer shall open an account with the Council's bankers for use by the imprest holder, who shall not deliberately cause the account to be overdrawn. Any prolonged overdrawn balance on an imprest holder's bank account shall be reported to the Chief Finance Officer. Where an officer holds a cheque book in respect of any account he must ensure that it is securely stored and all cancelled cheques are crossed and retained with the counterfoils of the original cheque book.
- 10.3 Any officer responsible for an imprest account shall be personally responsible for making good any deficiencies in that account.
- 10.4 No income received on behalf of the Council may be paid into an imprest account but must be dealt with in accordance with paragraph 15.3.
- 10.5 Except as otherwise agreed between the Chief Finance Officer and the Chief Officer concerned, payments out of the accounts shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the Council has an account for the supply of goods and services, nor any account for goods exceeding in value a sum to be agreed from time to time by the Chief Finance Officer nor travelling expenses other than those of a casual nature.
- 10.6 An officer responsible for an imprest shall on a regular basis as specified by the Chief Finance Officer, or at any other time if so requested, provide a certified statement as to the state of the account.
- 10.7 Whenever an officer who is an imprest holder leaves the employment of the Council, or ceases to be entitled to hold an imprest advance, the officer shall account to the Chief Finance Officer for the amount advanced to him.

11. Purchasing Cards

- 11.1 Where appropriate, a purchasing card will be issued to support the current Purchase to Pay invoice process and should not be considered as a replacement mechanism to bypass the formal requisition and approval process. Expenditure shall be made in accordance with the purchasing card guidelines.

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- 11.2 Each card has an individual monthly expenditure limit, individual transaction limit and restricted category types for expenditure. The cardholder will be making financial commitments on behalf of the Council and will be responsible for obtaining value for money in accordance with Contract Procedure Rules and Corporate Contracts.
- 11.3 Except, as otherwise agreed with the Chief Finance Officer, payments by purchasing card shall be limited to approved disbursements and shall not include sums due to any tradesman with whom the Council has an account. Where appropriate, invoices should be paid via the Financial System. Travelling expenses, such as train fares, can be pre-booked and paid with the purchasing card, however, the purchasing card cannot be used to reimburse travelling expenses nor subsistence expenses other than those of a casual nature.
- 11.4 The cardholder is responsible for updating the Barclaycard Spend Management system with costing, VAT and narrative details of the expenditure in a timely manner and in accordance with the purchasing card guidelines.
- 11.5 Whenever a member of staff who is a purchasing card holder leaves the employment of the Council, or ceases to be entitled to hold a purchasing card, the member of staff must return the purchasing card immediately on cessation of entitlement to the Corporate Procurement Manager for cancellation. Any replacement member of staff who requires a purchasing card must apply for a new card via the Corporate Procurement Manager.
- 11.6 Any person holding a purchasing card shall be personally responsible to notify the Corporate Procurement Manager of any unauthorised / unrecognised spend made on the card. The cardholder shall be personally responsible for making good any unauthorised spend that they incur on the card.
- 11.7 Where appropriate, the Chief Finance Officer shall provide a purchasing card enabled for cash withdrawal to give services access to cash for the purpose of defraying petty expenditure. Such cards shall be maintained in accordance with the notes of guidance to card holders issued by the Corporate Procurement Manager. There is an administration charge for cash withdrawals. Detailed records of monies withdrawn, spending of this money, including VAT amount and costing information, must be kept and be available for examination on request.
- 11.8 Except as otherwise agreed with the Chief Finance Officer, payments out of the cash withdrawn from the bank by purchasing card shall be limited to petty disbursements and shall not include sums due to any tradesman with whom the authority has an account, nor travelling expenses, nor subsistence expenses other than those of a casual nature.
- 11.9 A person responsible for the cash balance held shall, if so requested, give to the Chief Finance Officer certification as to the state of the funds.
- 11.10 Whenever a member of staff who is a cash balance administrator leaves the employment of the authority, or ceases to be entitled to administer the cash balance, the member of staff shall repay to the Chief Finance Officer the

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unexpended cash balance of the withdrawn amount, or shall transfer monies, records and vouchers relating to the account to the new cash administrator. When a purchasing card holder leaves, the card in their name must be returned to the Corporate Procurement Manager for cancellation and a new card applied for via the Corporate Procurement Manager unless the new cash administrator is not to be allocated a purchasing card.

- 11.11 Any person holding a cash balance obtained by a purchasing card cash withdrawal shall be personally responsible for making good any deficiencies in that account.

12. Construction Industry Scheme (CIS) – Tax Deduction

- 12.1 For certain types of construction work, the Council is obliged by HMRC's Construction Industry Scheme to deduct tax at source from sub-contractor payments, at the appropriate rate, from the invoiced amount. Those CIS sub-contractors paid under deduction must have the labour/material split shown on the invoice and entered into the Financial System. Further guidance can be obtained from the Purchase Ledger Team in Finance.

13. Salaries, wages and Members' allowances

- 13.1 The payment of all salaries, wages, allowances, expenses or other emoluments to all employees or members shall be made by, or under arrangements approved and controlled by, the Chief Finance Officer.
- 13.2 Each Chief Officer shall notify the Chief Finance Officer as soon as possible and in the prescribed form, of all matters affecting the payment of such emoluments and in particular:
- (a) appointments, resignations, dismissals, suspensions, secondments, and transfers;
 - (b) absences from duty for sickness or other reason, apart from approved leave with pay;
 - (c) changes in remuneration, other than normal increments and pay awards;
 - (d) information necessary to maintain records of service for superannuation, income tax, national insurance etc.;
 - (e) any failure to comply with Council or statutory regulations.
- 13.3 Appointments of all employees shall be made in accordance with the regulations of the Council and the approved establishment, gradings and rates of pay.
- 13.4 All time records and other pay documents shall be in a form prescribed or approved by the Chief Finance Officer and shall be certified by or on behalf of the Chief Officer. The names of the officers authorised to certify such records shall be sent to the Chief Finance Officer by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. Changes to on-line authorising officers shall be notified to the Chief Finance Officer immediately.

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- 13.5 No payments to staff may be made other than through the normal payroll system without the specific approval of the Chief Finance Officer. In particular, casual staff must be recorded on the payroll.
- 13.6 Where an Officer is hiring or engaging a staff member who is not on the Council payroll there is a legal requirement to determine whether it is the responsibility of the Council to deduct tax and national insurance at source, in accordance with the requirements of the Social Security Contributions (Intermediaries) Regulations 2000, as amended (IR35).

14. Officers fees, travelling and subsistence allowances

- 14.1 All claims for payment of fees, car allowances, subsistence allowances and travelling expenses shall be submitted, duly certified, in a format approved by the Chief Finance Officer, to the appropriate Chief Officer in accordance with the timetable set down by the Chief Finance Officer. A record of all officers authorised to approve such records shall be sent to the Chief Finance Officer together with specimen signatures and shall be amended on the occasion of any change. This applies to both manual and electronic expenses systems.
- 14.2 The certification by, or on behalf of, the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, the vehicle used had appropriate insurance cover, the necessary receipts of expenditure retained and that the fees and allowances are properly payable by the Council.
- 14.3 Claims submitted more than three months after the expenses were incurred must be accompanied by a letter of explanation for the delay and shall be paid only with the express approval of the Chief Finance Officer who shall refer the matter to Cabinet if necessary.
- 14.4 All claims for payment of incidental expenses such as removal, lodging and disturbance allowances and training course fees etc. shall be made on the appropriate form and shall be in accordance with the appropriate scheme approved by the Council.

15. Banking arrangements and cheques

- 15.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Chief Finance Officer, who shall be authorised to operate such bank accounts as considered necessary.
- 15.2 All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody, including cheque books issued automatically by the bank.
- 15.3 Any such bank account opened in respect of monies held on behalf of the Council shall be arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of authorised signatories,

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along with specimen signatures, for all such accounts. Any change in signatory shall be reported to the Chief Finance Officer immediately.

- 15.4 No Standing Orders or Direct Debits from the Council's bank accounts shall be set up unless arranged in consultation with or under the direction of the Chief Finance Officer. The Chief Finance Officer shall maintain a list of all officers authorised to set up Direct Debits and Standing Orders.
- 15.5 The Chief Finance Officer shall be authorised to:
- (a) nominate officers empowered to authorise payment out of these bank accounts;
 - (b) negotiate charges with the Council's bankers.
- 15.6 The Chief Finance Officer will be responsible for ensuring that there are adequate controls in place to ensure that all payment methods, whether physical or electronic, have appropriate authorisations, approvals and signatures as necessary.
- 15.7 The Chief Finance Officer shall ensure that appropriate arrangements are in place to facilitate the monthly reconciliation of the Council's Bank Accounts.

16. Income

- 16.1 Each Chief Officer will be responsible for the prompt and accurate billing, collection and banking of all income due to the Council in connection with the Directorate's activities, except where in the interests of efficiency or security it is agreed with the Chief Finance Officer that all or part of the duties should be discharged by some other Chief Officer.
- 16.2 Except as agreed between the Chief Finance Officer and the Chief Officer concerned, all receipt books and other such items shall be ordered and supplied to Directorates by the Chief Finance Officer, who shall be satisfied as to the arrangements for their control.
- 16.3 In carrying out this function, each Chief Officer shall ensure that any officer of the staff engaged in the collection of money:
- (a) maintains a record of receipts and bankings in a form approved by the Chief Finance Officer;
 - (b) pays without delay any money collected either:
 - i) to the approved officer;
 - ii) to a security firm employed by the Chief Finance Officer for this purpose; or
 - iii) to one of the Council's main bank accounts or via outlets of the nominated collector(s) as agreed by the Council.

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- (c) makes no deduction from monies collected, except with the specific and exceptional approval of the Chief Finance Officer;
 - (d) ensures income is correctly coded onto the financial system nominated by the Chief Finance Officer and satisfies VAT regulations;
 - (e) makes good any shortfalls in cash collected and identifies any surpluses;
 - (f) in the case of cheques received, enters on any paying-in slips details with the cheque or provides supporting evidence and a reference to the related debt.
- 16.4 Personal cheques shall not be cashed out of the money held on behalf of the Council.
- 16.5 Outstanding debts which are found to be irrecoverable may be written off by the Chief Finance Officer, except where it is considered that there are matters of principle or policy which should be referred to the Cabinet.
- 16.6 Any officer holding a cash float shall be personally responsible for making good any deficiencies in that account.
- 16.7 Where an officer takes cash for works, goods or services that is either:
- i. in excess of the level stipulated within the Council's Anti-Money Laundering Policy; or
 - ii. where there is anything suspicious regarding, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

then the officer must report it immediately to the Money Laundering Reporting Officer (MLRO) in accordance with the Policy.

17. Fees and Charges

- 17.1 The Council has a Fees and Charging Policy to support the Medium Term Financial Strategy. It is intended to provide a consistent and co-ordinated approach to charging across the Council, setting out the key principles for charging and for reviewing charges and must be adhered to by all Chief Officers and their staff.
- 17.2 When setting charges, there is recognition that where possible, the full cost of the service should be recovered. However, there is also a recognition that in some instances, there will be a conscious decision not to fully charge or a statutory charge or limit set, and the remaining cost will be met by the Council Tax payer.
- 17.3 In line with the Medium Term Financial Strategy, a review of fees and charges should be undertaken at least annually and any new or increased charges must receive approval from Cabinet or delegated authority under the Scheme of Delegation, Scheme A paragraph 1.6. Where a proposal is made not to increase

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charges in a financial year, approval must be sought from the appropriate Chief Officer and Chief Finance Officer.

18. Value Added Tax

- 18.1 The Chief Finance Officer shall establish appropriate systems of control for the proper accounting of Value Added Tax (VAT) inputs and outputs. The Chief Finance Officer will produce and distribute a VAT guidance document to all Directorates and schools to enable officers to comply with HMRC VAT regulations.

Section C - Security and Assets

19. Security

- 19.1 The Chief Finance Officer shall have overall responsibility to the Council for security of Council property.
- 19.2 Each Chief Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, title deeds, securities, etc. under their custody.
- 19.3 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer.
- 19.4 Every transfer of official money from one member of staff to another will be evidenced in the records of the Directorate concerned by the signature of the receiving officer.
- 19.5 Keys to safes and similar receptacles for the safeguarding of money or other valuables are to be carried on the person of those responsible; the loss of any such keys must be reported to the Chief Finance Officer.

20. Data Protection

- 20.1 The Council's Data Protection Officer shall be responsible for undertaking the tasks set out in Section 71 of the Data Protection Act 2018 and Article 39 of the UK GDPR.
- 20.2 Each officer shall be responsible for maintaining proper security, privacy and compliance with the Data Protection Act 2018 and UK GDPR in respect of information held.
- 20.3 Each Chief Officer shall have a duty to notify the Data Protection Officer of any computer system in their Directorate which holds personal data .
- 20.4 Each Chief Officer shall have a duty to ensure the safekeeping and prevention of improper use of any information held in the Directorate, regardless of the media on which it is held.

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20.5 The Chief Finance Officer, or an authorised representative of the Chief Finance Officer, shall have access to all computer systems and records and may require and receive such explanations as are necessary, for the purposes of the Data Protection Act 2018 and UK GDPR.

20.6 The security of financial systems, e.g. use of passwords, shall be maintained by adhering to instructions issued by the Chief Finance Officer and in line with the ICT Code of Conduct.

21. Stocks and stores

21.1 Each Chief Officer shall be responsible for the custody of the stocks and stores in the Directorate and shall have a duty to:

- (a) ensure that stocks are adequate but not excessive for the purpose envisaged;
- (b) maintain accurate and up to date records of such stocks and stores and ensure that a stocktake is undertaken at year end and the certificate is submitted to Finance;
- (c) provide the Chief Finance Officer with such information as he requires in relation to stores for accounting, costing and financial records.

21.2 A Chief Officer shall arrange for periodical test examinations of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year. Any surpluses or deficiencies revealed by such periodical test examinations shall be reported to the Chief Finance Officer and, after consultation with the Chief Officer, the Chief Finance Officer will decide what action to take.

21.3 Losses due to theft of stocks shall be reported to the Chief Finance Officer as soon as possible and, where found to be irrecoverable, shall be written off.

21.4 In all other instances write offs need the consent of the Chief Finance Officer following the submission of a report by the Chief Officer outlining the reasons for write off.

22. Investments, borrowings and trust funds

22.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Treasury Management in the Public Services.

22.2 The Chief Finance Officer will be responsible for preparing and presenting an annual Treasury Management Strategy to the Governance and Audit Committee prior to submission to Council for approval in advance of the start of each financial year. The Strategy must include a Borrowing Strategy, Investment Strategy and set the Council's Treasury Management Indicators for the forthcoming financial year.

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- 22.3 All investment and borrowing transactions shall be undertaken in accordance with the Treasury Management Strategy with due regard to the requirements of CIPFA's Code of Practice on Treasury Management in the Public Services.
- 22.4 All investments of money under its control shall be made in the name of the Council. Any borrowing activity must have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in the Public Services.
- 22.5 The Chief Finance Officer shall report quarterly to the Cabinet, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.
- 22.6 The Chief Finance Officer, or an agent nominated by the Chief Finance Officer, will be the Council's Registrar of loan instruments and shall maintain records of all borrowing of money by the Council.
- 22.7 The Chief Finance Officer will have a duty to ensure a proper, efficient and effective mix of borrowing and investments.
- 22.8 The Governance and Audit Committee is responsible for ensuring effective scrutiny of the Treasury Management policies and practices. The Committee will review the Annual Report on Treasury Management as well as the Treasury Management Strategy. The Committee will make any recommendations for improvements on treasury management to the Chief Finance Officer and raise any concerns that the Council is exceeding its legal powers with the Monitoring Officer.

23. Inventories

- 23.1 Each Chief Officer shall be responsible for the plant, vehicles, machinery, equipment, tools, furniture and other non-consumable property in the Directorate and shall have a duty to:
- (a) maintain an up to date inventory of such goods;
 - (b) carry out an annual physical check on goods listed in the inventory;
 - (c) as far as is practicable see that such goods are marked as Council property;
 - (d) ensure that such goods are not removed or used except in accordance with the ordinary course of the Council's business.
- 23.2 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving officer.

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24. Insurances

24.1 The Chief Finance Officer shall have a duty to:

- (a) affect adequate insurance cover in accordance with the Council's Insurance Strategy contained in the Risk Management Policy. He will arrange insurance for losses which would have a significant impact on budgets and the provision of services, where it must be bought by law and where the insurance provides additional benefits which enable an activity to take place;
- (b) promptly claim any insurance loss the Council has suffered and liaise with the Council's Insurers to settle any claim brought by another party, if it is assessed that the Council has a legal liability to do so;
- (c) ensure that sums insured and limits of indemnity are regularly reviewed;
- (d) maintain comprehensive records of insurance including policy documents and understand what coverage they provide;
- (e) employ the services of a professional insurance broking company who can provide expert advice;
- (f) only transfer risks to Insurance Companies which are financially strong;
- (g) comply with the "duty of fair presentation" contained in the Insurance Act 2015. The Council must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. A material circumstance is one which would influence the judgement of a prudent Underwriter in considering whether to provide insurance and, if so, on what basis and cost.

24.2 A Chief Officer will have a duty to:

- (a) promptly notify the Chief Finance Officer of any new risks, insurable assets or liabilities which are required to be insured under the Insurance Strategy.;
- (b) promptly notify the Chief Finance Officer in writing of any loss, liability, damage or any event likely to lead to a claim and where appropriate inform the Police;
- (c) promptly provide any information required by the Chief Finance Officer or the Council's Insurers to progress a claim;
- (d) assist the Chief Finance Officer to comply with the "duty of fair presentation" contained in the Insurance Act 2015 by disclosing all relevant information.

24.3 The Chief Finance Officer shall review of all insurances at least annually, in consultation with other Chief Officers as appropriate.

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24.4 No indemnity shall be given in the name of the Council without the prior approval of the Chief Finance Officer.

25. Prevention of Theft, Fraud and Corruption

25.1 The Chief Finance Officer is responsible for advising on effective systems of internal control to prevent fraud and corruption.

25.2 The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Fraud and Bribery Policy. If a Chief Officer suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, they will notify the Chief Finance Officer who will take such steps as considered necessary by way of investigation and report.

25.3 The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Money Laundering Policy. The key message of this Policy is to make staff aware of their responsibilities and if they suspect that money laundering activity may be taking place or proposed, they must disclose those suspicions to the Council's Money Laundering Reporting Officer who is the Chief Finance Officer.

25.4 The Council employs a corporate Senior Fraud Investigator, so should any fraud or irregularity be identified, whilst it would still be reported to the 'Chief Finance Officer' initially, certain matters may be referred to the Senior Fraud Investigator for investigation where appropriate.

25.5 The Chief Finance Officer is also responsible for developing, maintaining and implementing the Anti-Tax Evasion Policy. The policy addresses the prevention of tax evasion and will provide a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council.

25.6 All Chief Officers are responsible for ensuring compliance with the Anti-Fraud and Bribery Policy, Anti-Money Laundering Policy and the Anti-Tax Evasion Policy and with systems of internal control.

26. Estates

26.1 The Chief Executive Officer shall maintain a register and appropriate records detailing all properties owned by the Council including:

- (a) purpose for which held;
- (b) location, extent, and plan reference;
- (c) particulars of nature of interest held;
- (d) purchase details;
- (e) rents payable;

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(f) particulars of tenancies granted.

26.2 The Chief Finance Officer will maintain an asset register of all Council assets.

26.3 Where land and/or buildings are found to be surplus to requirements the responsible Chief Officer shall, as soon as possible, submit a report to the appropriate Cabinet Member for appropriate action in accordance with the Schemes of Delegation.

27. Asset Disposal

27.1 Directors are responsible for ensuring that all property assets which are surplus to requirements are referred to the Corporate Landlord section, who will determine the appropriate action to be taken in conjunction with Directorates. In accordance with the Council's disposal strategy the following shall be considered:

- restrictions relating to the ownership of the asset;
- opportunities for using the asset elsewhere in the Council;
- market opportunities;
- appropriate use of tendering procedures for disposal;
- fairness in the disposal process;
- asset security;
- the costs of disposal in relation to the expected income.

27.2 All assets, including assets declared surplus where disposal is proposed must be notified to the Chief Finance Officer for approval and appropriate action in accordance with the Council's disposal strategy and Schemes of Delegation.

27.3 All assets, whether land, property, buildings, vehicles, plant or equipment, must be notified to the Capital Accountant to ensure their disposal is accurately recorded on the Council's Asset Register in a timely manner, and as soon after disposal as possible.

28. Protection of private property

28.1 The Chief Officer shall in any known case where steps are necessary to prevent or mitigate loss of or damage to moveable property, prepare in a form agreed with the Chief Finance Officer, an itemised inventory in each case prepared in the presence of two officers.

28.2 All valuables such as jewellery, watches and other small articles of a similar nature and documents of title deposited with the Council for safe custody shall be recorded in a form agreed by the Chief Finance Officer.

28.3 All monies deposited with the Council for safekeeping shall be dealt with in accordance with guidelines agreed by the Chief Officer and the Chief Finance Officer.

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28.4 Where a Chief Officer is required as part of their duties to hold in trust any property, valuables or cash belonging to a third party he should do so in accordance with guidelines agreed with the Chief Finance Officer.

29. Risk Management

29.1 The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising of strategic, financial and operational risks.

29.2 Chief Officers shall be responsible for the identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be incorporated into a Departmental Risk Register, and any risks that exceed the Council's risk threshold shall be notified to the Chief Finance Officer for incorporation into the Risk Register, which shall be subject to periodic review at no more than annual intervals.

29.3 Chief Officers shall take responsibility for risk management within their areas of responsibility, having regard to advice from the Chief Finance Officer and other specialist Officers (e.g. crime prevention, fire prevention, health and safety), and shall undertake regular reviews of risk within their own Directorates.

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