

PART 4 – SECTION I
FINANCIAL REGULATIONS

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Part 1 - Status of Financial Regulations

1. Status

- 1.1. Our Financial Regulations provide the framework for managing the Council's financial affairs and for resources that the Council or its employees manage on behalf of others. They apply to every **Councillor** and **Officer** of the Council and to the ALMO in respect of debt write off.
- 1.2. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.3. The regulations identify the financial responsibilities of:
 - the **full Council**;
 - the **Cabinet**;
 - the **Overview and Scrutiny Committee**;
 - the **Head of the Paid Service (Chief Executive)**;
 - the **Monitoring Officer (Head of Legal Services)**;
 - the **Section 151 Officer (Chief Financial Officer)** and other **Directors** (being for the purposes of these Regulations the Chief Executive, the Assistant Chief Executives, the Directors of Children and Young People's Service, Adults Culture and Community Services, Urban Environment and Corporate Resources);
 - **Business Unit Heads and Budget Holders** within Directorates.
- 1.4. **The Section 151 Officer (Chief Financial Officer)** is responsible for maintaining a continuous review of these Financial Regulations and submitting any additions or changes necessary to the **Constitution Review Working Group** and **full Council** for approval.
- 1.5. **The Section 151 Officer** is responsible for issuing advice and guidance to underpin these Financial Regulations that **Councillors, Officers and others acting on behalf of the Council** are required to follow. This advice and guidance will generally be based on CIPFA Standards of Professional Practice, which are available on www.cipfa.org.uk.

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- 1.6. **The Section 151 Officer** is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the **Council** and/or to the **Cabinet Members**.
- 1.7. These Financial Regulations are supported by detailed financial procedures setting out how these Financial Regulations will be implemented.
- 1.8. **Director/Assistant Chief Executives** are responsible for ensuring that all staff in their directorates are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them.
- 1.9. It is a disciplinary offence to breach these Financial Regulations. A breach of these regulations should be reported to the Section 151 Officer as soon as is practicable to do so.
- 1.10. All staff are required to conduct themselves to the highest standards. The involvement of staff in any form of bribery, corruption, fraud or deception will not be tolerated.
- 1.11. For any aspect of finance relating to schools the Haringey Schools Financial Regulations, which are designed to give detailed assistance to schools, should be referred to.

2. Recording delegations

- 2.1. **Director/Assistant Chief Executives** should maintain written records where financial decision making has been delegated to members of their staff, including seconded or temporary staff. Where decisions have been delegated or devolved to other responsible officers references to **Directors** in the regulations should be read as referring to them.

3. Financial Control Framework

3.1. The financial administration framework of the Council is organised in accordance with Section 151 of the Local Government Act 1972, requiring that every Local Authority in England and Wales should **'make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs.'** The framework comprises:

- **Constitution:** The principal rules governing the Council's affairs, including financial affairs, and the delegation of authority to **Councillors and Officers;**
- **Financial Regulations:** This document is part of the Constitution, created by the Council, but amendments are delegated to the **Section 151 Officer;**
- **Schemes of Financial Delegation for each Directorate;**
- **Contract Standing Orders;**
- **Procurement Code of Practice; and**
- **Medium Term Financial Strategy.**

4. Devolution of Financial Management and Accounting

4.1. The Council seeks to unite operational and financial responsibility to empower managers to give them the tools to deliver high quality services. Part of that empowerment is to give them control of the resources needed to deliver the service so that they can plan and use these resources to obtain the maximum benefit for the service.

4.2. The Council also needs to balance responsibilities with accountability and protection for Officers so that they know their authorisation levels and the limit to those authorities.

Part 2 – Financial Management

5. Financial Management (including virement rules)

Introduction

- 5.1. Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget. The Financial Regulations are not an exhaustive document and proper financial management should be applied in all circumstances even if not specifically referred to.

The Full Council and the Cabinet

- 5.2. The **full Council** is responsible for adopting the Council's constitution and Members' code of conduct and for approving the policy framework and budget within which the **Cabinet** operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in this constitution. The **full Council** is also responsible for monitoring compliance with the agreed policy and related **Cabinet** decisions.
- 5.3. The **Leader** alone has powers to take any decision, including a key decision, which the **Cabinet** could have taken but only in cases of urgency between meetings. This is in Part 3 Section D Section 1 at paragraph 2.6 of the revised Council Constitution. When **Cabinet Members** take decisions on reports, the reports must comply with the Protocol for Decision-making in Part 5 Section D and this must include the provision of the **Chief Financial Officer's** comments on the financial implications.
- 5.4. The **Cabinet** is responsible for proposing the policy framework and budget to the **full Council** and for discharging Executive functions in accordance with the policy framework and budget.
- 5.5. **Cabinet** decisions can be delegated, in accordance with the delegation arrangements set out in Part 3 of this Constitution.

Committees of the Council

Overview and Scrutiny Committee

5.6. The **Overview and Scrutiny Committee** is responsible for scrutinising **Cabinet** decisions before or after they have been implemented and for holding the **Cabinet** to account. The **Overview and Scrutiny Committee** is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

Audit Committee

5.7. The **Audit Committee** is established by the **full Council**. It has right of access, through the officer acting as Chief Internal Auditor (currently the Head of Audit and Risk Management) from time to time, to all the information it considers necessary and can consult directly with internal and external auditors. The **Audit Committee** is responsible for reviewing the external auditor's reports and the Annual Audit and Inspection Letter and internal audit's annual report. The **Audit Committee** also monitors responses to audit reports.

Standards Committee

5.8. The **Standards Committee** is established by the **full Council** and is responsible for promoting and maintaining high standards of conduct amongst **Councillors** as Members. In particular, it is responsible for advising the Council on the adoption and revision of the Members' code of conduct and for monitoring the operation of the code.

The Pensions Committee

5.9. The **Pensions Committee** acts as the quasi-trustee of the Local Government Pension Scheme for the Council.

Alexandra Palace and Park Board

5.10. Alexandra Palace and Park Board is a Committee of the Council with responsibility for discharging a specific statutory charity trustee role. It has its own financial regulations and governance but is, nonetheless, subject overall to the Section 151 Officer who has responsibility for its financial affairs. It is also subject to charities law and accounting practice.

The Statutory officers

Head of Paid Service (Chief Executive)

- 5.11. The **Chief Executive** as Head of Paid Service is responsible, in relation to these financial regulations, for the corporate and overall strategic management of the Council as a whole. The **Chief Executive** must report to and provide information for the **Cabinet**, the **full Council**, the **Overview and Scrutiny Committee** and **other committees**.
- 5.12. The **Chief Executive** is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The **Chief Executive** is also responsible, together with the **Monitoring Officer**, for the system of record keeping in relation to all the **full Council's** decisions.

Monitoring Officer

- 5.13. The **Monitoring Officer** is responsible, in relation to these financial regulations, for promoting and maintaining high standards of financial conduct and therefore provides support to the **Standards Committee**. The **Monitoring Officer** is also responsible for reporting any actual or potential breaches of the law or maladministration to the **full Council** and/or to the **Cabinet**.
- 5.14. The **Monitoring Officer** (together with the **Section 151 Officer**) is responsible for advising the **Cabinet** or the **full Council** about whether a decision is likely to be considered contrary to, or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- (a) initiating a new policy;
 - (b) committing expenditure in future years above the budget level;
 - (c) incurring inter-directorate transfers above virement limits; and
 - (d) causing the total expenditure financed from Council tax, grants and corporately held reserves to increase.
- 5.15. The **Monitoring Officer** is responsible for maintaining an up-to-date constitution.

The Section 151 Officer (Chief Financial Officer)

- 5.16. The **Section 151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
- (a) Section 151 of the Local Government Act 1972;
 - (b) The Local Government Finance Act 1988;
 - (c) The Local Government and Housing Act 1989;
 - (d) The Accounts and Audit Regulations 2003 as amended in 2004 and 2006.
- 5.17. The **Section 151 Officer** is responsible, in relation to these regulations for:
- (a) the proper administration of the Council's financial affairs, including the determination of the appropriate staffing level to ensure proper administration;
 - (b) setting and monitoring compliance with financial management standards;
 - (c) amendments to these Financial Regulations;
 - (d) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
 - (e) providing financial information;
 - (f) preparing the revenue budget and capital programme;
 - (g) treasury management;
 - (h) internal audit;
 - (i) anti-fraud;
 - (j) risk management; and
 - (k) insurance.

The Section 151 Officer may from time to time delegate responsibility to a suitable qualified officer.

The Head of Profession role in each Directorate/Service Area is responsible within their area for the development of financial standards and staff, ensuring and monitoring compliance with financial regulations. This will be undertaken by the **Head of Finance** for each Directorate/Service.

5.18. Section 114 of the Local Government Finance Act 1988 requires the **Section 151 Officer** to report to the **full Council**, the **Cabinet** and external auditor if the Council 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 deficit to the Council; or
- (c) is about to make an unlawful entry in the Council's accounts.

Section 114 of the 1988 Act also requires:

- (a) the **Section 151 Officer** to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally. This is currently the **Director of Corporate Resources**; and
- (b) the Council to provide the **Section 151 Officer** with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under Section 114.

Directors/Assistant Chief Executives

5.19. **Directors/Assistant Chief Executives** are responsible for:

- (a) ensuring that **Cabinet** Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Section 151 Officer**;
- (b) ensuring compliance with Contract Standing Orders;
- (c) control of income and expenditure within the approved budget and ensuring that expenditure is not incurred without an appropriately approved budget in place;
- (d) reporting significant and potentially significant variances from budget to the **Section 151 Officer**, through the formal budget management processes;
- (e) appointing budget managers for all areas of their own budget;
- (f) monitoring performance levels with budget performance;
- (g) adherence to the Budget Management process contained within Directorate Schemes of Financial Delegation including virement management; and
- (h) ensuring records and systems are up to date and made available for audit.

- 5.20. It is the responsibility of **Directors/Assistant Chief Executives** to consult with the **Section 151 Officer** and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- 5.21. **Directors/Assistant Chief Executives, Business Unit Heads and Budget Holders** are supported in the completion of their financial responsibilities by a Head of Finance. Heads of Finance are part of the Corporate Finance Business Unit and report directly to the Head of Corporate Finance and through that post to the **Section 151 Officer**. They have a link, therefore, to the **Section 151 Officer** and a functional relationship to their Service **Director** or **Assistant Chief Executive**.

Business Unit Heads

- 5.22. **Business Unit Heads** have responsibility for the financial affairs of their Business Unit including any financial staff, processes and systems. They must equally report financial issues to the appropriate **Director/Assistant Chief Executive** and **Section 151 Officer**. The responsibilities of the role include:
- (a) leading the production of revenue and capital programme budgets with their **Director/Assistant Chief Executive** as appropriate and ensuring all plans have appropriate and necessary approved budgetary provision in place;
 - (b) ensuring that detailed plans and realistic prudent profiled budgets exist for the delivery of the Medium Term Financial Strategy and to report variances and forecast outturn adverse or favourable variances immediately they exist;
 - (c) ensuring that appropriate financial controls exist and are maintained properly within Directorates and report on any deficiencies to the **Section 151 Officer** and their **Director/Assistant Chief Executive**;
 - (d) providing appropriate financial information to the **Section 151 Officer** and their **Director/Assistant Chief Executive** and their respective teams in a timely, accurate and appropriate form and level of detail. e.g. to permit final accounts to be prepared at year end in accordance with appropriate accounting codes as necessary and the Council's accounting procedures;

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- (e) actively seeking additional income or savings opportunities, including grant and new financing opportunities, and reporting them to the **Section 151 officer** and their **Director/Assistant Chief Executive**;
 - (f) ensuring that the necessary systems and controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently;
 - (g) reconciling all cash received by the Council on a regular basis (at least monthly);
 - (h) ensuring all monies due to the Council are recorded accurately and recovered promptly;
 - (i) ensuring that all accounts payable are settled within 30 days unless special terms have been agreed by the **Section 151 Officer**; and
 - (j) ensuring all assets are appropriately protected, accounted for and reconciled.
- 5.23. **Business Unit Heads** should report to the **Section 151 Officer** and where appropriate the **Director/Assistant Chief Executive**:
- (a) any unlawful or inappropriate expenditure immediately it is realised that it is about to take place or has taken place;
 - (b) any area where a loss or deficiency is about to occur;
 - (c) any occasions where the overall Directorate budget is projected to be overspent or where any individual budget is projected to be overspent by more than £50,000;
 - (d) any concerns as regards the slow or non-banking of cash immediately;
 - (e) any significant loss of stock or concerns to the **Section 151 Officer** immediately; and
 - (f) any other matter of financial significance.
- 5.24. To confidentially advise the **Section 151 Officer** and/or the **Head of Audit and Risk Management** of any fraudulent activity and other losses through error and mismanagement by any party connected with or employed by the Council.
- 5.25. To liaise with the **Director/Assistant Chief Executive** in agreeing the annual audit plan of the Directorate. To report to the **Section 151 Officer** any concerns where an audit is considered necessary but is not being undertaken.

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- 5.26. To ensure that all necessary and appropriate working papers are in place that meet the requirements of external audit in any procedures or processes including the closing of accounts and grant claims.
- 5.27. To ensure that appropriate timely arrangements are in place to sign off the financial implications of all reports including comments from the **Section 151 Officer** where appropriate prior to their submission to the full Council, Cabinet, a Committee, Chief Executives Management Board (CEMB) or other bodies within and external to the Council.
- 5.28. To ensure that all appropriate financial controls and systems are in place where not specified above, in particular adequate separation of duties and accurate and timely reconciliations.

Budget Holders

- 5.29. The **Budget Holder** is responsible for the management of the budget for which he/she is allocated by management. The responsibilities of the role include:
- (a) leading the production of revenue and capital programme budgets for the service area ensuring all plans have appropriate and necessary budget provision;
 - (b) ensuring plans and realistic prudent profiled budgets exist for the delivery of the Medium Term Financial Strategy and to report year to date variances and forecast outturn adverse or favourable variances immediately they exist;
 - (c) ensuring that appropriate financial controls exist and are maintained properly within the service area and report on any deficiencies to **Business Unit Heads**;
 - (d) providing appropriate financial information to **Business Unit Heads** and their respective teams in a timely, accurate and appropriate form and level of detail;
 - (e) actively seeking additional income or savings opportunities, including grant and new financing opportunities, and reporting to **Business Unit Heads**;
 - (f) ensuring that appropriate financial controls exist and are applied within the service area and report on any deficiencies to **Business Unit Heads**;
 - (g) ensuring that the appropriate financial controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently;

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- (h) ensuring value for money is obtained for the whole Council when undertaking any procurement activity;
- (i) reconciling all cash received by the service area on a regular basis (at least monthly);
- (j) ensuring all monies due to the council are recorded accurately and recovered promptly; and
- (k) ensuring that all accounts payable are settled within 30 days unless special terms have been agreed by the **Section 151 Officer**.

5.30. The Budget Holder should report to **Business Unit Heads**:

- (a) any unlawful or inappropriate expenditure immediately it is realised that it is about to take place or has taken place;
- (b) any area where a loss or deficiency is about to occur;
- (c) any occasions where the overall service budget is projected to be overspent or where any individual budget (cost centre) is projected to be overspent by more than £10,000;
- (d) any concerns as regards the slow or non-banking of cash immediately;
- (e) any significant loss of stock or concerns immediately; and
- (f) any other matter of financial significance.

5.31. To confidentially advise the **Section 151 Officer** and/or the **Head of Audit and Risk Management** of any fraudulent activity and other losses through error and mismanagement by any party connected with or employed by the Council.

5.32. To ensure that all financial implications of all reports are agreed and approved with **Business Unit Heads** and the **Section 151 Officer** prior to their submission to the **full Council, Cabinet**, a Committee, Council Management Team or other bodies within and external to the Council.

5.33. To ensure that all appropriate financial controls and systems are in place where not specified above.

Other Financial Accountabilities

Virements – Revenue and Capital

- 5.34. The Council controls approved budgets and transfers of budgetary provision (i.e. virements) at four levels; namely
- gross expenditure;
 - gross income;
 - net expenditure; and
 - at a Business Unit level.
- 5.35. The **Section 151 Officer** will prescribe where in-year changes to budgets require approval by the **Cabinet** which shall in any case be:
- (a) all changes in gross expenditure and/or income budgets between business units in excess of £100,000; and
 - (b) all changes in gross expenditure and/or income budgets within business units in excess of £100,000.
- 5.36. Other changes within business units or between business units below £50,000 (expenditure and/or income budgets) may be approved by the relevant **Business Unit Head(s)** provided that overall net expenditure remains unchanged.
- 5.37. Changes between £50,000 and £100,000 within business units or between business units (expenditure and/or income budgets) may be proposed by the relevant **Business Unit Head(s)** and approved by **Director(s)/Assistant Chief Executive(s)** provided that overall net expenditure remains unchanged.
- 5.38. Any virement that affects achievement of agreed policy or produces a future year's budget impact will require **Section 151 Officer** approval and if over £100,000 will also need to be approved by the **Cabinet**.
- 5.39. Any changes which result in a net change to a Directorate cash limit which is in excess of £250,000 (two hundred and fifty thousand) shall be a key decision and therefore requires approval by the **Cabinet**.
- 5.40. The addition of or amendment to any scheme in the capital programme above £100,000 requires the approval of the **Cabinet**. The **Section 151 Officer** may approve changes to schemes up to £100,000. All changes must be recorded on the accounting system.

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- 5.41. Virements in excess of £250,000 between programme areas within Directorate capital budgets shall be a key decision.
- 5.42. Business Unit Head(s), Director(s) and Assistant Chief Executive(s) must submit appropriately completed virement pro-formas to Corporate Finance for formal ratification and subsequent adjustment of approved cash limits.
- 5.43. All virements must be recorded on the Council's main accounting system (currently SAP).

Treatment of year-end balances

- 5.44. The **Section 151 Officer** will consider requests to carry forward underspends at year-end before approval by the **Cabinet**. The **Section 151 Officer** will also consider whether any overspends at the year-end on service budgets should be carried forward before approval by the **Cabinet**.

Accounting policies

- 5.45. The **Section 151 Officer** is responsible for selecting accounting policies and ensuring that they are applied consistently. The **Directors/Assistant Chief Executives** are responsible for adhering to these policies.

Accounting records, procedures and returns

- 5.46. The **Section 151 Officer** is responsible for determining the accounting procedures and records for the Council and has a duty to ensure accounting procedures meet statutory duties. Such procedures may include procedures and timetables for the preparation of the budget and the Council's financial statements. **Directors** have a responsibility to:
- (a) comply with the procedures and timetables determined by the **Section 151 Officer**;
 - (b) regularly monitor, reconcile and clear the control accounts;
 - (c) supply information to comply with statutory timetables;
 - (d) complete grant claims etc. by due dates; and
 - (e) retain appropriate financial records as required by the **Section 151 Officer**.

The Annual Statement of Accounts

- 5.47. The **Section 151 Officer** is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). The **Section 151 Officer** has the authority to make such amendments to the treatment of the Council's transactions as are in the overall interest of the Council including the optimisation of the capital financing position and the management of earmarked reserves. The **General Purposes Committee** and **Pensions Committee** are responsible for approving their respective parts of the annual statement of accounts.
- 5.48. Each **Director/Assistant Chief Executive** has a responsibility to supply budget monitoring information on time. **Directors/Assistant Chief Executives** are accountable for the income and expenditure in their budgets and for the service area budgets. **Directors/Assistant Chief Executives** must supply required information and produce appropriate documents on time as requested by the **Section 151 Officer**. **Directors/Assistant Chief Executives** need to protect against the risks of creating contingent liabilities and to keep the **Section 151 Officer** informed of any new contingent liabilities as they arise.

Bribery, Corruption and Financial Irregularities

- 5.49. All employees shall conduct themselves to the highest standards. Any employee involved in bribery, corruption, fraud or deception places themselves in a position which the Council will find unacceptable.

Bribery and corruption

- 5.50. It is a criminal offence for any person to use their position with the Council to accept or ask for any gift, reward or other advantage from work done in an official capacity. In addition such acts seriously undermine the public image of the Authority and its staff. As a result the Council will discipline staff on the grounds of gross misconduct if they breach this regulation.

Financial Irregularities

- 5.51. Staff must act with absolute honesty when dealing with the assets of the Council, and any other assets for which the Council is responsible. The Council will rigorously enforce sanctions laid down in the Disciplinary Code of Practice if staff are found to have acted dishonestly. The Code gives examples of financial irregularities that are considered to be gross misconduct.
- 5.52. All staff must ensure that any irregularity or suspected irregularity involving Council funds, property or any other assets for which the Council is responsible is reported immediately to the **Head of Audit and Risk Management**. This also applies to the misuse of computer passwords, misuse of information obtained in any other way, the deliberate malicious damage to information assets and the disclosure to unauthorised individuals of information obtained by their use.
- 5.53. The Council has an approved Anti-Fraud and Corruption Policy and Fraud Response Plan which set out the Council's expectations in relation to standards of behaviour and how it will respond in cases where fraud is suspected. The Anti-Fraud and Corruption Policy is supported by the Council's Whistleblowing Policy, which sets out how the Council will support anyone who wishes to report cases where they suspect fraud.
- 5.54. The **Head of Audit and Risk Management** will decide how such matters should be investigated. Service officers should not undertake any investigation or interview those involved unless prior agreement has been given by the **Head of Audit and Risk Management**.

The Role of Internal Audit

- 5.55. The statutory responsibility for internal audit derives from the **Section 151 Officer's** responsibilities under the 1972 Local Government Act, the Local Government Finance Act 1988 and the specific duties detailed in the Accounts and Audit Regulations as amended 2006. In accordance with these and the Auditing Practices Board guidelines the **Head of Audit and Risk Management** will provide a continuous audit of the accounting, financial and other operations of the Authority.
- 5.56. The **Head of Audit and Risk Management** has authority to:
- (a) enter at any time all Council premises or land;

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- (b) have unrestricted access to all records, documents, and correspondence relating to any financial and other transactions;
 - (c) remove and/or secure any computer equipment, record, document, and correspondence of the Council as considered necessary;
 - (d) require and receive such explanations as s/he considers necessary concerning any matter being examined; and
 - (e) obtain from Council employees cash, stores or any other property owned, hired, leased or borrowed by the Authority.
- 5.57. The decision to report financial irregularities to the Police shall be made by the **Head of Audit and Risk Management**. Where employees are involved, the **Head of Audit and Risk Management** will inform the **Chief Executive** and appropriate **Director/Assistant Chief Executive**.
- 5.58. The **Head of Audit and Risk Management** has authority to report to any body of the Council matters which are considered to adversely affect the efficient/proper use of the Council's resources.

Unofficial Funds

- 5.59. The **Section 151 Officer** shall be notified of any funds arising from unofficial sources, including school funds, and shall approve audit and accounting arrangements for these funds:-
- (a) that come under the control of any **Committee, Sub-Committee** or **Panel** of the Council;
 - (b) where a member of staff is involved as a result of their employment with the Authority.

6. Financial Planning

Introduction

- 6.1. **Full Council** is responsible for agreeing the Council's policy framework and budget, which will be proposed by the **Cabinet**. The Council uses the Community Strategy and the Council Plan as its framework for determining priorities and is delivered through the business planning process. In terms of financial planning, the key elements are:
- (a) the medium term financial strategy;
 - (b) the budget; and
 - (c) the capital programme.

Policy framework

- 6.2. The **full Council** is responsible for approving the policy framework and budget. The policy framework comprises the statutory plans and strategies set out in Part 2, Article 4 (on page 7) of the Constitution and the budget. Pensions Committee approves the policy framework for the Pension Fund; namely the investment strategy, Funding Strategy Statement, the Statement of Investment Principles and Responsible Investment policy.

Preparation of the Sustainable Community Strategy

- 6.3. The Head of the Paid Service (**Chief Executive**) is responsible for proposing the Sustainable Community Strategy to the **Cabinet** for consideration before its submission to the **full Council** for approval.

Preparation of the Council Plan

- 6.4. The **Assistant Chief Executive (Policy, Performance, Partnerships and Communications)** is responsible for producing an updated Council Plan annually and reporting this to the **Cabinet** for consideration before its submission to the **full Council** for approval. The Council Plan also includes our new National Indicator Set performance indicators from 2008/09 which will be published for residents to show the Council's performance.

Budgeting

Budget format

- 6.5. The general format of the budget will be approved by the **full Council** and proposed by the **Cabinet** on the advice of the **Section 151 Officer**. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Budget preparation

- 6.6. The **Section 151 Officer** is responsible for ensuring that a revenue budget is prepared on an annual basis and a financial plan over three years for consideration by the **Cabinet**, before submission to the **full Council**. The **Section 151 Officer** also has responsibility to confirm budget pressures, robustness of estimates and adequacy of reserves in accordance with Section 25 of the Local Government Act 2003. The **full Council** may amend the budget or ask the **Cabinet** to reconsider it before approving it.
- 6.7. It is the responsibility of **Directors/Assistant Chief Executives** to ensure that realistic budget estimates reflecting agreed service plans are submitted to the **Cabinet** and that these estimates are prepared in line with guidance issued by the **Cabinet**, through the **Section 151 Officer**. The Budget risk is managed through the monthly budget management meetings in which the variances are analysed and decisions made accordingly.

Budget management and control

- 6.8. The **Section 151 Officer** is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The **Section 151 Officer** must monitor and control expenditure against budget allocations and report to the **Cabinet** on the overall position on a regular basis. There will be a monthly budget management process determined by the **Section 151 Officer**. Any decision to alter or increase any of the existing services of the Council in such a way as may result in a material increase in the expenditure to be provided for in the budget for the current and future financial years will be subject to the approval of the **Cabinet**.
- 6.9. It is the responsibility of **Directors/Assistant Chief Executives** to control income and expenditure within their area and to monitor performance, taking account of financial information provided by their staff and the **Section 151 Officer**. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the **Section 151 Officer** to any problems.

Resource allocation

- 6.10. The **Section 151 Officer** is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's policy framework.

Preparation of the capital programme

- 6.11. The Section 151 Officer is responsible for ensuring:
- (a) the preparation of the Council's medium-term capital programme on an annual basis, for consideration by the **Cabinet** before submission to **full Council**;
 - (b) that the Council's Corporate Capital Strategy is kept up-to-date;
 - (c) financial monitoring of the capital programme;
 - (d) preparation of an Asset Management Plan;
 - (e) value for money objectives are met;
 - (f) adherence to CIPFA Prudential guidelines;
 - (g) adherence to the Council's Treasury Management Strategy;
 - (h) maximisation of external funding opportunities; and
 - (i) financial appraisal/evaluation of proposed capital schemes and options.

The medium-term capital programme models income and expenditure and resource requirements (both internal and external financing) over a minimum of three years and is reviewed and updated at least annually.

The Capital Strategy sets out strategic guidance on the Council's approach to capital investment. It provides clear objectives and priorities which are informed by overall corporate and service objectives, the Haringey community and other stakeholders including central government.

Cabinet approval is required before any preliminary design or other work is carried out on a capital project. Capital expenditure will only be incurred other than provided for above when the appropriate **Director/Assistant Chief Executive** and **Section 151 Officer** have jointly reported the financial implications to the **Cabinet** for approval. All such reports requesting financial provision must be supported by a professionally prepared estimate of the costs of the project. Once financial approval has been obtained the specifications and assumptions upon which the written appraisal of costs was based

cannot be substantially altered without the further approval of the **Cabinet**.

Guidelines

6.12. Guidelines on budget preparation may be issued to **Members** and **Directors/Assistant Chief Executives** by the **Cabinet** following agreement with the **Section 151 Officer**. The guidelines will take account of:

- (a) legal requirements;
- (b) medium-term planning prospects;
- (c) the community strategy;
- (d) available resources;
- (e) spending pressures;
- (f) best value/value for money and other relevant government guidelines;
- (g) other internal policy documents; and
- (h) cross-cutting issues (where relevant).

Maintenance of Reserves

6.13. It is the responsibility of the **Section 151 Officer** to advise the **Cabinet** and the **full Council** on prudent levels of general reserves for the Council. When fixing the level of reserves an assessment is made of the key financial risks facing the Council.

7. Risk Management and Control of Resources

Introduction

7.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services. The effective identification and management of risks is a responsibility that sits with all **Directors/Assistant Chief Executives**.

Risk Management

- 7.2. The **Audit Committee** is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The **Section 151 Officer** is responsible for and has delegated authority to ensure that proper insurance exists where appropriate.
- 7.3. The **Section 151 Officer** is responsible for preparing the Council's risk management policy statement and for promoting it throughout the Council.
- 7.4. At a Directorate level **Directors/Assistant Chief Executives** should ensure that the Council's risk management strategy is complied with. The risk management strategy specifies that **Directors/Assistant Chief Executives** and **Business Unit Heads** must align the assessment of their risks and the actions to manage these to the Council's business planning processes. This must be done so that the Council is able to identify any significant risks that could jeopardise delivery of business plans in the following year and for which appropriate actions will need to be taken.

Internal control

- 7.5. Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded. The Council prepares an Annual Governance Statement each year. **Directors/Assistant Chief Executives** have a role to provide assurances to support the production of the Annual Governance Statement and to maintain appropriate systems of governance and internal control.
- 7.6. The **Section 151 Officer** is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

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- 7.7. It is the responsibility of **Directors/Assistant Chief Executives** to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency, propriety, regularity and effectiveness and for achieving their financial performance targets.

Audit requirements

- 7.8. The Accounts and Audit Regulations 2003 as amended in 2004 and 2006 issued by the Secretary of State for the Environment require every local authority to maintain an adequate and effective internal audit. The rights of the internal audit function are set out in these Regulations (see paragraphs 1.54 to 1.57 inclusive).
- 7.9. The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- 7.10. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

Preventing fraud and corruption

- 7.11. The **Section 151 Officer** is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. **Directors/Assistant Chief Executives** shall notify the **Head of Audit and Risk Management** immediately of any suspected fraud, theft or misuse of the authority's assets or resources. Further guidance can be found in the Haringey Anti-fraud and Corruption Strategy and the Whistleblowing Policy.

Assets

7.12. **Directors/Assistant Chief Executives** should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. Any disposal of any asset no longer required by the Council shall be for the best available consideration. Inventories of the Council's assets, other than stores, must be kept by the **Business Unit Head** concerned. The inventories must be in a form approved by, and include the items defined by, the **Section 151 Officer**. Any write off of stocks must be in accordance with the Council's stock write off policy.

Treasury Management

7.13. The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities (2009). The Council will create and maintain, as cornerstones for effective treasury management: -

- (a) a Treasury Management Strategy Statement (TMSS) which states the Council's policies, objectives and approach to risk management with respect to its treasury management activities;
- (b) suitable treasury management practices setting out how the Council will achieve those policies and objectives and prescribing how it will manage and control its treasury management activities;
- (c) the TMSS and treasury management practices will follow the recommendations in Sections 6 and 7 of the CIPFA Code of Practice. They may be subject to amendment only where necessary to reflect the particular circumstances of Haringey Council but will not deviate materially from the Code's key principles.

- 7.14 The **Corporate Committee** will formulate the TMSS and amendments to it. The Cabinet Member for Finance will be consulted on the draft TMSS because of the budget implications. The **Overview and Scrutiny Committee** will scrutinise the draft TMSS annually before its adoption by **full Council**. The **full Council** is responsible for approving and adopting the TMSS setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in Local Authorities. The **Section 151 Officer** has delegated responsibility for implementing and monitoring the TMSS. The Council sets its TMSS in line with the indicators required under the CIPFA Prudential Code for Capital Finance introduced from 1 April 2004 and subsequently revised in 2009.
- 7.15 All decisions on borrowing, investment, leasing or financing shall be delegated to the **Section 151 Officer**, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 7.16 The **Section 151 Officer** is responsible for reporting to the **Corporate Committee** each quarter, or as near as practicable, on the implementation and regular monitoring of the treasury management policies and practices and on the exercise of his/her delegated treasury management powers.
- 7.17 The **Section 151 Officer** is responsible for consulting the Cabinet Member for Finance on the annual and mid-year monitoring reports and an out-turn report after the close of the year concerning treasury management policies and practices before these reports are considered by the **Corporate Committee** and **full Council**.

Arrangements for Cash and Banking

- 7.18. All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, in the Council's case the **Section 151 Officer** and save as allowed in Financial Regulations for Schools where, in any case, arrangements shall be made for the **Section 151 Officer** to be able to exercise control upon the withdrawal of delegation or otherwise, no officer other than the **Section 151 Officer** may:
- (a) open a bank or credit/purchase card account ;
 - (b) agree to or sanction the arrangements for the handling of any liquid resource, cash or instrument of payment;
 - (c) make payments, save through imprest accounts; or

- (d) authorise direct debits.

The **Section 151 Officer** makes imprest advances to certain officers for giving out petty cash disbursements on behalf of the Council. The value of any advance is subject to the agreement of the **Section 151 Officer**. The officer named as responsible for each imprest is accountable for the full value of the sum advanced at any time. Imprest accounts must be operated in accordance with the procedures set down by the **Section 151 Officer**. Detailed imprest account procedure rules are available from Corporate Procurement Division.

Amenity, Trust and Other Unofficial Funds

7.19. Funds held by the Council on behalf of other bodies or persons must be dealt with in accordance with procedures set down by the **Section 151 Officer**. **Directors/Assistant Chief Executives** and **Business Unit Heads** must ensure such funds are held securely and in such a way that they can be identified, accounted for and reconciled, at any time, separately from Council monies. **Directors/Assistant Chief Executives** and **Business Unit Heads** are accountable for the appropriate expenditure from such funds or repayment thereof.

Staffing

7.20. **Full Council** is responsible for determining how officer support for Executive and non-Executive roles within the Council will be organised.

7.21. The Head of Paid Service (**Chief Executive**) is responsible for providing overall management to staff. The **Chief Executive** is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

7.22. **Directors/Assistant Chief Executives** are responsible for controlling total staff numbers by:

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

8. **Systems and Procedures**

Introduction

- 8.1. Sound systems and procedures are essential to an effective framework of accountability and control.

General

- 8.2. The **Section 151 Officer** is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by **Directors/Assistant Chief Executives** to the existing financial systems or the establishment of new systems must be approved by the **Section 151 Officer**. However, **Directors/Assistant Chief Executives** are responsible for the proper operation of financial processes in their own Directorate in line with overall procedures set by the Council and the **Section 151 Officer**.
- 8.3. Any changes to agreed procedures by **Directors/Assistant Chief Executives** to meet their own specific service needs should be agreed with the **Section 151 Officer**.
- 8.4. **Directors/Assistant Chief Executives** should ensure that their staff receive relevant financial training that has been approved by the **Section 151 Officer**.
- 8.5. **Directors/Assistant Chief Executives** must ensure that staff are aware of their responsibilities under data protection, freedom of information legislation and the Computer Misuse Act.
- 8.6. **Directors/Assistant Chief Executives** must ensure that proper business continuity planning is in place for the delivery of financial services in the event of any incident that affects systems.

Income and expenditure

- 8.7. It is the responsibility of **Directors/Assistant Chief Executives** to ensure that a proper scheme of delegation in respect of financial matters has been established within their area and is operating effectively. The Council's Scheme of Financial Delegation provides detailed procedures for:

- (a) ordering and payment procedures: sets out the Service's procedures for the making of payments to employees and creditors, and to ensure that the systems in place provide an adequate basis for control of payments and that they are properly operated in practice;
- (b) income, cash and banking: covers procedures for grant income, external income policy, cash income and banking;
- (c) control of assets, stocks and stores: includes the responsibility of **Business Unit Heads** and **Budget Holders**;
- (d) contracts and procurement: includes detailed procurement rules and procedures for contract standing orders;
- (e) in addition it is the responsibility of **Directors/Assistant Chief Executives** to ensure the annual review of all fees and charges and to obtain agreement by **Cabinet** if proposed increases are below the level of inflation.

Payments to employees and members

8.8. The **Section 151 Officer** is responsible for the approval of the arrangements for the payment of all salaries, wages, pensions, compensation, other emoluments and any ex-gratia payments. **Directors/Assistant Chief Executives** and **Business Unit Heads** must supply such certificates relating to the employment of staff as the **Section 151 Officer** deems necessary. The **Assistant Chief Executive (People, Organisation and Development)** is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

Taxation

8.9. The **Section 151 Officer (and the Assistant Chief Executive (People, Organisation and Development))** for PAYE and NI) are responsible for advising **Directors/Assistant Chief Executives**, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council. **Directors/Assistant Chief Executives** should discuss with the **Section 151 Officer** potential tax implications of any new initiatives. **Directors/Assistant Chief Executives** have a responsibility for the proper application of tax rules as advised.

8.10. **Directors/Assistant Chief Executives** are responsible for ensuring that the appropriate controls and procedures are operated within the Directorate or relevant service area in relation to taxation issues.

- 8.11. The **Section 151 Officer (and the Assistant Chief Executive (People, Organisation and Development))** for PAYE and NI) are responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 8.12. **All staff and Councillors** should adhere to VAT rules & regulations and also guidance issued by the **Section 151 Officer**.

Trading accounts/business units

- 8.13. It is the responsibility of the **Section 151 Officer** to advise on the establishment and operation of trading accounts and business units. **Directors/Assistant Chief Executives** have a responsibility to advise the **Section 151 Officer** on any plans to utilise trading arrangements.

Debt Write Off

- 8.14. Arrears of housing rents and other housing income administered by the ALMO (Homes for Haringey) below £5,000 (five thousand pounds) may be written off on the authority of the **Section 151 Officer** upon the advice of the **Chief Executive of the ALMO**. The ALMO shall keep a record of all sums written off.
- 8.15. Arrears of housing rents and other housing income administered by the ALMO of £5,000 (five thousand pounds) or above may be written off on the authority of the **Cabinet Member for Resources** upon the advice of the **Chief Executive of the ALMO** and the **Section 151 Officer**. The ALMO shall keep a record of all such sums written off.
- 8.16. All other debts if below £5,000 (five thousand pounds) which remain unpaid can be written off on the authority of the **Section 151 Officer** upon the advice of the relevant **Director**. Debts of £5,000 (five thousand pounds) or above may be written off on the authority of the **Cabinet Member for Resources** upon the advice of the relevant **Director** and the **Section 151 Officer**. Corporate Finance shall keep a record of all such sums written off.
- 8.17. It is important that Council income is maximised and therefore to ensure that systems and procedures are in place to collect income promptly and to minimise the level of any bad debts.

Instructions

- 8.18. From time to time the **Section 151 Officer** may issue instructions pursuant to these financial regulations or his statutory duties or otherwise. Failure to comply with a lawful instruction is a disciplinary offence.

9. External Arrangements

Introduction

- 9.1. The Council provides a distinctive Leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 9.2. The Council works closely with other agencies and private service providers. Government funding streams brought together in the Local Area Agreement (LAA) and other funding such as New Deal for Communities (NDC) and European funding provide additional resources to enable the Authority to deliver services to the local community.

Partnerships

- 9.3. The **Cabinet** is responsible for approving delegations, including frameworks for partnerships. The **Cabinet** is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 9.4. The **Cabinet** can delegate functions – including those relating to partnerships to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the **Cabinet** remains accountable for them to the **full Council**.
- 9.5. The Head of the Paid Service (**Chief Executive**) represents the Council on partnership and external bodies, in accordance with the scheme of delegation.

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- 9.6. The **Section 151 Officer** is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 9.7. The **Section 151 Officer** must ensure that the accounting arrangements to be adopted relating to partnerships, pooled budgets and joint ventures are satisfactory.
- 9.8. The **Monitoring Officer** must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 9.9. **Directors/Assistant Chief Executives** are responsible for ensuring that appropriate approvals both internal and external are obtained before any negotiations are concluded in relation to work with external bodies.

External Funding

- 9.10. **The Chief Financial Officer** is responsible for ensuring that all funding noted by external bodies is received and properly recorded in the Council's accounts.

Work for Third Parties

- 9.11. The **Cabinet** is responsible for approving the contractual arrangements for any work for third parties or external bodies. Advice should be obtained from the **Section 151 Officer** and the **Monitoring Officer** before entering into a contract for supply to others.

10. Retention of Records

- 10.1 Records held locally in establishments shall be retained in accordance with the approved records management policy, which in turn must meet the Council's standards.

- 10.2 **Directors/Assistant Chief Executives, Business Unit Heads and Budget holders** shall be responsible for ensuring that financial records are carefully and systematically filed and retained for inspection by the **Section 151 Officer** or agencies (e.g. HM Revenue & Customs) in line with the approved local management information schemes that meets relevant statutory requirements.
- 10.3 The advised minimum periods for the retention of financial records are set out in the Retention Guidelines for Local Authorities (LA Guide).
- 10.4 The list is not exhaustive and, where there is uncertainty, the advice of the **Section 151 Officer** and the Council's **Head of Legal Services** must be sought. Periods referred to are in addition to the current year of account, which ends at the conclusion of the annual external audit of the Council's accounts (i.e. usually 30 September following the end of the financial year).
- 10.5 The **Section 151 Officer** or his representative shall have access to documents as deemed necessary.
- 10.6 An information governance framework is being drafted to assist services to meet the requirements of the Data Protection Act, the Freedom of Information Act and other statutory requirements.