

**Report to** Cabinet  
13 November 2013  
**Report of** Executive head of strategy, people and democracy  
**Subject** Constitution review

**Item**  
**8**

---

## **Purpose**

To consider amendments to the council's constitution which have been endorsed by the constitution working party as part of its fundamental review.

## **Recommendation**

To recommend that council make the following changes to council's constitution:

- (1) to adopt the financial regulations, as set out in appendix A.
- (2) to revise the procedure rules in relation to:
  - (a) **Questions by the public** -
    - to remove the ability of the public to ask questions at the regulatory committees as there are already procedures for allowing the public to make representations and address the committees
    - to move the deadline for submission of questions to council or committee to three working days before the meeting.
  - (b) **Questions by Members** -
    - to enable members to ask questions at cabinet meetings and include the principle that questions to cabinet/council should only be asked as a last resort;
    - to remove the ability to ask questions at regulatory committees for the same reasons as for the public.
  - (c) **Appointment of substitute members** - to enable groups to nominate any number of members who have undertaken the appropriate training as substitutes for the regulatory committees;
  - (d) **Motions to council** – to accept motions only if the name of both the mover and seconder is provided;
- (3) to amend appendix 7, Access to information rules to reflect the changes to legislation and confirm that a key decision in relation to financial decisions, whether relating to expenditure or savings, is defined as being over the OJEU Public Procurement Directive threshold.

## **Corporate and service priorities**

The report helps to meet the corporate priority “Value for money services”

## **Financial implications**

There are no direct financial implications arising from this report.

**Ward/s:** All

**Cabinet member:** Councillor Waters – Deputy leader and resources

## **Contact officers**

Russell O’Keefe, executive head of strategy, people and democracy 01603 212908

Philip Hyde, head of law and governance 01603 212440

Caroline Ryba, chief finance officer 01223 699292

Andy Emms, democratic services manager 01603 212459

## **Background documents**

None

## **Report**

### **Introduction**

1. At its meeting on 22 March 2011, the council considered changes to the council's constitution and agreed to ask the constitution working party to conduct a fundamental review of the constitution. The working party has considered and endorsed proposed amendments to the constitution and is now in a position to recommend to cabinet that council adopts a revised set of the financial regulations; changes to the council and committee procedure (appendix 1) in relation to questions by the public and members; appointment of substitute members of committees and subcommittees; and that motions will only be accepted if a nominated mover and seconder is provided.
2. The constitution also needs to be updated to reflect The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and good practice currently employed by the council in relation to the financial criteria for key decisions.

### **Financial regulations**

3. The current financial regulations are contained in appendix 10 of the council's constitution. The current version was adopted in 2010, and revised in 2011 to reflect organisational changes within the council.
4. The financial regulations provide the framework for managing the council's financial affairs
5. As part of the fundamental review of the council's constitution the financial regulations have been revised. The revised version of the financial regulations is appended to this report.
6. The financial and contract procedures set out how the regulations are to be implemented. It is proposed that these are supporting documents which will be published on the council's website but will not form part of the constitution.
7. The financial regulations have been amended to reduce duplication in the constitution. For instance, references to the terms of reference of the cabinet, scrutiny committee and the semi-judicial committees of the council, and much of the context relating to the roles of the statutory officers have been removed because it duplicates other sections of the constitution.
8. The regulations have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) good practice guide to financial regulations for an English modern council in the context of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
9. It is recommended that the members periodically review the regulations and make recommendations to cabinet or council as appropriate. The financial regulations therefore make provision for the constitution working party to undertake this in paragraph 79.

10. The financial regulations will be published as part of the council's constitution on the council's website, and will contain links to the financial and contracts procedures.
11. At its meeting on 9 September 2013, the constitution working party considered the financial regulations and noted that the changes to the financial regulations reflected organisational change; took into account of guidance from the CIPFA and removed duplication from the constitution. The working party also noted that the Treasury Management Strategy will, therefore, no longer come to council for approval but would be reported to council by the cabinet for information. The working party resolved to endorse the financial regulations and to ask cabinet to recommend the financial regulations to council for adoption.

### **Council and cabinet procedure rules**

12. As part of the fundamental review of the council's constitution, the constitution working party considered the council and committee procedure rules at its meeting on 20 February 2012 and resolved to ask the head of law and governance to take into consideration the comments of the working party when revising the council and committee procedure rules. The working party confirmed this at its meeting on 9 September 2013 and also agreed to endorse the amendment to the deadline for public questions and the changes to the arrangements for the appointment of substitute members. The procedure rules should be amended accordingly. The current council and committee procedure rules (appendix 1 of the constitution), is appended to this report as appendix A.

### **Questions by members of the public**

13. The constitution working party has agreed that members of the public should not be able to ask questions at the "quasi-judicial" regulatory committees (planning applications committee and the regulatory and licensing sub-committees) and at non decision making working parties/panels etc. Members of the public attend the regulatory committees and there are already procedures which allow members of the public who have made a representation on an application and applicants to address the committee.
14. Members of the public will still be able to ask questions at cabinet, council, Norwich Highways Agency committee, Norwich area museums committee and licensing committee (on policy issues), audit committee, standards committee, scrutiny committee.
15. The current deadline for the receipt of questions is 10am the day before the meeting. The tight timescale does not allow time to provide an adequate response. This is particularly pertinent for joint committees. The majority of questions are received just within the deadline. Moving the deadline forward by two days to three working days before the meeting would ensure that the member of the public received a considered response in public rather than a written response after the meeting.

## **Questions by members**

16. The current arrangements allow members to ask questions at council and all other meetings of the council but there is no provision for members to ask questions to cabinet members at cabinet meetings. Council business should be for council or non-executive functions. It is suggested that members should be permitted to ask questions on executive functions at cabinet meetings which would seem to fit more appropriately.
17. In the same way that it is not appropriate for public questions at regulatory committees as there are already procedures for making representations and addressing the committees, it is also considered not appropriate for members to ask questions at these quasi judicial committees and the procedure rules need to be amended to reflect that.
18. The working party considered that questions by members to committee, cabinet or council as appropriate, should be a last resort after all ways of obtaining information available to councillors had been explored, including the councillors' email enquiry system.

## **Substitutes**

19. The current arrangements for substitutes permit each group to appoint one member to be its nominated trained substitute for the regulatory type committees (planning applications committee, licensing and regulatory subcommittees). All of the nominated substitutes are required to undergo mandatory training for that committee and this must be kept up to date on an annual basis.
20. This is unfair on the larger groups of the council where only one nominated substitute is required to cover for several members on a committee, for instance, at present on the planning applications committee the Labour group has six members, Green group five members and Liberal Democrat group one member. Whilst it is appreciated that decisions at these committees are not political it seems reasonable that the political balance of the council is maintained and therefore there may be occasions where one of the larger groups requires more than one substitute to cover for its members.
21. It is therefore proposed to increase the number of nominated substitutes available for groups to all members who undergo the mandatory training for that regulatory type committee.

## **Motions**

22. At its meeting on 9 September 2013, the constitution working party endorsed its proposal for the cabinet to recommend that motions will only be received for the agenda of full council only if the name of the mover and seconder is provided.

## **Access to information procedure rules**

23. The constitution working party has had a preliminary review of the appendix 7, access to information procedure rule. Appendix 7 is based on the government's model constitution and applies to all formal meetings of the council's constitution.

There are references to access to information in articles 2 and 3 of the constitution and appendix 15. There are also references to access to information in the procedural rules for cabinet and scrutiny committee. The working party therefore acknowledges that as part of the fundamental review of the constitution this will need to be revised.

24. It is proposed in the meantime to amend appendix 7, Access to information procedure rules to take account of the changes in the regulations relating to cabinet key decisions and decisions made where the public are excluded. The rules also need to be amended to reflect the criteria that are used to identify key decisions which involve significant amounts of money to be spent.

### **Executive arrangements**

25. The Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require the council to publish a notice on its website 28 clear days in advance of each cabinet, detailing all the agenda items that are key decisions or for which the public will be excluded. The notice replaced the Forward Plan of Key Decisions. Although not a requirement of the regulations, the council includes on the notice all items to be considered at the meeting, not just the key decisions and exempt items. The council's constitution needs to be amended to reflect changes which were implemented in October 2012.

### **Key decisions**

26. The constitution also needs to be amended to reflect the council's arrangements of identifying significant savings or expenditure as the criteria for key decisions. The monitoring officer and chief finance officers have for some time been interpreting a key decision that results in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates as being above the threshold for contracts awarded under the European Union Public Procurement Directives, ie Directive 2004/18/Ec Of The European Parliament And Of The Council of 31 March 2004, the threshold for supplies or services contracts awarded by the Works, Supplies and Services Directive which is currently £173,934.
27. At the time that the government introduced the model constitution (Local Government Act 2000) there was an expectation that the secretary of state would provide guidance for councils when determining what was "significant" in the definition of a key decision. The government did not issue this guidance. The statutory definition of a key decision lacks clarity and is not transparent.
28. At its meeting on 26 September 2011, the constitution working party agreed to recommend to cabinet that the constitution is amended to confirm that a key decision in relation to financial decisions, whether relating to expenditure or savings, is defined as being over the OJEU Public Procurement Directive threshold.
29. The constitution working party discussed the criteria for key decisions in relation to communities and the definition of "significant" and considered that the current arrangement of affecting two or more wards as being sufficient.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	13 November 2013
<b>Head of service:</b>	Executive head of strategy, people and democracy
<b>Report subject:</b>	Constitution review
<b>Date assessed:</b>	October 2013
<b>Description:</b>	This report proposes amendments to the council's constitution which have been endorsed by the constitution working party as part of its fundamental review of the constitution.

	Impact			
<b>Economic (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Finance (value for money)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The new financial regulations will help to support ongoing financial management within the council.
<b>Other departments and services e.g. office facilities, customer contact</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>ICT services</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic development</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Financial inclusion</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Social (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Safeguarding children and adults</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b><u>S17 crime and disorder act 1998</u></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Human Rights Act 1998</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Health and well being</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



	Impact			
<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>(Please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<b>Recommendations from impact assessment</b>
<b>Positive</b>
<b>Negative</b>
<b>Neutral</b>
<b>Issues</b>

## FINANCIAL REGULATIONS

### Status of financial regulations

1. Financial regulations provide the framework for managing the council's financial affairs and are part of the council's constitution. They apply to every member and employee of the council and anyone acting on its behalf. The council's detailed financial procedures set out how the regulations will be implemented.
2. The regulations identify the financial responsibilities of the council, its members, the head of paid service, the monitoring officer and the chief finance officer.
3. All members and employees 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.
4. The chief finance officer is the responsible financial officer and is responsible for maintaining a continuous review of these regulations and submitting any additions or changes necessary to the council for approval. The chief finance officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the council and/or to the cabinet and portfolio holders.
5. The chief finance officer is responsible for issuing financial procedures (and other advice on the application of the financial regulations) that members, employees and others acting on behalf of the council are required to follow.
6. The chief finance officer can allow exceptions to these regulations if he or she believes that the interests of the council would be best served if the regulations were not applied. The chief finance officer must keep a written record of any such exceptions and submit an annual report to council summarising his or her decisions. The deputy s.151 officer is authorised to act on behalf of the chief finance officer in agreeing exceptions.

### Financial management

7. Financial management covers all financial accountabilities in relation to the running of the council, including the policy framework and budget.

#### *The cabinet*

8. The cabinet is responsible for proposing the financial policy framework and budget to the council, and for discharging executive functions in accordance with the policy framework and budget.
9. Executive decisions can be delegated to a committee of cabinet members, an employee or a joint committee.

## **The statutory officers**

### ***Head of paid service***

10. The head of paid service for the purposes of the Local Government Act 1989 is responsible for the corporate and overall strategic management of the council as a whole. The head of paid service must report to and provide information for the council, the cabinet, the scrutiny committee and other committees.
11. The head of paid service is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The head of paid service is also responsible, together with the head of law and governance, for the system of record keeping in relation to all the council's decisions.

### ***The monitoring officer***

12. The monitoring officer is responsible for promoting and maintaining high standards of 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 council and/or to the cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
13. The monitoring officer is responsible for advising all members and employees about who has authority to take a particular decision.

### ***The chief finance officer***

14. The chief finance officer shall undertake the duties of the responsible financial officer and 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 Accounts and Audit Regulations 2003 to 2011.
15. The chief finance officer is responsible for:
  - (a) the proper administration of the council's financial affairs
  - (b) setting and monitoring compliance with financial management standards
  - (c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
  - (d) providing financial information
  - (e) preparing the revenue budget and capital programme

(f) treasury management and banking.

16. The chief finance officer is responsible for advising the cabinet or council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Such actions include:

- (a) initiating a new policy
- (b) committing expenditure in future years to above the budget level
- (c) incurring interdepartmental transfers above virement limits
- (d) causing the total net expenditure financed from council tax, grants and corporately held reserves to increase or to increase by more than a specified amount beyond the approved budget.

17. Section 114 of the Local Government Finance Act 1988 requires the chief finance officer to report to the council, the cabinet and external auditor if the council or one of its employees:

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

The chief finance officer must also make a report under this section if it appears that the expenditure of the authority (including expenditure it is proposing to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to meet that expenditure.

Section 114 of the 1988 Act also requires:

- (d) the chief finance officer to nominate a properly qualified member of his staff to deputise should he or she be unable to perform the duties under section 114 personally
- (e) the council to provide the chief finance officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114.

## **Other financial accountabilities**

### ***Virement***

18. The chief finance officer is responsible for agreeing procedures for virement of expenditure between budget headings.

19. The cabinet (with advice of the chief finance officer) is responsible for determining the use of balances to fund expenditure not covered elsewhere in the budget.

20. The chief finance officer is responsible for approving any virements of revenue budgets where it is for the release of earmarked sums from contingency provisions.
21. The chief executive or the chief finance officer (in consultation with the leader or the corporate resources portfolio holder) may exercise the virement powers of the cabinet where a matter is urgent.
22. Fortuitous savings, or additional income, cannot be used for revenue virement purposes. These must be reported to the cabinet for consideration of how these additional monies are to be used. Fortuitous savings are deemed to be savings not already assumed in the budget.

#### ***Treatment of year-end balances***

23. The chief finance officer is responsible for agreeing procedures for carrying forward under-and overspendings on budget headings.

#### ***Accounting policies***

24. The chief finance officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

#### ***Accounting records and returns***

25. The chief finance officer is responsible for determining the accounting procedures and records for the council.

#### ***The annual statement of accounts***

26. The chief finance 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 based on International Financial Reporting Standards. The audit committee is responsible for approving the annual statement of accounts.

### **Financial planning**

27. The council is responsible for agreeing the policy framework and budget, which will be proposed by the cabinet. In terms of financial planning, the key elements are:
  - (a) the medium term financial strategy
  - (b) the budget
  - (c) the capital programme.

## **Policy framework**

### ***Preparation of the corporate plan***

28. The head of paid service is responsible for proposing a corporate plan to the cabinet for consideration before its submission to the council for approval.

## **Budgeting**

### ***Revenue budget format***

29. The general format of the budget will be proposed by the cabinet on the advice of the chief finance officer and approved by the council. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds, where appropriate.

### ***Revenue budget preparation***

30. The chief finance officer is responsible for ensuring that a revenue budget on an annual basis and a medium term financial strategy covering at least three years are prepared for consideration by the cabinet, before submission to the council. The cabinet shall, after considering the effect on the council's finances and any directives from central government, submit to the council:

- (a) Recommended budgetary requirements
- (b) Recommended revenue estimates (incorporating any amendments)
- (c) A report thereon
- (d) The council tax base for the year
- (e) A recommendation as to the council tax to be levied for the following financial year
- (f) the calculation of the Non-domestic Rating Income

31. The council may amend the budget or ask the cabinet to reconsider it before approving it.

32. The cabinet is responsible for issuing guidance on the general content of the budget in consultation with the chief finance officer as soon as possible following approval by the council.

33. It is the responsibility of the head of paid service and the deputy chief executive (operations) to ensure that 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 and chief finance officer.

### ***Preparation of the capital programme***

34. The chief finance officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the cabinet before submission to the council.

### ***Monitoring and control of the revenue budget and capital programme***

35. The chief finance officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure and income against budget allocations and report to the cabinet on the overall position on a regular basis.
36. It is the responsibility of the head of paid service and the deputy chief executive (operations) to control income and expenditure and to monitor performance, taking account of financial information provided by the chief finance officer. The head of paid service should report on variances within service areas and take any action necessary to avoid exceeding the budget allocation and alert the chief finance officer to any problems.

### **Resource allocation**

37. The chief finance officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the council's policy framework.

### ***Maintenance of reserves***

38. It is the responsibility of the chief finance officer to advise the cabinet on prudent levels of reserves for the council.

### **Risk management and control of resources**

39. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the council. This should include the proactive participation of all those associated with planning and delivering services.

### ***Risk management***

40. The audit committee is responsible for reviewing the council's risk management strategy and for reviewing the effectiveness of risk management. The cabinet is responsible for ensuring that proper insurance exists where appropriate.
41. The chief finance officer is responsible for preparing the council's risk management strategy, for promoting it throughout the council and for advising the cabinet on proper insurance cover.



### ***Internal control***

42. Internal control refers to the systems of control devised by management to help ensure that the council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources and that the council's assets and interests are safeguarded.
43. The chief finance 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.

### ***Audit requirements***

44. The Accounts and Audit Regulations 2003 (as amended) require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
45. External auditors are appointed 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.
46. The council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.
47. A continuous internal audit, under the direction of the head of internal audit and in consultation with the chief finance officer, shall be arranged to appraise and review:
  - (a) the completeness, reliability and integrity of information, both financial and operational
  - (b) the systems established to ensure compliance with policies, plans, procedures, laws and regulations
  - (c) the means of safeguarding assets
  - (d) the economy, efficiency and effectiveness with which resources are employed
  - (e) whether operations are being carried out as planned and objectives and goals are being met.
48. It shall be the responsibility of internal audit to review, appraise and report to the head of paid service:
  - (a) the extent to which the council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:

- (i) fraud and other offences
  - (ii) waste, extravagance and inefficient administration, poor value for money or other cause
- (b) the suitability and reliability of financial and other management data developed within the council.

49. The head of internal audit will provide an opinion on the effectiveness of the internal control environment to the audit committee on an annual basis.

50. The internal auditors shall have sufficient independence in order to enable them to perform their duties in a manner which will allow their professional judgement and recommendations to be effective and impartial. This shall include the right to report directly to the monitoring officer or the cabinet in appropriate circumstances.

### ***Preventing fraud and corruption***

51. The chief finance officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy and reporting suspicious transactions to the appropriate enforcement agency.

52. It is the responsibility of the head of paid service to maintain the internal control systems and to ensure that the council's resources are properly applied in the manner and on the activities intended, including the prevention and detection of fraud and other illegal acts.

### ***Treasury management and banking***

53. The council must have regard to the CIPFA Code of Practice for Treasury Management in the Public Services.

54. The cabinet is responsible for approving the treasury management policy statement. The chief finance officer has delegated responsibility for implementing and monitoring the statement.

55. The cabinet is responsible for approving a treasury management strategy for the coming financial year at or before the start of each financial year. The strategy is proposed by the chief finance officer and reported to the council by the cabinet.

56. All executive decisions on borrowing, investment or financing shall be delegated to the chief finance officer, who is required to act in accordance with CIPFA's code of practice for treasury management in the public services. Should the chief finance officer wish to depart in any material respect from the main principles of the code of practice the reasons should, in the first instance be disclosed in a report to the cabinet.

57. The chief finance officer is responsible for reporting to the cabinet, on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. These reports will include an annual report on treasury management for presentation to the council by 30 September of the succeeding financial year and a mid-year review.
58. The chief finance officer is responsible for the opening and closing of bank accounts in the name of the council. All cheques drawn on the council's bank accounts shall bear the facsimile signature of the chief finance officer or be signed by the chief finance officer, or such other employee as may be authorised from time to time under the scheme of delegation of the council.
59. All cheques drawn for an amount in excess of £2,500 that bear the facsimile signature of the chief finance officer, shall also be countersigned by one of the employees specified in accordance with paragraph 58 above.

### ***Staffing***

60. The head of paid service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a post.

### **Financial systems and procedures**

61. Sound systems and procedures are essential to an effective framework of financial accountability and control. The chief finance officer is responsible for the operation of the council's accounting systems, the form of accounts and the supporting financial records. Any changes proposed to be made by the head of paid service to the existing financial systems or the establishment of new systems must be approved by the chief finance officer before they are implemented. However, the head of paid service is responsible for the proper operation of financial processes.
62. Any changes to agreed procedures by the head of paid service to meet specific service needs shall be agreed with the chief finance officer.
63. The head of paid service shall ensure that staff receive relevant financial training that has been approved by the chief finance officer.
64. The head of paid service shall ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. The head of paid service shall ensure that staff are aware of their responsibilities under freedom of information legislation.

### ***Income and expenditure***

65. It is the responsibility of the head of paid service and deputy chief executive (operations) to ensure that a proper scheme of delegation (operational arrangements) has been established within their area and is operating effectively. The operational arrangements should identify staff authorised to act on the manager's behalf, or on behalf of the cabinet, in respect of committing expenditure, payments and income collection, together with the limits of their authority.
66. The chief finance officer is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

### ***Payments to employees and members***

67. The chief finance officer is responsible for approving the system of payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

### ***Taxation***

68. The chief finance officer is responsible for advising of the head of paid service, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the council.
69. The chief finance officer is 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.

### ***Trading accounts/business units***

70. It is the responsibility of the chief finance officer to advise on the establishment and operation of trading accounts and business units.

### ***Partnerships***

71. The cabinet can delegate functions, including those relating to partnerships, in accordance with the scheme of delegation set out in the constitution. Where functions are delegated, the cabinet remains accountable for them to the council.
72. Representation of the council on partnership and external bodies will be decided in accordance with the scheme of delegation.
73. The chief finance officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory, including the verification of third party identities.
74. The head of paid service is responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

### ***External funding***

75. The chief finance officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.

### ***Work for third parties***

76. The cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies unless this is delegated to an officer.

### **Financial procedures**

77. The detailed financial procedures [insert internet link] set out how the financial regulations shall be implemented.

### **Contract procedures**

78. The detailed contract procedures [insert internet link] set out the rules which are designed to ensure that all contracts for works, services and supplies (goods and services) are entered into by the council in a manner which:

- (a) secures the best possible value for money;
- (b) is demonstrably free from impropriety.

### **Review of the regulations**

79. The constitution working party shall review financial regulations periodically and recommend any amendments to cabinet or council as appropriate.