

# Audit Agenda



**Wednesday 20 November 2019 at 7.30 pm**

## **Conference Room 2 - The Forum**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

### Membership

Councillor Birnie	Councillor Silwal
Councillor Herbert Chapman (Chairman)	Councillor Symington
Councillor Mahmood	Councillor Townsend

For further information, please contact Corporate and Democratic Support or 01442 228209

## **AGENDA**

### **1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence

### **2. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

### **3. MINUTES AND ACTIONS**

To confirm the minutes of the previous meeting and consider the actions

### **4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

### **5. INTERNAL AUDIT PROGRESS REPORT**

Report to follow

### **6. STRATEGIC RISK REGISTER REPORT UPDATE (Pages 3 - 15)**

### **7. FINANCIAL REGULATIONS REVIEW (Pages 16 - 95)**

### **8. WORK PROGRAMME**



## Quarter 2 Strategic Risk Report

**Sep-2019**

## Summary

The over all risk score for each or the risks highlighted within this report are arrived at by multiplying the score given for the probability of the risk happening and the severity of the consequences of this risk.

The probability and severity are scored 1-4 relating to their severity as shown in the below table

The severity of the overall risk score can also be found in the below table

Risk Score	Probability	Severity
1	Low	Low
2	Medium	Medium
3	High	High
4	Severe	Severe

Overall Score	RAG
0 - 4	Green
6 - 10	Amber
12-16+	Red

Inherent Probability	Inherent Impact	Inherent Risk Score	Mitigated Probability	Mitigated Impact	Mitigated Risk Score
SR1 - Funding and income is not sufficient to deliver the Council's Corporate Objectives					James Deane
4	4	16	3	3	9
SR2 - The Council is unable to recruit and retain the staff required to progress as a Modern and Efficient Council					Sally Marshall
3	3	9	2	3	6
SR3 - Social media risk					Sally Marshall
3	3	9	2	3	6
SR4 - Cyber Attack					Sally Marshall
3	4	12	2	3	6
SR5 - The Council will be unable to ensure that sufficient good quality and affordable homes can be delivered, particularly for those most in need					Mark Gaynor
4	4	16	3	3	9
SR6 - That the Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future					Mark Gaynor
4	4	16	3	3	9
SR7 - Uncertainty around Brexit negotiations could result in the Council facing additional demand for its services in the short- to medium-term					Sally Marshall
4	4	16	4	2	8



SR1 - Funding and income is not sufficient to deliver the Council's Corporate Objectives

Quarterly Update

The PWLB announcement of a 1% increase in interest costs for Local Authority borrowing has minimal impact on the current General Fund capital programme and MTFS because planned borrowing levels are minimal.

Significant borrowing is anticipated within the HRA Business Plan, however the assumed cost of borrowing from year 2 of the plan and beyond is still (marginally) within the current post-increase rates. The higher rates inevitably mean that the risk to delivering the HRA business plan increases and it will continue to be closely monitored and updated.

The 2020 budget-setting exercise is now well underway and on target for the first Joint OSC of the proposals in early December. Until the detail of the funding settlement for 2020 is announced by Government in late December, the draft budget is based on the approved assumptions within the MTFS.

A second Joint OSC is planned for early 2021 which will report back to Members any changes that may have been required as a result of any variation between the final settlement and the assumed settlement.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

The Council is currently in the final year of a 4-year funding deal with MHCLG, which has provided relative certainty over the minimum level of funding the Council can expect until April 2020.

Government has stated that Revenue Support Grant will not continue beyond 2020 and that in future local authorities will be funded solely through the national redistribution of Business rates. The model for determining post 2020 funding levels will be based on assessment of need, and is currently being devised through the Government's Fair Funding Review. Government has recently announced that the outcome of the Fair Funding Review will be delayed until 2021 and that the Funding Settlement for 2020 will be a one-year deal, likely to be announced in late December.

As yet there is no certainty over the level of funding that Dacorum or any other authority can expect in the future. However, there is a strong belief across the sector that the new model will divert funding away from lower tier authorities in favour of those authorities with responsibility for the provision of social care.

There are two major elements of risk associated with the impending change in funding methodology. Firstly, the Council must ensure that it's in a position to adapt to significant funding reductions at short notice when the new model is announced in November 2020. Secondly, the longer term funding outcome of the new methodology may threaten the sustainability of the services the Council plans to deliver in support of its Corporate Priorities.

#### Controls to manage the risk

The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment. Sound financial planning maximises the opportunity for the Council to identify funding risks in advance, and therefore grants more time for it to plan to provide its services differently in order to continue delivering its corporate priorities. The Council's sound financial planning processes, detailed below, have resulted in my reducing the inherent probability score from '4', Very Likely, to a residual probability score of '3', Likely.

The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version (approved in July 2019) is accessible via the following link:

<https://democracy.dacorum.gov.uk/documents/g2126/Public%20reports%20pack%2030th-Jul-2019%2019.30%20Cabinet.pdf?T=10>

The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.

By keeping the Corporate Plan and Communications Strategy under review the Council is able to mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently by managing aspiration and expectation (detail below). On this basis, I have reduced the Impact score from '4', Severe, to '3', High.

The Council reviews its Corporate Plan periodically to ensure that the vision for the borough remains relevant and realistic within the financial constraints outlined within the MTFS and the HRA plan. The aspirations of the Council and the community are managed through the Council's Communications Strategy both through social media, the local press and Digest.

#### Evidence the risk is being managed

The financial planning controls the Council has in place to mitigate this risk are audited annually by both Internal Auditors (Mazars) and External Auditors (Grant Thornton).

The most recent internal audits of the Council's Core Financial Systems (including Budgetary Control) were undertaken in May 2019, and all areas received a FULL level of assurance, which is the highest possible.

The external auditors, Grant Thornton, most recently gave the following 'value for money' opinion within the 2018/19 year end audit of the Council: 'based on the work we performed to address the significant risks, we are satisfied that [the Council] has proper arrangements for securing economy, efficiency and effectiveness in its use of resources.'

These independent audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives. Both reports are available on the following link:

<https://democracy.dacorum.gov.uk/documents/g2126/Public%20reports%20pack%2030th-Jul-2019%2019.30%20Cabinet.pdf?T=10>

Risk Owner : Sally Marshall Portfolio holder : Julie Banks

SR2 - The Council is unable to recruit and retain the staff required to progress as a Modern and Efficient Council

Quarterly Update

The new recruitment web pages with video clips will be launched in 2020 together with the new HR information system.

The Building Control service has been an area of key risk with a reliance on agency staff to fill posts, a Cabinet decision has been taken for the Council to join the Herts Building Control Partnership which will mitigate this risk.

Inherent Impact	Inherent Probability	Inherent Risk Score
3	3	9
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

The Council is currently finding it challenging to recruit and retain staff with the appropriate skills to deliver all of its services, particularly within professional areas such as Legal, Finance, Surveyors, Environmental Health and Planning etc.

This challenge has grown significantly over recent years – as the economy has emerged from the worst of the recession, the private sector employment market has become relatively more buoyant due to the continued constraints on public sector funding. General competition with the private sector for skilled employees is exacerbated for Dacorum by its close proximity to the higher salaries of the London market.

This has resulted in the appointment of some agency staff across the Council in order to maintain service delivery. A reliance on agency staff brings a number of specific risks:

- Statutory – staff shortages can put delivery of the Council’s statutory services at risk, e.g. Environmental Health, Housing repairs and Fire safety, and Building Control;
- Resilience – any need for agency staff leaves the Council vulnerable to potential higher turnover and loss of knowledge which can affect continuity of service provision;
- Financial – the cost of agency staff is higher than for permanent staff, which can pressurise budgets in several areas across the Council.
- Staff Morale - could be affected in areas which are carrying vacancies, due to increased workload pressure and as a result of lack of team rapport

This challenge affects all public sector organisations within the region, and a solution is high on the agenda for county-wide working groups of which DBC is a member.

Controls to manage the risk

A programme of work has been developed to enhance our ability to recruit and retain staff:

- Terms and conditions have already been reviewed in 2017/18 to develop a range of benefits within the remuneration package
- Flexible working arrangements have been implemented at the time of moving to the Forum which provided a modern and efficient working environment

Further measures currently being developed and implemented include:

- Enhanced and expanded Graduate/apprenticeship scheme to create up to 8 new posts within areas experiencing recruitment and retention difficulties, this will be supported by a planned approach to utilising the Council's apprenticeship levy to support some of the professional training costs
- Creation of a DBC framework for a talent management programme and succession planning approach supported by the career development plans
- Implementation of more robust management information which will be enabled by the implementation of a new Human Resources technology system
- Streamlining of recruitment campaigns and modernisation of recruitment web pages including video clips; further develop the use of social media platforms for recruitment.
- Hosting of recruitment days to generate interest in high volume recruitment service areas and retain CV's for future reference to fast track the filling of vacancies
- Establish DBC as employer of choice by presence at careers fairs, developing links with Schools, Colleges and Universities

Evidence the risk is being managed

A recruitment and retention Project Initiation Document has been prepared for CMT.

The Chief Executive is the project sponsor and is holding regularly project management meetings.

project updates are provided to Corporate Management Team, Performance Board and Finance & Resources Overview and Scrutiny Committee.



Risk Owner : Sally Marshall Portfolio holder : Andrew Williams

SR3 - Social media risk

Quarterly Update

This risk continues to be actively managed by the Council

Inherent Impact	Inherent Probability	Inherent Risk Score
3	3	9
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

"Almost nine in ten (86%) of UK adults now have internet access at home, and this is highest among those aged under 55. Facebook continues to be the largest social network service in the UK. In April 2016, it attracted a digital audience of 38.9 million (more than three-quarters of active internet users). This was larger than that of LinkedIn (21.8 million) and Twitter (20.9 million)" (Ofcom report 2016).

By design, social media is widely accessible and offers users easy electronic communication of personal information and other content, such as news, videos and photos. With public participation and exchange of content so readily available, this introduces a certain level of risk.

The consequences of using social media include members of the public, pressure groups or employees using DBC social media accounts to raise negative, confidential, incorrect or abusive statements/campaigns aimed at damaging the reputation of DBC. Similarly, the risk of DBC not using social media will exclude a large proportion of residents and key demographic groups including younger residents and businesses.

Controls to manage the risk

The Council monitors and protects its social media presence through a Social Media Management Platform (Social SignIn). Social SignIn provides management options for automatic moderation of abusive messages and other risk mitigation tools.

All staff are required to read and sign up to a range of policies including:

- Corporate Information Security Management Policy
- Corporate Information Technology Security Policy
- Data Protection Act Policy
- Freedom of Information Policy
- PSN/Government Connect (GSx) Acceptable Usage Policy
- Information Security Incident Procedure

Evidence the risk is being managed

An audit of DBC's internal controls in strategy and governance, training and awareness, processes and technology, found that there is a sound system of internal control designed to achieve the system objectives. (Formally audited by Mazars in 2018).

Risk Owner : Sally Marshall Porfolio holder : Andrew Williams

SR4 - Cyber Attack

Quarterly Update

The threat of Cyber attack is routinely managed by the Council through it's systems and processes. This also includes internal Cyber Security awareness campaigns

Inherent Impact	Inherent Probability	Inherent Risk Score
4	3	12
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

At least 98 million cyber-attacks were carried out on local authorities between 2013 and 2017. 114 (29%) councils experienced at least one cyber security breach - between 2013 and 2017.

The Council's ICT team is aware that the council's network is the subject of attempted cyber-attacks on a daily basis from a range of sources, likely to include organised crime and state operators.

The potential consequences of a successful cyber-attack are extremely damaging to any organisation. In the public sector, cyber-attacks on NHS trusts have led to cancelled operations, including the WannaCry attack in 2017 that affected 45 NHS organisations. In 2016 Lincolnshire County Council were hit with a £1M demand following a ransomware infection.

Within Dacorum, a successful and extensive cyber-attack has the potential to impair the delivery of all services to its residents. Also any successful Cyber Attack could significantly impact the Council's reputation, as residents may lose confidence in the management of electronic records.

Controls to manage the risk

The Council monitors and protects against threats with particular attention to the following, in line with the Government's Cyber Essentials direction:

- Boundary firewalls and internet gateways
- Secure configuration
- Access control
- Malware protection
- Patch management

Evidence the risk is being managed

Adherence to National Cyber Security Centre (NCSC) Cyber Essentials (formally audited 2017); Public Sector Network (PSN) Compliance (including annual vulnerabilities assessment by approved cyber security consultancy)

SR5 - The Council will be unable to ensure that sufficient good quality and affordable homes can be delivered, particularly for those most in need

Quarterly Update

The government's decision to increase the PWLB interest rates for local authority borrowing will, in the medium and longer term, reduce the number of new homes that the HRA can afford.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

Housing costs in Dacorum are already extremely high and among the highest in the country outside of London. The impact of this is that local people (and potential new residents) face considerable difficulties accessing decent and affordable homes. This has potential risks in increased homelessness, difficulties in attracting new business and inward investment and breakdown of family support networks if people have to move away or have to stay longer in parental homes than is desirable.

The causes for this are complex and varied, and some are outside of the Council's control, but include:

- The high cost of owner occupation due to location, local income levels, market shortage and increasing demand from people moving out from London. This can mean owner occupation is well beyond the reach of a large number of local people.
- The Private Rented Sector is not focused on providing homes of quality to those on low incomes with short 6 months tenancies and often in poor condition.
- The planning system does not have the levers to require new homes to be built and with respect of providing affordable homes the rented product – usually affordable rent at 80% of market rent - they are too expensive for those on low incomes.
- There are still cuts being made to the benefits systems and Universal Credit has seen a dramatic increase in the levels of rent arrears in those areas that have already had the full roll out. This will cause further difficulty for low income households to afford rent and would lead to still further homelessness.

The key risks this raises for the Council are:

- The supply of homes is unable to match demand
- An increase in the levels of homelessness resulting from landlords in private renting seeking to maximise their rents
- The impact of Universal Credit roll out leading to increased arrears, debt and homelessness
- A general risk that the construction industry may not have the capacity to meet the level of demand for development
- The HRA will not be able to access sufficient funds to fulfil the Council's programme of social rented housing

Controls to manage the risk

The Local Plan is currently under development and is likely to go out for public consultation in the summer of 2019. This will incorporate a very high level of housing growth and the plan needs to ensure that the sites are identified and are likely to be delivered in the timescales identified. There will be a strong affordable housing policy, building on the current one, which will require at least 35% affordable homes on every scheme above 10 units. The council is strengthening its expertise in Planning on robustly testing developers viability submissions. This will include no longer accepting developer arguments that the cost of land prevents or reduces the amount of affordable they can deliver – they should take account of the council's policy when agreeing the price.

Ensuring good masterplanning of the larger sites emerging from the Local Plan will mean that they are more likely to be built out as planned and will be more attractive for potential buyers.

The Private Housing Service in Housing, which includes Private Renting, has been reshaped and is geared up to the licensing of up to 900 Houses in Multiple Occupation and addressing issue of disrepair and harassment in the sector. It will work with and support landlords who are prepared to grant longer tenancies which will allow families more security and stability.

There is already a new build council home programme of 370 new homes by 2022 that is just starting. The government has announced that the cap on the HRA borrowing will be ended in April 2019 and the programme will be further expanded. A full assessment of the capacity of the HRA to move to an output of around 100-200 new homes per year will be made in the very near future and will gear up for that level of delivery. This will help, though not solve, the shortage of affordable homes for rent. Housing Associations will be encouraged to include social rented homes at lower rent levels than affordable to be built as grant is now available from Homes England for this aim.

The introduction of the Homeless Reduction Act has allowed the Council to be geared up to dealing with an increased number of homeless households with the initial aim of preventing the homelessness from happening. One important route will be working with those private landlords that have a desire to help those in housing need, and there are many, to be able to continue renting without losing income.

Evidence the risk is being managed

The process for setting out development delivered is through the Authority Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure. Regular reports are made as set out above in controls.

Regular reports will also made to the Housing and Community Overview and Scrutiny Committee on new build council homes, homelessness performance, and Private Renting sector performance.

Risk Owner : Mark Gaynor Porfolio holder : Margaret Griffiths

SR6 - That the Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future

Quarterly Update

There are no significant changes in the last quarter apart from the increase in the costs of borroeing through PWLB

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it. The risk is, therefore, that new development at a scale not experienced in Dacorum sine the New Town development will not be matched with the infrastructure that a healthy and thriving community depends upon.

Failure to provide this infrastructure will have a number of damaging consequences:

- a reduction in the quality of life and opportunities for people in the Borough
- a serious constraint to economic growth with the impact on the prosperity of local people
- reduced financial contribution to service provision through Business Rates growth
- increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope
- damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council.

The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it.

## Controls to manage the risk

Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities) or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.

The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:

- Ensuring that the Local Plan (and its component elements such as site allocations, supporting policies and so on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials.
- Working with other South West Herts councils and HCC to make a case at national level for strategically important infrastructure
- Bidding into government funding pots such as the Housing Infrastructure Fund where possible.
- Use of masterplanning which supports what is required to be delivered to produce sustainability on larger sites and formalising as a Special Planning Document where appropriate to give it more 'teeth'.
- The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes an element of CIL which can be spent by local communities and act to link growth directly with infrastructure provision that local people want.
- Operating an 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision making within required time limits.
- Stimulating required growth through the Council's own regeneration activity, including the Enterprise Zone making inward investment being more likely.
- Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.
- Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.
- Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)
- Working to create key partnerships to bring forward development capable of funding major infrastructure such as Hemel Garden Communities with the Crown Estate, St Albans and City Council, HCC, the LEP and the Enterprise Zone.

## Evidence the risk is being managed

These controls are exercised and reported within the following:

- Regular reporting to the Growth and Infrastructure Group, CMT, Cabinet and Overview and Scrutiny Committee
- Fortnightly reporting on key projects to CMT
- Reporting to Performance Board before each Cabinet Meeting
- A clear programme for the Local Development Framework and CIL Quarterly reporting to Overview and Scrutiny
- Regular reporting to Cabinet
- Adherence to the agreed performance and project management processes

The process for setting out development delivered is through the Authority Monitoring Report. The agreed process for CIL will see an annual report setting out income due, income achieved and expenditure made on agreed infrastructure. Regular reports are made as set out above.

Risk Owner : Sally Marshall Porfolio holder : Andrew Williams

SR7 - Uncertainty around Brexit negotiations could result in the Council facing additional demand for its services in the short- to medium-term

Quarterly Update

The EU have granted an extension until 31st January for the adoption of the Brexit deal. Following this extension and the calling of a General Election the Government have requested that Local Government remove recent publicity campaigns regarding preparing for Brexit. Corporate Management Team will continue to monitor and manage risks associated with Brexit in the run up to the revised 31st January, 2020.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
2	4	8

LabelImpactTitle

On 23 June 2016, the UK voted, through a referendum, to leave the EU. In March 2017, the Prime Minister invoked article 50 of the Lisbon Treaty, formally notifying the European Council of the UK's intention to leave. This provided a two-year negotiation period in which to agree future ties, with the UK exiting the EU on 29th March 2019.

The ongoing negotiations around Brexit, and in particular the risk of a 'no-deal' outcome, leaves the Council uncertain as to whether or how there may be increased demand for its services in the short-, medium-term.

The Brexit negotiations pose a strategic threat to the Council primarily because there is lack of clarity over how or to what extent the outcome may threaten achievement of its corporate priorities. In the absence of more detail, the Council is, in general terms, planning to 'be prepared'. In addition, there is the possibility that the Council may be required to carry out functions under its Civil Contingencies responsibilities.

Controls to manage the risk

The Chief Executive prepared a report to Members outlining the sector's view on where the key Brexit risks currently lie. The Corporate Management Team (CMT) has put Brexit negotiations as a standing item on its agenda. All service areas are represented at this meeting, and the majority of CMT members operate within county- and nation-wide professional groups. This means that the knowledge reach of the group is wide and varied, meaning that emerging issues are likely to be raised for discussion around impact as they arise. CMT has also ensured that all service areas revisit their Business Continuity plans to ensure that they remain up-to-date and capable of mitigating known and emerging risks. CMT also review and update the a Brexit risk register. A member of Corporate Management Team - Assistant Director Neighbourhood Delivery has been nominated as the Council's Brexit Officer. The Leader of the Council and the Chief Executive have taken part in webinars hosted by MHCLG with various Government departments in preparation for Brexit.

Evidence the risk is being managed

The subject of Brexit has been designated as a standing item on the CMT agenda. Members will be kept advised as more information becomes available.



## AGENDA ITEM: SUMMARY

<b>Report for:</b>	<b>Audit Committee</b>
<b>Date of meeting:</b>	<b>20 November 2019</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Review of Financial Regulations</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance and Resources) Fiona Jump, Group Manager (Financial Services)
Purpose of report:	To provide Committee the opportunity to scrutinise the updated Financial Regulations.
Recommendations	That Committee note the contents of the report and provide feedback to Cabinet to consider when recommended to approve the revised Financial Regulations 2019.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> Contained within the body of the report.  <u>Value for Money</u> Contained within the body of the report
Risk Implications	Contained within the body of the report.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	None.



## 1. Introduction

- 1.1 The Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council, and to anyone acting on its behalf.
- 1.2 In accordance with good practice, the Financial Regulations are reviewed periodically to ensure that they remain relevant throughout any structural or operational changes within the Council, as well as legislative changes and relevant best practice guidance.
- 1.3 All sections of the Regulations have been reviewed, and the following substantive amendments are proposed. The fully revised Financial Regulations, including the recommended amendments, are attached at Appendix A.
- 1.4 Other minor amendments have been made to the Regulations to ensure they reflect current legislation, role titles and best practice guidance.

## 2. Recommended update relating to supplementary budgets

- 2.1 **Annex B Regulation B.12 Scheme of supplementary budgets.** Supplementary budgets are an in- year mechanism for formally determining and seeking agreement to the increase of a Council budget heading, to be wholly funded by a specified funding source. These sources are commonly contingency provisions, developer contributions (s106 and Community Infrastructure Levy receipts) or grant income. Virements differ from supplementary budgets in that they involve the transfer of existing approved funds between budget lines, whereas a supplementary budget increases the overall funding for a budget, to be paid for by a specified source.
- 2.2 It is proposed to introduce the following scheme of supplementary budgets within the Financial Regulations:

Type	Applies to supplementary budget wholly funded by	Sanctioning Authority
1	Reserve balances held	Cabinet, to recommend to Council
2	Grant income	S151 Officer, Director and Group Manager
3	For item 2 above where the amount is greater than £100k	Cabinet, to recommend to Council
4	S106 income or CIL income	S151 Officer, Director and Group Manager

**3. Recommended update relating to Unit 4 Business World Authorisations levels**

**3.1 Annex D Regulation D.4. Schemes of Delegation.** The Regulations provide a scheme of delegation identifying the relevant authorisation limits of officers in respect of transactions relating to the Council's financial information management system, Unit 4 Business World. In response to a recent internal audit report recommendation, the authorisation level of the Council's Chief Executive and S151 has been reviewed, with a proposed increased from £10m to £20m.

**3.2** It is also proposed to increase contract letting and financial system approval thresholds for Group Managers and Team Leaders to £75k and £25k respectively to align them with revised procurement standing orders. These limits are currently £50k and £10k respectively.

**3.3** It is proposed that these changes are reflected in the table as follows:

Postholder	Authorisation Level	
	Contract Letting	Unit 4 Business World Approval
Chief Executive	£500,000	£20,000,000
Section 151 Officer	£500,000	£20,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£75,000	£75,000
Team Leader	£25,000	£25,000

**4. Recommended update relating to disposal authorisations levels for assets other than land**

**4.1 Annex F Regulation D.24 Disposal of assets.** The Regulations provide a scheme of delegation identifying the relevant authorisation limits of officers in respect of transactions relating to the disposal of Council assets.

**4.2** It is proposed to introduce an intermediary level of authorisation for the disposal of assets other than land. 'Land' is defined as 'land of which the Council owns the freehold or leasehold interest and interests such as restrictive covenants of which the Council has the benefit'. This definition of land covers land and buildings, leases, easements and other rights of way.

**4.3** Current approvals authorisation levels for non- land disposals are as follows:

- Up to and including £50k- Group Manager
- Over £50k- Cabinet

**4.4** The following authorisation levels for non- land disposals are proposed:

- Up to and including £50k- Group Manager
- Greater than £50k and less than £100k- relevant Corporate Director and s151 Officer
- Over £100k- Cabinet

**4.5** The proposed change would mean that what are operational disposal decisions concerning for example, the disposal of plant, are made at officer level and that Cabinet disposal decisions are focused on larger value assets.

**5. Governance**

**5.1** The recommendations have been considered by Finance and Resources Overview and Scrutiny Committee and will also be presented to Cabinet in December.

**6. Conclusions and recommendations**

**6.1** Committee are asked to review the minor changes to the Finance Regulations and provide feedback.

## FINANCIAL REGULATIONS

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Date of publication	December 2019	Date of last version	July 2017
Version no.	6	Date of expiry	N/A

*Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper*



A clean, safe and enjoyable environment



Building strong and vibrant communities



Ensuring economic growth and prosperity



Providing good quality affordable homes, in particular for those most in need



Delivering an efficient and modern council

# Dacorum Borough Council Financial Regulations

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# Dacorum Borough Council Financial Regulations

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## **1. INTRODUCTION, GENERAL AND INTERPRETATION**

- 1.1.** Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council and to anyone acting on its behalf. All Members and employees must adhere to them at all times. Financial Regulations form part of the Council's constitution. Any changes to the Financial Regulations must be agreed by Council following their presentation to Audit Committee.
- 1.2.** The Corporate Director (Finance & Operations) is the Council's Section 151 Officer and is accountable to the Council for the financial regulations. All Chief Officers are accountable to the Corporate Director (Finance & Operations) for compliance with these regulations. All officers with delegated responsibilities for undertaking financial responsibility are accountable to their Corporate Director for compliance with the Financial Regulations.
- 1.3.** Executive Members and Corporate Directors must maintain a written record where they have delegated decision-making to employees, including seconded employees. Where they have delegated or devolved decisions to other responsible employees, references to the Corporate Director in the regulations should be read as referring to those employees.
- 1.4.** 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 contributes to the Council's strategic aims.
- 1.5.** Should a breach of the Financial Regulations come to light it must be reported immediately to the Section 151 Officer. The Section 151 Officer is responsible for maintaining a continuous review of Financial Regulations and for submitting any additions or changes necessary to the full Council for approval. He/she is also responsible for reporting material breaches of the Financial Regulations to the Corporate Management Team, the Cabinet or the full Council as he/she considers appropriate. Disciplinary action can be taken for breaches of Financial Regulations.
- 1.6.** The Section 151 Officer is responsible for issuing advice and guidance to underpin Financial Regulations that Members, employees and others acting on behalf of the Council are required to follow.
- 1.7.** This document should be read and applied in conjunction with the Council's constitution and other internal regulatory documents forming part of the constitution.
- 1.8.** Throughout these Financial Regulations, where the words 'Corporate Director' and 'Director' appear in a departmental context, they refer also to the Chief Executive. References are made to 'Group Managers'. In these instances Assistant Directors are responsible for ensuring that Group Managers for their group of services have adequate arrangements in place and will also apply to

# Dacorum Borough Council Financial Regulations

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Assistant Directors where they are directly responsible for functions or projects or where there is no Group Manager in post.

- 1.9.** The term 'current' as it applies in these Regulations shall mean the last approval given by Council, Cabinet or Corporate Director under delegated powers.
- 1.10.** The terms 'Corporate Director (Finance & Operations)' and 'Section 151 Officer' are synonymous in the current structure of the Council. If, at any time, that should cease to be the case, all duties, authorities and responsibilities assigned to the Corporate Director (Finance & Operations) in these Financial Regulations shall be interpreted as applying to the Section 151 Officer.

# Dacorum Borough Council Financial Regulations

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## Financial Regulation A: Financial Management

### Introduction

**A.1.** Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

### Committees of the Council

**A.2.** The functions and responsibilities of the full Council, the Cabinet, the Overview and Scrutiny Committees and Regulatory Committees are set out in Part 3 of the Council's constitution. The Council and all subsidiary bodies must have regard to financial regulations and procurement standing orders in the conduct of Council business.

### Statutory officers

#### Chief Executive

**A.3.** The Chief Executive, as Head of Paid Service, is responsible for the corporate and overall strategic management of the Authority as a whole. He/she is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions.

#### Monitoring Officer

**A.4.** The Assistant Director (Corporate and Contracted Services) is the Authority's designated Monitoring Officer, under Section 5 of the Local Government and Housing Act 1989. The role of the Monitoring Officer is set out in the Council's Constitution (Article 11).

**A.5.** He/she (together with the Section 151 Officer – see below) is responsible for advising the Portfolio Holder, Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the approved budget. Actions that may be 'contrary to the budget' include:

- a) initiating a new policy
- b) taking, or failing to take action which will, or is likely to result in any defined budget for the current year being exceeded by a given value, determined by the Section 151 Officer
- c) committing, or seeking to commit expenditure in future years above the approved level
- d) causing the Council's total budgeted sum for either the Housing Revenue Account or the General Fund to increase by more than an amount specified by the Section 151 Officer in any one year.

Current values in relation to regulation A.5. are given at Annex A.



## Section 151 Officer

- A.6.** The Corporate Director (Finance & Operations) is the Council's designated Section 151 Officer. This post has statutory duties in relation to the financial administration and stewardship of the Council's financial affairs. These duties arise from Section 151 of the Local Government Act 1972 and subsequent legislation and cannot be overridden.
- A.7.** The functions of the Section 151 officer are defined in the Council's constitution (Article 11). In particular, he/she has responsibility for the administration of the financial affairs of the Council, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- A.8.** Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the Cabinet, Council, 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 deficiency to the authority
  - (c) is about to make an unlawful entry in the authority's accounts.
- A.9.** Section 114 also requires 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. The Assistant Director (Finance & Resources) is the designated officer for this purpose.
- A.10.** The Act also requires the Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources – including legal advice where it is necessary to carry out duties under S114.

## Corporate Directors

- A.11.** Corporate Directors are individually responsible for financial management within their own areas of responsibility and collectively for matters of corporate responsibility. In respect of Financial Regulations they have specific responsibilities for:
- a) Ensuring that Members of Cabinet and the relevant Overview and Scrutiny Committee(s) are advised of the financial implications of all proposals and that the financial implications have been agreed with the Section 151 Officer.
  - b) Consulting with the Section 151 Officer and seeking approval on any matter liable to affect the Council's finances materially before any commitments are incurred.

## Dacorum Borough Council Financial Regulations

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- c) Demonstrating the proper financial management and effective deployment of resources allocated to their respective services.
- d) Ensuring that all staff have access to a copy of Financial Regulations and that these are retained in a current state and ensuring that employees comply with them at all times.
- e) Ensuring that Assistant Directors, Group Managers and other key personnel receive sufficient training to enable them to discharge their responsibilities under these Regulations, Procurement Standing Orders and related rules and procedures introduced from time to time.
- f) Ensuring that their Portfolio Holder and, as appropriate, the Portfolio Holder (Finance & Resources) are advised of the financial implications of any proposals and that the financial implications have been agreed by the Section 151 Officer.
- g) Ensuring the financial probity and correctness of all reports, advice and opinions submitted to Members and others that may act on such information. Where he/she has any doubt in this regard, the Corporate Director must consult with the Section 151 Officer prior to issuing a report, providing advice or offering an opinion.
- h) Ensuring that the Section 151 Officer is consulted on and approves any proposal that may affect the ability of stand-alone financial systems and processes to be reconciled with any relevant corporate financial information system.
- i) Signing contracts on behalf of the Council which are not under seal.
- j) Ensuring that vouchers and other financial documents are not destroyed other than in accordance with the Council's Corporate Retention of Documents Policy.
- k) Maintaining a complete management trail allowing financial transactions to be traced from accounting records to source and vice versa.
- l) Ensuring that all financial systems' inputs are genuine, complete, accurate, timely and not previously processed.

### Management of in-year finances

**A.12.** Corporate Directors are responsible for effective financial management. To support them, the Council has specific policies relating to six key control areas:

- (a) **Transfer of budgets.** Council sets the budget and Cabinet has executive responsibility for the delivery of services within budgets. Resources are allocated to defined budget headings which are managed by budget managers (usually allocated at Group Manager level). A scheme of

## Dacorum Borough Council Financial Regulations

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virement is required to enable budget holders to transfer resources between budgets where appropriate and necessary. The Council is responsible for approving a scheme for enabling virement. This is set out in regulation B.11.

- (b) **Use of contingencies.** When approving the annual budget the Council may set aside specific sums to meet unforeseen eventualities.
- (c) **Supplementary budgets.** Corporate Directors are responsible for arranging the effective delivery of services within the annual budgets allocated. Under circumstances where it cannot be dealt with under the Council's scheme of virement, and where appropriate, Cabinet, on the advice of the Section 151 Officer, may grant a supplementary budget to be met from any contingency provision established under section A12.b above. Where insufficient resources exist, Cabinet may, on the advice of the Section 151 Officer, seek Council approval to the granting of a supplementary budget to be met from relevant balances or reserves. This is set out in regulation B.12.
- (d) **Supplementary budgets: section 106 and Community Infrastructure Levy (CIL) Contributions.** Council sets the budget and Cabinet has executive responsibility for the delivery of services within budgets. Delegation is given to the Section 151 Officer for in-year amendments to budgets via supplementary budget where a one-off item is to be funded wholly from Section 106 receipts or CIL receipts. This is set out in regulation B.12.
- (e) **Supplementary budgets: grant income.** Delegation is given to the Section 151 Officer for in-year amendments to budgets via supplementary budget where expenditure is to be funded wholly from grant receipts, up to the value of £100k. For expenditure equal to or above £100k Cabinet may, on the advice of the Section 151 Officer, seek Council approval to the granting of a supplementary budget to be met from grant funding. This is set out in regulation B.12
- (f) **Under- and overspends.** The Council is responsible for agreeing any procedures, on the advice of the Section 151 Officer, for carrying forward under- and overspending against revenue budgets. The unspent portion of budgets will be transferred by the Section 151 Officer to Reserves and Balances after the year end. The unspent portion of budgets will not be carried forward to the following year's service budgets without the express authority of Council which decision shall be made on the advice of the Section 151 Officer. This function has been delegated to the Audit Committee as part of the review and approval of the annual Statement of Accounts. The Section 151 Officer will report to Cabinet as soon as is practicable after the year end on which budgets have underspent and which budgets have overspent, together with the net position. Cabinet will make recommendations to the Audit Committee who carry out this function on behalf of Council as part of their responsibility for review of the preparation of the Statement of Accounts. Cabinet and Audit Committee

# Dacorum Borough Council Financial Regulations

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will take account of the advice of the Section 151 Officer on how any net overspend should be funded.

- (g) **Urgency.** Nothing in these Financial Regulations shall preclude expenditure being incurred where an emergency or disaster involving destruction of, or danger to, life or property occurs, or is imminent, that may not be contained within the totality of budgets allocated to Corporate Directors. If, in the opinion of the relevant Director, in consultation, where possible, with the Chief Executive and the Section 151 Officer, the urgency of the situation will not permit delay, the Director may authorise such expenditure as is measured and reasonable in the circumstances. Where a Director has had to act without having been able to consult the Chief Executive and/or the Section 151 Officer, he/she/they shall be informed as soon as is practicable. Action under this Regulation shall be reported at the first opportunity to Cabinet and to the full Council.

## The Annual Report

- A.13.** The Audit Committee is responsible for approving the Annual Report and Statement of Accounts.

## **Financial Regulation B: Financial Planning and Budgeting Policy Framework**

### **Introduction**

- B.1.** These Financial Regulations apply to all plans and strategies within the Council's policy framework. Financial Regulations relating to budgets apply to General Fund and to Housing Revenue Account matters, and to both revenue and capital.
- B.2.** The Council is responsible for approving procedures for setting and varying budgets on the advice of the Section 151 Officer, for agreeing plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The Council is also responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another (virement). Details of the virement scheme are provided under Regulation B.11.
- B.3.** The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council. Consideration of such matters will be on the advice of the Section 151 Officer.

### **Corporate Governance**

- B.4.** Budgeting and budgetary control forms an essential part of the overall governance arrangements of the Council. The full Council is responsible for agreeing corporate governance arrangements, its framework and policies and the budget. Within such timescale as may be laid down by statute the Audit Committee under delegated powers from the Council shall approve publication of the Annual Report and Statement of Accounts and the Leader and Chief Executive shall concurrently present a statement of compliance with the framework.

### **Revenue budgeting and budgetary control**

- B.5.** The Section 151 Officer is responsible for determining the format of the revenue budgets and ensuring that they are prepared on an annual basis for consideration by the Cabinet, before submission to the Council in the fourth quarter of the financial year.
- B.6.** Corporate Directors, and their delegated representatives, are responsible for ensuring that budget estimates reflect agreed service plans and comply with the budget guidance issued by the S151 Officer which will take account of the Council's approved Medium Term Financial Strategy. The submitted budgets will be scrutinised and endorsed by appropriate Members including Portfolio Holders. These will be collated by the S151 Officer for submission to a combined meeting of the Overview and Scrutiny Committees to scrutinise the draft budget, prior to submission to Cabinet.

# Dacorum Borough Council Financial Regulations

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- B.7.** Corporate Directors, Assistant Directors and Group Managers are responsible for controlling income and expenditure within their area, taking account of financial information provided by the Section 151 Officer, as well as supplementary local information systems. Each Director shall ensure that all expenditure committed by his/her directorates is within a revenue, capital, or other budget approved by Council. Any potential expenditure or loss of income, which cannot be funded from within the totality of the service budget, supported by the approved scheme of virement, shall be reported to the Section 151 Officer as soon as this is anticipated by the Director.
- B.8.** Detailed regulations relating to revenue budgeting and budgetary control are set out in Annex B, section 1.

## **Capital plans and budgets**

- B.9.** The Section 151 Officer is responsible for ensuring that a rolling 5 year Capital Programme is prepared on an annual basis for consideration by Cabinet and submission to the Council as part of its annual budget-setting process, and that capital and revenue budgets are fully integrated. Detailed regulations governing capital budgeting are set out in Annex B, section 2.

## **Maintenance of reserves**

- B.10.** Under the Local Government Act 2003, the Section 151 Officer must advise the Cabinet and/or the Council on prudent levels of reserves and balances. The Section 151 Officer will prepare, keep under review and present to Cabinet, at least annually, a strategy for the Council's reserves that provides a justification for each earmarked reserve, together with a recommended minimum level of general (un-earmarked) reserves. Consideration of these issues will include the application of risk management processes.

## **Scheme of virement**

- B.11.** To support Corporate Directors, Assistant Directors and Group Managers to fulfil their responsibilities under Regulation B.7, the transfer of funds between budget lines is permitted, subject to approval, where this supports sound financial management. The Virement policy is set out in Annex B, section 3 and applies to all transfers of budget, of any value and for any reason, including for reasons of organisational restructure.

## **Scheme of supplementary budgets**

- B.12.** To support Corporate Directors, Assistant Directors and Group Managers to fulfil their responsibilities under Regulation B.7, under circumstances where these responsibilities cannot be dealt with under the Council's scheme of virement, a supplementary budget may be granted, subject to appropriate approval, where this supports sound financial management. The supplementary budgets policy is set out in Annex B, section 4 and applies to all supplementary budgets, of any value and for any reason.

## **Financial Regulation C: Risk Management and Resource Control**

### **Introduction**

- C.1.** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council and for identifying and evaluating significant opportunities for development. This should include the proactive participation of all those associated with planning and delivering services.

### **Risk and opportunity management**

- C.2.** The Cabinet is responsible for approving amendments to the Council's risk management strategy and for reviewing the effectiveness of the Council's risk management practices. It is also responsible for ensuring that proper insurance exists where appropriate.
- C.3.** The Section 151 Officer is responsible for preparing the authority's risk management strategy, for ensuring that there is proper management of risk throughout the Council, and for advising the Cabinet on proper insurance cover or alternative arrangements.

### **Maintaining internal control**

- C.4.** Internal control refers to the management processes and systems of control devised by management and endorsed by Members to help ensure that the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources, safeguards the Council's assets and interests and enables the Council to take advantage of opportunities. The operation of sound internal control is an essential component of good corporate governance.
- C.5.** The Section 151 Officer is responsible for advising on effective systems of internal control. Corporate Directors are responsible for establishing sound arrangements for safeguarding public funds by planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness, and for achieving their personal and service based financial and outcome performance targets.
- C.6.** Effective internal control is supported by policies relating to:
- i) Audit arrangements
  - ii) Preventing and detecting fraud and corruption
  - iii) Securing assets
  - iv) Treasury management.

Detailed regulations governing these policies are set out in Annex C, section 1.

## Staffing Arrangements

- C.7.** A staff structure is required to provide support to the Cabinet, the Council and the Committees of the Council for the conduct of business. The Chief Executive, as Head of Paid Service, is responsible for determining how officer support for Cabinet and non-Cabinet roles within the authority will be organised in line with hierarchy of the authorisations specified in Annex C, Clause 2.g. The Chief Executive is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining remuneration of employment.
- C.8.** Detailed responsibilities and regulations governing staffing arrangements are set out in Annex C, section 2. This section includes arrangements relating to:
- i) The staffing structure.
  - ii) Consultants.



## Financial Regulation D: Income and Assets

### Introduction

**D.1.** The Council has many systems and procedures relating to the control of the authority's assets. These include purchasing, costing and management systems. Each must contain effective controls to ensure that all transactions are recorded and properly processed, and that errors are detected promptly.

### General Responsibilities

**D.2.** The Section 151 Officer is responsible for the sound and proper operation of the authority's accounting systems, the form of accounts and supporting financial procedures and records. Any changes proposed to be made by Corporate Directors to their existing financial systems or the establishment of new systems must be approved beforehand by the Section 151 Officer.

**D.3.** Corporate Directors are responsible for ensuring that:

- a) there is the proper operation of financial processes within their Directorate
- b) data exists to enable them to plan, formulate and deliver the Council's objectives, targets and budgets
- c) performance is communicated to relevant managers on an accurate, complete and timely basis
- d) intelligence exists to warn of potential deviations from targets, plans and budgets requiring management attention
- e) systems and procedures are fully documented and operate effectively and securely
- f) staff receive relevant financial training approved by the Section 151 Officer.

**D.4.** Corporate Directors shall maintain a scheme of delegation identifying officers authorised to act on their behalf on financial matters. A copy of this, together with specimen signatures shall be supplied to the Section 151 Officer. A copy of the scheme of delegation is attached at Annex D to these regulations.

### Accounting for Income

**D.5.** Effective income collection systems are necessary to ensure that all revenues due to the Council are collected. Income can be vulnerable to loss. In order to maximise the Council's income, it is important that all income due is properly identified, collected, receipted, banked and recorded in accounting systems.

## Key controls and responsibilities

**D.6.** The Section 151 Officer and the Corporate Directors are responsible for the operation of the key controls governing the receipt of income and for ensuring that all due income is correctly recorded and received. Detailed responsibilities governing the collection of income are set out at Annex E, section 1. The Section 151 Officer shall review these responsibilities from time to time.

## Documentation and cash handling

**D.7.** In accordance with these regulations the Section 151 Officer and Corporate Directors are responsible for securing the Council's assets. Cash due and held by the Council is vulnerable to loss and must be recorded, held, processed and banked securely. Detailed requirements governing documentation and record keeping relating to Council income, for handling cash and cash held for third parties, are set out in Annex E, Section 2.

## Banking and investment arrangements

**D.8.** The Section 151 Officer shall:

- a) Make arrangements for all banking services.
- b) Ensure that surplus cash is systematically invested on a daily basis consistent with the Council's Treasury Management Strategy.
- c) Ensure all cheques or other financial instructions issued on behalf of the Council bear the impression or manuscript signature of an authorised officer, in accordance with the counter-signature hierarchy specified in Annex G, Clause 1.f.
- d) Be responsible for the ordering and control of cheques and similar secure stationery, and make sound arrangements for the safe custody of cheque stocks, and the control and reconciliation of those issued.
- e) Make secure arrangements for the telephonic and electronic transmission of payments and receipts, including the application of effective internal controls to mirror those set out above.

**D.9.** Corporate Directors are responsible for ensuring that their staff comply with all guidance and instructions issued by the Section 151 Officer in this regard.

## Petty Cash, Change Floats, and Electronic Purchasing Card Payments

**D.10.** The Council's resources may be held as cash only where there is a business need. Any cash holdings must be authorised by the Section 151 Officer who will review the need for such cash holdings periodically and may, at his/her discretion, in consultation with Corporate Directors, withdraw or alter the size of cash holdings. Detailed regulations governing cash, change floats and electronic purchasing cards are set out in Annex E, section 3.

## **Debt collection**

- D.11.** The invoicing, collection and enforcement of Sundry Income is the responsibility of the Corporate Director (Finance & Operations) who shall initiate proceedings to recover monies owing to the Council in an expeditious manner. The Section 151 Officer will ensure that there are recovery procedures for all debts due and which have remained unpaid. These will take place automatically.
- D.12.** Where a debtor is also a creditor to the Council, the amount due to the Council shall be deducted from amounts payable by the Council where, in the opinion of the Corporate Director (Finance & Operations), such a course would seem to be more expeditious and/or cost effective than recovery action through the courts.

## **Bad debts and unclaimed credits**

- D.13.** Where recovery processes have been fruitless and the debt has become irrecoverable, it will be written off. The procedure to be followed for writing off bad debts is set out at Annex E, section 4.
- D.14.** Where unclaimed credits are held within the Council's accounts, they may be considered for write on. The procedure to be followed for writing on unclaimed credits is set out at Annex E, section 4.

## **Stocks and stores and minor assets**

- D.15.** Stocks and stores represent short term assets of the authority and are therefore subject to the same general regulations applying to other assets and cash holdings. Detailed regulations and responsibilities for managing stocks and stores are set out in Annex E, section 5.

## **Trading Accounts/Business Units**

- D.16.** The Section 151 Officer is responsible for advising on the establishment and operation of trading accounts and business units.
- D.17.** Corporate Directors shall take advice from the Section 151 Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. Such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- D. 18.** All officers must observe statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income and expenditure, including full overhead costs are charged, and to produce an annual report in support of the final accounts.

# Dacorum Borough Council Financial Regulations

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- D.19.** Corporate Directors must ensure that the appropriate accounting principles are applied to trading accounts as advised by the Section 151 Officer. Each internal trading unit shall prepare an annual business plan.
- D.20.** Cabinet shall approve the Council's banking and brokering arrangements, and authorised signatories on the advice of the Section 151 Officer.

## **Document retention – general**

- D.21.** Hard copy documentation or electronic media admissible by the Courts created or maintained for transactions covered by these Financial Regulations or the Council's Procurement Standing Orders shall be retained for a period not less than 6 years after the transaction/ project ceases to be current and/or the financial year to which it relates. For more specific guidance please refer to the Retention Schedule.
- D.22.** All quotations (including unsuccessful ones) obtained for orders made in accordance with these Financial Regulations shall be retained for not less than the current year plus one.

## **Disposal of Assets (including Stocks and Stores)**

- D.23.** As a public authority the Council should, in the disposal of its landholdings and other assets, always seek to obtain the best price reasonably obtainable, in terms of money or monies worth, unless it is absolved from this duty by statute, regulation or other lawful authority. If in the particular case of any disposal these rules cannot be followed in such a way as to ensure both propriety and optimum value, the matter must be reported to the Cabinet by the Corporate Director (Finance & Operations) for authority to proceed in a different way.
- D.24.** Detailed regulations governing the disposal of assets are set out in Annex F. The annex covers detailed regulations concerning the disposal of:
- Land
  - equipment
  - scrap and ICT equipment
  - major reusable items
  - investments
  - intangible assets.

## **Financial Regulation E: Expenditure, Liabilities and Procurement of, Ordering, and Paying for Works, Goods and Services**

### **Introduction**

- E.1** The Council has a duty to manage and spend public money with due regard to probity and in accordance with the Council's policies. All staff and Members of the Council are required to comply with the Council's procurement policies and procedures, as set out in Procurement Standing Orders. In particular, every officer and Member of the Council must advise the Monitoring Officer of any real or perceived links or personal interests they may have with purchasers suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- E.2.** Procurement Standing Orders are supplemented by detailed regulations governing the day-to-day ordering of works, goods and services. These are provided in Annex G, section 1.
- E.3.** The Corporate Director (Finance & Operations) is responsible for reporting to the Cabinet not less than twice each financial year on the exercise of his/her delegated powers. One such report will comprise an annual report on procurement for presentation within the following financial year.
- E.4.** It is the responsibility of Corporate Directors to ensure that a proper scheme of delegation has been established for the procurement, certification and authorisation of payment within their area, and to take steps periodically to test that the scheme is operating effectively. Further detailed responsibilities of the Section 151 Officer and Corporate Directors in respect of the regulations governing ordering and paying for works, goods and services are set out in Annex G, section 2.

### **Contract arrangements**

- E.5.** All contracts with a value in excess of the amount specified in Annex G, section 3, are subject to the provisions contained in the Council's Procurement Standing Orders. No tender shall be accepted and no contract shall be entered into until all of the requirements of Procurement Standing Orders as well as all necessary approvals, sanctions and consents have been obtained. Prior to letting a contract, Officers must ensure that they have the necessary delegated authority to proceed and there is sufficient budget provision in place.
- E.6.** For all contract in excess of the value specified in Regulation E.5, the Section 151 Officer will be responsible for:
- a) Arranging payment in accordance with the contract terms or Council's scheme for prompt payment.
  - b) Examining, at his/her discretion, and making such enquiries as may be necessary to satisfy him/herself as to the fairness and accuracy of the accounts.

- E.7.** The Assistant Director (Corporate and Contracted Services) shall consider all claims, which appear not to clearly fall within the scope of the primary contract with a view to determining liability. He/she will consult with the Section 151 Officer on any financial consideration before settlement is reached.
- E.8.** Detailed responsibilities of Corporate Directors in relation to contracts are set out in Annex G, Section 3.

## **Engagement of, and Payments to, Employees**

- E.9.** The Chief Executive, as Head of the Paid Service, has overall responsibility for ensuring that all staff emoluments and entitlements are approved for all current employees. The Section 151 Officer is responsible for calculating emoluments and entitlements and for ensuring that all payments are timely and accurate.
- E.10.** Detailed responsibilities of the Section 151 Officer and Corporate Directors in respect of engagement of, and payment to, employees are set out in Annex G, section 4. In particular, no advances of pay shall be made without the express agreement of the Section 151 Officer. Any advances of pay that are made shall be effected through the Council's payroll system unless determined otherwise by the Section 151 Officer.

## **Payments to Members**

- E.11.** The Section 151 Officer is responsible for the payment of allowances and other sums due to Members in accordance with the Council's Members' Allowances Scheme, and best practice nationally.
- E.12** The Section 151 Officer is responsible for implementing the provisions for Members' travel and subsistence contained in the Members' Allowances Scheme.

## **Taxation**

- E.13** The Section 151 Officer is responsible for managing the Council's tax affairs, approving systems and processes where in the opinion of the Section 151 Officer they may have a significant impact on the Council's tax position, and advising Corporate Directors on all taxation issues affecting the authority. He/she is also responsible for maintaining the authority's tax records, making all tax payments by the due dates, receiving tax credits and submitting tax returns by their due date as appropriate.
- E.14.** Corporate Directors are responsible for ensuring that the correct amount of VAT is paid and/or collected on rateable purchases and supplies, in accordance with guidance issued by the Section 151 Officer, and for making proper arrangements to administer the correct tax liabilities for contractors engaged in construction and maintenance works.

## Financial Regulation F: External Arrangements

### Partnerships

- F.1.** For the purpose of the Regulations a partnership is defined as a joint working arrangement between otherwise independent bodies that:
- a) agree to co-operate to achieve a common goal
  - b) create new organisational structures or processes to achieve this goal separate from their own organisations
  - c) plan and implement a jointly agreed programme often with joint staff or resources
  - d) share relevant information
  - e) pool risks and rewards.

Service contracts that are described colloquially as “partnerships” are not partnerships for this purpose but are regarded as contracted services dealt with under procurement rules.

### Responsibilities and expectations

- F.2.** The Council requires that potential partners are aware of their responsibilities under the Authority’s Financial Regulations and the procurement requirements. When partnerships are developed, the partners shall agree on which financial regulations and standing orders shall apply as part of the governance arrangements for the partnership. The Council’s expectations regarding partnerships are set out at Annex H, section 1. These should be adapted and written into partnership governance documents, as appropriate.
- F.3.** The Council is responsible for considering, and where appropriate, approving the formation of any strategic partnership or any proposed change to existing external relationships, on the recommendation of the Leader of the Council.
- F.4.** The Chief executive shall be the Council’s principal advisor and representative on partnership and external bodies. Further detailed responsibilities are set out in Annex H section 2.

### External funding

- F.5.** Where funding is due from external bodies the Section 151 Officer shall ensure that:
- (a) All funding due is received and properly recorded in the authority’s accounts.

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(b) Match-funding requirements and obligations are considered prior to entering into any agreement, and that future revenue budgets reflect these requirements.

(c) Audit requirements are met.

**F.6** Further responsibilities in respect of external funding and providing works to third parties are set out in Annex H, Section 2.



## Annex A

### Monitoring Officer responsibilities – schedule of values

Regulation A.5.

Last updated: September 2015

The Assistant Director (Corporate and Contracted Services) is the Authority's designated Monitoring Officer, under Section 5 of the Local Government and Housing Act 1989. He/she (together with the Section 151 Officer) is responsible for advising the Portfolio Holder, Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the approved budget. Actions that may be 'contrary to the budget' include:

- a) Initiating a new policy
- b) Taking, or failing to take action which will, or is likely to result in any defined budget for the current year being exceeded by an amount which in the view of the Section 151 Officer, taking into account all the circumstances at the time, is contrary or not wholly in accordance with the budget.
- c) Committing, or seeking to commit expenditure in future years above the approved level.
- d) Causing the Council's total budgeted sum for either the Housing Revenue Account or the General Fund to increase by more than the following amount in any one year (determined by the Section 151 Officer):

£100,000

## **ANNEX B**

### **Financial Planning and Budgeting Policy Framework**

#### **Section 1: Budgeting and budgetary control**

Regulation B.8

Last updated: September 2015

The Section 151 Officer shall determine the format of how budgets, revenue and capital, are presented and reported on. Revenue and capital budgets shall be submitted to Cabinet for consideration together and will be fully integrated and cross-referenced.

#### **Section 1: Budget preparation**

- 1.a)** The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Cabinet, before submission to the Council in the fourth quarter of the financial year. Fully-costed service budgets shall be prepared by the Section 151 officer in conjunction with the delegated budget holder. Budgets proposed to Cabinet should include allocations to each service and projects (where appropriate), proposed taxation levels and contingency funds (where appropriate). Such budgets will be in accordance with the Council's Medium Term Financial Strategy, will include revenue projections covering three years and capital projections covering five years, and will include appropriate risk management processes in their compilation.
- 1.b)** It is the responsibility of Corporate Directors, and their delegated representatives, to ensure that budget estimates reflect agreed service plans and are scrutinised and endorsed by appropriate Members including Portfolio Holders and relevant Overview and Scrutiny Committees, prior to collation by the Section 151 Officer for submission to Cabinet.
- 1.c)** The budget submission for the coming year shall show in respect of each defined item of income and expenditure:
  - i) the original estimate and any revised estimate for the current year
  - ii) the actual outturn for the previous year
  - iii) estimates for the coming year with appropriate explanation of any significant issues or variations anticipated in the future.

In relation to i.) above the responsible Director, or the Section 151 Officer, shall report on any material variations.

- 1.d)** The Cabinet shall consult with stakeholders and Overview and Scrutiny Committee(s) and make amendments as thought fit (subject to the advice of the Section 151 officer), prior to recommending appropriate budgets to Council.
- 1.e)** Changes to the Budget which increase the Council's total expenditure and require either the use of the Council's general reserves or increased borrowing must be referred by the Section 151 Officer to the Cabinet for consideration before being referred to the full Council for approval.

### **Budget monitoring and control**

- 1.f)** In order to enable budgets to be monitored effectively, the Section 151 Officer will provide appropriate financial information to Corporate Directors, Assistant Directors and Group Managers. The Section 151 officer will monitor expenditure and income against budget, and will report to the Corporate Management Team on the Council's financial position against its budget on a monthly basis, and to Cabinet on a quarterly basis. This will include the detailed actual position in comparison to the budget for the year, projected outturn position for the end of the year, and any proposed action to be taken to deal with any variances. The report will show performance against individual detailed service budgets and also on a subjective basis.
- 1.g)** Corporate Directors shall make appropriate arrangements, subject to these having been approved by the Section 151 Officer, to process all income and expenditure in a timely manner and charge it to an appropriate account code, so that information, and interpretations thereof, provided in accordance with clause 1.f above fairly reflects the true position.
- 1.h)** It is the responsibility of Corporate Directors, Assistant Directors and Group Managers to control income and expenditure within their area, taking account of financial information provided by the Section 151 Officer, as well as supplementary local information systems. Each Director shall ensure that all expenditure committed by their directorates is within a revenue, capital, or other budget approved by Council. Any potential expenditure or loss of income, which cannot be funded from within the totality of the service budget, supported by the approved Scheme of Virement shall be reported to the Section 151 Officer as soon as this is anticipated by the Director.
- 1.i)** The inclusion of items in approved revenue or capital budgets shall constitute approval to incur expenditure, subject to compliance with Procurement Standing Orders or other requirements included within these Regulations.

### **Section 2: Capital plans and budgets**

Regulation B.9

Last updated: December 2019

### Preparation and approvals

- 2.a)** The Section 151 Officer is responsible for ensuring that a rolling 5 year Capital Programme is prepared on an annual basis for consideration by Cabinet and submission to the Council as part of its annual budget-setting process, and that capital and revenue budgets are fully integrated.
- 2.b)** The Programme will be informed by the Council's Capital Strategy and Medium Term Financial Strategy and by such capital and revenue resources as the Section 151 Officer recommends be made available over the Programme period.
- 2.c)** The Section 151 Officer, in conjunction with Corporate Directors, will prepare and submit to Cabinet the estimates of capital payments planned to be incurred in the ensuing years. Capital estimates will be integrated with and cross-referenced to revenue budget estimates.
- 2.d)** The Capital Programme submitted to Cabinet for consideration will include the total sum set aside for capital projects in the year under consideration and for future relevant years, together with details of individual projects being submitted for approval. The Capital Programme submitted to Cabinet will also include details of and provision for capital schemes already approved and in progress from previous years. Projects will be considered for inclusion within the Capital Programme in accordance with the arrangements set out in the Capital Strategy.
- 2.e)** So far as is possible, all new schemes for the coming year will be identified in the budget report. Any subsequent new schemes will be approved by Cabinet within the total made available for capital schemes. Cabinet may ringfence sums of capital, or agree schemes in principle, with release of detailed sums delegated to the Portfolio Holder (Finance & Resources) if it considers it appropriate.

### Section 3: Scheme of virement

Regulation B.11

Last updated: September 2015

- 3.a)** Virement is an in-year mechanism for formally determining and seeking agreement to the transfer of funds from one approved budget heading to another. The Virement policy set out below applies to all transfers of budget, of any value and for any reason, including for reasons of organisational restructure.
- 3.b)** No virement has been carried out unless it has been done in accordance with these Regulations, has been approved by the Section 151 Officer and is recorded in a register maintained by him/her, and the Council's corporate Financial Management Information System has been updated accordingly. The

recording of an approved virement does not alter the original budget approved before the start of the year.

- 3.c)** The rules on virement apply to revenue and to capital and to all accounts under the Council's control.
- 3.d)** A virement cannot increase nor decrease the total amount of budget resource available: the net effect of all virements must be nil.

### **Levels of authority**

- 3.e)** A hierarchy of authorities is required to determine the type and level of virement that may be authorised by committees and officers of the Council. This is given in the **Schedule of Authorisations, item 1**.
- 3.f)** In no instance should a virement be considered where approval would have the effect, or be seen to have the effect of frustrating, circumventing or amending the Council's policies or budget framework. Proposals for any new capital or revenue scheme, new sources of income, and significant variation in approved charges shall be considered by Cabinet and, if appropriate, Council.

### **Principles of application**

- 3.g)** The proposed virement must be for a purpose or budget previously approved by Council. Sufficient funds must remain in the transferor budget to meet all remaining commitments for the year. "Transferor budget" in this context refers to individual line budgets and not to the total budget for the service.
- 3.h)** Subject to being over-ridden by a higher authority, no virement shall take place without the agreement of the transferor.
- 3.i)** The virement must not commit expenditure in any following year. Base budgets for the following year(s) shall be 're-set' to exclude any virement made.
- 3.j)** Any proposed transfer of funding to 'employee' budgets must not increase total employment costs beyond the current year. Employment cost for this purpose shall include payments to and for staff, agency and other temporary engagements, and overtime.
- 3.k)** Where not specifically budgeted for within a scheme or project, consultancy and agency staff fees shall be deemed to be included within 'employee' costs for the purpose of this scheme.
- 3.l)** Budgets for central and departmental recharges, asset rents, depreciation, interest receivable, capital receipts / payments / charges, and similar corporate 'accounts' are excluded from this scheme.

## Capital

- 3.m)** Virements between two or more approved capital schemes require the authorisation of Cabinet unless such virement has been delegated by Cabinet to the Portfolio Holder (Finance & Resources).

## Section 4: Scheme of supplementary budgets

Regulation B.12

Last updated: December 2019

- 4.a)** Supplementary budgets are an in-year mechanism for formally determining and seeking agreement to the increase of a budget heading to be wholly funded by a specific funding sources, usually, existing reserves, s106 receipts, CIL receipts or grant funding. The supplementary budgets policy set out below applies to all supplementary budgets, of any value and for any reason.
- 4.b)** No supplementary budget has been carried out unless it has been done in accordance with these Regulations, has been approved by the Section 151 Officer and is recorded in a register maintained by him/her, and the Council's corporate Financial Management Information System has been updated accordingly.
- 4.c)** The rules on supplementary budgets apply to revenue and to capital and to all accounts under the Council's control.

## Levels of authority

- 4.d)** A hierarchy of authorities is required to determine the type and level of supplementary budget that may be authorised by committees and officers of the Council. This is given in the **Schedule of Authorisations, item 2**.
- 4.e)** In no instance should a supplementary budget be considered where approval would have the effect, or be seen to have the effect of frustrating, circumventing or amending the Council's policies or budget framework. Proposals for any new capital or revenue scheme, new sources of income, and significant variation in approved charges shall be considered by Cabinet and, if appropriate, Council.

## Principles of application

- 4.h)** The supplementary budgets must not commit expenditure in any following year. Base budgets for the following year(s) shall be 're-set' to exclude any supplementary budget made.
- 4.i)** Any proposed supplementary budgets altering 'employee' budgets must not increase total employment costs beyond the current year. Employment cost for this purpose shall include payments to and for staff, agency and other temporary engagements, and overtime.

- 4.j)** Where not specifically budgeted for within a scheme or project, consultancy and agency staff fees shall be deemed to be included within 'employee' costs for the purpose of this scheme.

## ANNEX C

### Risk Management and Resource Control

#### Section 1: Maintaining internal control

Regulation C.6

Last updated: December 2019

#### Audit arrangements

- 1.a)** The Accounts and Audit Regulations 2015, require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management , control and governance processes. The Corporate Director (Finance & Operations) has the responsibility to ensure that the Internal Audit Contractor independently reviews and reports formally to the Audit Committee on the adequacy and effectiveness of the Council’s control environment.
- 1.b)** The Section 151 Officer shall maintain an adequate and effective system of internal audit of all accounting, financial and other operations of the Council, and in particular shall arrange, either directly or through an Internal Audit service provided under contract, for the examination, review and appraisal of:
- i) the soundness, adequacy and application of internal controls
  - ii) the safeguards applied to Council assets to protect them from loss, theft, fraud, waste, inefficiency, extravagance, or poor value for money
  - iii) the suitability and reliability of financial and other management information
  - iv) compliance with rules, regulations, legislation, policy and procedures.
- 1.c)** The Corporate Director (Finance & Operations) shall be responsible for ensuring that an annual report is prepared setting out:
- i) an opinion on the overall adequacy and effectiveness of the Council’s control environment
  - ii) disclosure and qualifications to that opinion
  - iii) a summary of the audit work undertaken, and
  - iv) any issues that are relevant to the preparation of the Annual Governance Statement . This shall be submitted to the Audit Committee as soon as is practicable after the end of the year to which it relates.



- 1.d)** Internal Audit staff have specific authority to access appropriate Council personnel, correspondence and data at any time. Details of these powers are set out in the contract with the Internal Audit provider.

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

- 1.e)** The Section 151 Officer is responsible for the development and maintenance of an anti-fraud, anti-corruption and whistleblowing policies. The Monitoring Officer shall be advised in any instance where a member may be implicated.
- 1.f)** The Section 151 Officer shall be notified immediately by the relevant Corporate Director of any suspected irregularity:
- i) concerning income, expenditure, cash, stores or other property of the Council
  - ii) in the exercise of the functions of the authority that may appear to place an officer(s) or member(s) under suspicion of obtaining financial benefit, directly or indirectly, as a result of the exercise of any Council function with which he/she is associated.

Where notification has been received, the Section 151 Officer shall take such steps as is considered necessary by way of investigation and report.

- 1.g)** Should it be found that any major irregularity has, is, or is about to occur, the Section 151 Officer shall immediately inform the Chief Executive and the Chairman of the Audit Committee. The Section 151 Officer is responsible for determining whether any irregularity shall be referred to the Police. There shall, however, be a presumption when considering any case, that suspected criminal acts perpetrated against the Council should be referred to the Police for investigation.

### **Security of assets**

- 1.h)** Corporate Directors should ensure that records and assets are properly maintained and securely held. They should also ensure that effective contingency plans are in place to:
- i) ensure continuity of service in the event of disaster or system failure
  - ii) ensure that assets are secured in the event of disaster
  - iii) hold in trust all assets secured as a result of clearing vacated council-owned premises until such a time as they can be properly disposed of in accordance with the regulations to be set out in the contingency plan.
- 1.i)** The Group Manager (Commercial Assets & Property Development) shall maintain a terrier of all land and buildings owned by the Council, or premises in which the Council has an interest. He/she shall ensure that all council buildings

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comply with all relevant legislation and that all relevant permissions and consents are secured.

- 1.j) The Assistant Director (Corporate and Contracted Services) shall be responsible for the safe custody of all title deeds, formal contracts and agreements, under secure arrangements agreed with the Chief Executive and the Section 151 Officer.
- 1.k) Group Managers shall maintain adequate and proper security at all times for all buildings, stocks, stores, furniture, equipment, vehicles, plant, cash and other assets of the Council, under their control.
- 1.l) Maximum limits for cash holdings, in whatever receptacle, shall be agreed with the Section 151 Officer, and shall not be exceeded without his/her express permission and with regard to the appropriate insurance limit. Current limits are set out in the **Schedule of Authorisations, item 3**. Cash received in total in excess of this amount must be banked within 24 hours.
- 1.m) Officers, who in the course of their duties collect monies on behalf of the Council, the Council's partners or third parties, shall take all reasonable steps to secure safe custody and shall comply with any instructions given by the Section 151 Officer.
- 1.n) Each Corporate Director shall make arrangements to maintain a register of keys for external doors, safes, cash boxes and others items of similar importance. All safes shall meet with such specifications determined by the Section 151 Officer after consultation with the Council's insurers. The Register shall list the keyholders and out of hours contact arrangements. The Register should be held securely and only be available to authorised officers. All keys issued to staff are to be carried on the person, or held in a secure place, by those responsible at all times. Safe keys must not be left on the premises where the safe is situated. The loss of keys must be reported to the relevant Director and Section 151 Officer immediately.
- 1.o) With regard to computing, systems, software and data integrity, the Corporate Director responsible for ICT services shall:
  - i) Ensure proper security and privacy arrangements are applied in respect of all information held on the Council's computer installations, and that information is used in accordance with Data Protection and other relevant legislation.
  - ii) Ensure that effective contingency plans, disaster recovery and back-up procedures enable information systems to resume speedily in the event of an interruption. These should be documented and distributed to all appropriate personnel. He/she shall from time to time arrange for such plans to be tested.

- iii) Ensure that the Council, its employees, contractors, partners and agents working in support of the Council, comply with copyright, design, patent and similar legislation.
- 1.p)** Each Corporate Director shall ensure that all staff and third party contractors/partners are aware of, and observe such rules and guidance, as may be issued under clause 1.m above. In addition, they shall ensure that the same standards of care apply to those computer systems directly under their control.
- 1.q)** Corporate Directors are responsible for ensuring that all visitors to any Council buildings or sites, except in public areas, are signed-in and wear authorised identification. They shall also ensure that any visitor is adequately supervised to ensure confidentiality of information and security of Council assets at all times.
- 1.r)** Corporate Directors, acting with the advice of the Section 151 Officer, shall ensure that the principles of separation of duties and good control procedures are observed in the allocation of accounting duties. They shall make arrangements so that:
  - i) Duties of providing information regarding sums due to or from the Council and of calculating, checking and recording such sums shall be separated from the duty of cash or income handling and disbursing them.
  - ii) Officers responsible for examining and checking the accounts for cash, stocks, stores and similar transactions shall not themselves be engaged in any of these transactions.
  - iii) The organisational structure provides internal controls and minimises the risk of fraud or other malpractice.

### **Treasury management**

- 1.s)** The authority has adopted the Code of Practice for Treasury Management in Local Authorities published by CIPFA (2017 edition).
- 1.t)** The Section 151 Officer is responsible for reporting to Cabinet a proposed Treasury Management Strategy for the coming financial year on an annual basis. The Council is responsible for approving the Treasury Management Statement. The Section 151 Officer has responsibility for implementing and monitoring the Statement.
- 1.u)** He/she is responsible for reporting to the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation within the period of the succeeding financial year.

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- 1.v) All executive decisions on borrowing, investment or financing shall be delegated to the Section 151 Officer, who is required to act in accordance with CIPFA's Code of Practice.
- 1.w) All money in the hands of the Council is controlled by the Section 151 Officer. All external investments shall be made in the name of Dacorum Borough Council and shall be undertaken by the Section 151 Officer.
- 1.x) The Section 151 Officer is responsible for authorising the opening of any new bank accounts or for closing bank accounts, for managing and controlling all bank accounts held by the Council, and for liaison with the Council's bankers. He/she will also approve the financial limits of authorised signatories to bank accounts. The term 'bank account' includes accounts with building societies, the post office or any financial institution and also includes credit or debit card facilities.
- 1.y) The Section 151 Officer is responsible for applying for any debit or credit cards and for determining the ongoing need for any such cards in use.

### **Section 2: Staffing and consultancy arrangements**

Regulations C.7 & C.8

Last updated: September 2015

#### **Staffing arrangements**

- 2.a) A staff structure is required to provide support to the Cabinet, the Council and the Committees of the Council for the conduct of business. The Chief Executive, as Head of Paid Service, is responsible for determining how officer support for Cabinet and non-Cabinet roles within the authority will be organised in line with hierarchy of the authorisations specified in Annex C, Clause 2.g). The Chief Executive is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining remuneration of employment.
- 2.b) Corporate Directors, Assistant Directors and Group Managers are responsible for ensuring that:
  - i) staffing levels can be funded within the totality of the approved current and forward years' budget provision allocated to them
  - ii) rules relating to virement as they apply to the engagement of staff are observed.
- 2.c) The Chief Executive shall ensure that there is an official record of the officer structure showing each post.

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- 2.d) The Corporate Director (Finance & Operations) will ensure that the annual budget presented for approval balances with the approved structure charts, net of any vacancy provision policy that the Council may operate from time to time.
- 2.e) Directors may appoint employees only to posts identified in the structure chart and on grades set out therein (apart from any additional remunerative arrangements such as leased cars, market forces supplements etc. that the Council may apply from time to time).
- 2.f) The Corporate Director (Finance & Operations) shall ensure that the corporate employee database and payroll reflect only the official gradings of posts, and that additions to the payroll are effected only for posts within the structure charts.
- 2.g) Changes may be made to the structure charts in accordance with the hierarchy of authorities given in the **Schedule of Authorisations, item 4**, where the net effect of any changes is no increase in cost for the current, or a full year. Where a change to the structure chart results in an increased net cost, it shall require the approval of Council on the recommendation of Cabinet.
- 2.h) Corporate Directors may engage temporary staff to cover for the exigencies of the moment and/or staff absences/vacancies. Whilst not reflected on the structure charts, payment may be effected through the payroll if in the opinion of the Section 151 Officer it is appropriate to do so. The Section 151 Officer will ensure that all such 'employment' is clearly shown on system as temporary and will ensure that no contractual commitment is entered into that would cause the temporary or interim worker to gain full employment rights.
- 2.i) The annual budget report submitted by the Corporate Director (Finance & Operations) shall include a section identifying any changes made to the structure charts since the previous budget report and defining the structure for the coming year.

### Use of consultants

- 2.j) A consultant organisation or consultant may be engaged, where in the opinion of the Chief Executive or relevant Corporate Director he/she considers that the consultant will add value to the Council's determination of a particular technical, professional, managerial or political matter. This scheme applies to commissioned work and managing or advising consultancy and does not embrace the engagement of agency or other personnel covering vacancies within established posts. Costs of consultants must be contained within existing budgets.
- 2.k) A consultancy or interim staffing arrangement will exist where the person and/or company is not employed under a direct contract of employment with the Council and such appointments shall be procured through the following:
  - i) an agency contract agreed under a framework agreement for the supply of agency staff as detailed on the Council's Contract Register; or

- ii) be procured through the Corporate Procurement Team and in accordance with Procurement Standing Orders.

**2.l)** Prior to inviting consultancy support the relevant Corporate Director shall identify and set down in writing the project objective(s), required 'deliverables', and timescales, which shall then form the basis of any consultancy contract.

### **Project brief and monitoring arrangements**

**2.m)** In letting and managing a consultancy contract, the Corporate Director shall:

- i) ensure that the outcomes and timescales of a consultancy are determined in writing in advance of any contract being let
- ii) assign responsibility within his/her directorate for the day to day management of the consultancy
- iii) determine the monitoring arrangements, review points, and any documentation and/or access and/or other protocols necessary for the conduct of the consultancy
- iv) ensure that adequate and appropriate records are kept of consultant hours and/or outputs where payment is based on time used or production of specified outputs
- v) ensure that all consultants are engaged on the basis of a written contract, set down and agreed before the commencement of the consultancy, and that such contract requires the consultant(s) to comply and be bound by any prevailing policies, standing orders, financial regulations and other instructions that are relevant to the consultancy task as though the consultant(s) were employees of the Council
- vi) ensure that all documentation or other outputs generated by the consultancy are and remain the property of the Council in all respects, but especially including copyright and intellectual property rights, and that such material shall be in the possession of the Council at the end of the consultancy
- vii) ensure that where consultants are retained to supply a product of significant ongoing tangible value to the Council, e.g. architects, engineers, software consultants etc, that the consultant(s) have adequate professional indemnity and public liability insurance cover in place, and that the existence of such cover shall be a contractual requirements.

## ANNEX D

### Schemes of Delegation

Regulation D.4.

Last updated: December 2019

Corporate Directors are required to maintain a scheme of delegation identifying officers authorised to act on their behalf on financial matters. A completed copy will be retained by the Section 151 Officer.

The scheme shall cover authorisation of payments to be made to staff, contractors and suppliers, the collection of income and placing of orders including variations. The scheme shall also apply to the authorisation of Accounts Receivable credits and cancellation of invoices. In each instance, the financial limits within which the member of staff or agent has authority to act shall be identified as follows. All contracts must be let in accordance with the Procurement Standing Orders, and Procurement guidance must be sought for the letting of contracts outside of the approval levels contained within the table below. Where a postholder meets more than one of the criteria below e.g. Section 151 Officer and Corporate Director, the higher of the two values should be taken.

Postholder	Authorisation Level	
	Contract Letting	Unit 4 Business World Approval
Chief Executive	£500,000	£20,000,000
Section 151 Officer	£500,000	£10,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£75,000	£75,000
Team Leader	£25,000	£25,000

## ANNEX E

### Income and assets

#### Section 1: Accounting for income

Regulation D.6

Last updated: December 2019

**1.a)** The key controls for income are that:

- i) all income due to the Council is identified and charged correctly, in a timely manner and in accordance with corporate charging policies, and is collected and properly accounted for
- ii) in the case of significant contracts, a financial vetting procedure is used to assess the merits of trading with the prospective (or, where appropriate, existing) customer
- iii) all income is banked or remitted to the Finance Department within one working day in line with the requirements of the Section 151 Officer
- iv) responsibility for cash handling should be separated from the person raising the debt
- v) effective action is taken to pursue non-payment within defined timescales
- vi) formal approval for debt write-off is obtained in accordance with Council policy and actioned promptly
- vii) retention and storage of all appropriate income documents is in accordance with the document retention guidelines.

#### Responsibilities of the Section 151 Officer

**1.b)** The responsibilities of the Section 151 Officer are:

- i) To authorise arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- ii) To maintain a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) customers in respect of significant contracts.
- iii) To establish and initiate appropriate recovery procedures, including legal and bailiff action where necessary (subject to legal advice where appropriate), for debts that are not paid promptly.



- iv) To authorise the write-off of bad debts up to an approved limit and to ensure that larger sums are referred to the Portfolio Holder (Finance and Resources) with his/her recommendation, or to Cabinet as appropriate.
- iv) To ensure that appropriate accounting adjustments are made following write off action for all debts
- vi) Debts will be collected by the Corporate Director (Finance & Operations) unless specifically authorised otherwise by him/her. Assistant Directors/Group Managers will notify the Corporate Director (Finance & Operations) of all debts due promptly so that he/she can issue debtor accounts expeditiously. Such notification to the Corporate Director (Finance & Operations) will include all information required by him/her, and be in a form required by him/her to enforce collection effectively. This may include evidence to support enforcement during legal proceedings.
- vii) To maintain and keep updated by submitting proposals to Cabinet, a policy for fees and charges, in consultation with relevant Corporate Directors.
- viii) Reviewing the ordering, issuing and control of official receipting documentation.
- ix) Regularly advising relevant managers of the status of debts outstanding.
- x) Agreeing, determining and advising responsible officers of the minimum amount for which an invoice may be raised.
- xi) Agreeing and determining the use and terms acceptable for credit and debit card receipting.
- xii) Ensuring that appropriate accounting adjustments are made following write-off action.
- xiii) Where money, money's worth or the security of financial documents may be at risk ensuring, where practical, that at least two employees are present when post is opened so that funds, or the financial document received is properly identified and recorded.

### **Responsibilities of Corporate Directors**

#### **1.c. The responsibilities of Corporate Directors are:**

- i) To establish departmental charges for the supply of goods or services, including the appropriate charging of VAT, and to review them at least annually, in line with the corporate charging policies.
- ii) To ensure that the advice of the Section 151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective

(or, where appropriate, existing) customers where significant contracts are being considered.

- iii) To supply the Section 151 Officer with details relating to work done, goods supplied, services rendered or other amounts due in a timely manner, so that sums due to the Council are recorded correctly. This includes ensuring that there is sufficient evidence of a usable quality is taken and held for debt collection purposes such as proving invoices or initiating legal proceedings.
- iv) To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- v) To ensure that proper banking and accounting procedures are observed, which will include the issue of official receipts and to ensure that appropriate details are recorded on to bank paying-in slips to provide an audit and management trail. These details should match the payment to the account or invoice to be credited.
- vi) To assist the Section 151 Officer by providing any further information requested by Financial Services to facilitate the follow up and recovery of outstanding debts and to assist in the following up of outstanding debts on behalf of the Council.
- vii) Identification, collection, receipt, custody, control, disposal and proper accounting of all monies received, or receivable by the Council in accordance with any requirements of the Section 151 Officer.
- viii) Immediate acknowledgement of sums received by an officer, by the issue of a sequentially pre-numbered receipt, ticket, voucher, or other document approved by the Section 151 Officer. Accounting for all receipts issued to officers, ensuring that they are used for official purposes and that the monies so receipted have been promptly collected and paid over to the Council, or its bankers intact, and without deduction for other purposes.
- ix) Systematic consideration of bad and doubtful debts, including the cessation of service where there is a history of persistent poor payment in consultation with the Section 151 Officer.
- x) Levying and collecting charges in advance or at the time for services provided. Where this is not feasible responsible officers shall promptly issue a sundry debtor account.

### **Responsibility for recovering the Council's income**

**1.d)** The responsibility for recovering the Council's income is as follows:

- i) Council Tax and Business Rates – Assistant Director (Finance & Resources).

- ii) Housing rents and associated income – Assistant Director (Housing).
- iii) Parking – Assistant Director (Corporate and Contracted Services).
- iv) Entertainments – Assistant Director (Performance, People and Innovation).
- v) Sales – various.
- vi) Government grants – Assistant Director (Finance & Resources).
- vii) Commercial rents and associated income – Assistant Director (Finance & Resources).
- viii) Planning application fees – Assistant Director (Planning, Development & Regeneration).
- ix) Building Control application fees – Assistant Director (Planning, Development & Regeneration).
- x) Building Control fees (invoiced) – Assistant Director (Finance & Resources).
- xi) Licensing application fees – Assistant Director (Corporate and Contracted Services).
- xii) Invoicing annual fees - Assistant Director (Finance & Resources).
- xiii) Sundry income invoiced through Accounts Receivable – Assistant Director (Finance & Resources).

The definition of “Sundry Income” for the purposes of the above is:

- (a) those amounts due in respect of sales, fees and charges for services provided by the Council or falling due for payment, and which are:
- (b) invoiced using the Accounts Receivable system, and/or
- (c) all income types other than those listed above.

### **Section 2: Documentation and cash handling**

Regulation D.7

Last updated: December 2019

- 2.a)** All books and forms of account and all official receipt forms or books, licences, tickets and all documents or vouchers or tokens representing receipts or money shall be in a form approved by the Section 151 Officer.

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- 2.b)** The arrangements for ordering, storing and control of such receipts, forms, books and other documents shall be approved by the Section 151 Officer. All receipts and issues of such documents shall be properly recorded and acknowledged in a manner approved by the Section 151 Officer.
- 2.c)** All cash received on behalf of the Council shall be properly acknowledged by the issue of an official Council receipt or other document of a type referred to above, unless alternative arrangements have been approved by the Section 151 Officer.
- 2.d)** Receipts for payments made by cheque should be made when requested by the payer. Payments received by automated methods, such as by debit/credit cards or via the Internet, must be recorded in such a manner as to facilitate reconciliation of the amounts received with the account(s) to be credited.
- 2.e)** Bankings must always be intact, i.e. to include all monies received that day (or other agreed period).
- 2.f)** No expenditure should be made out of income received which should all be banked in full. Refunds of overpayments must be made through the Creditors system, unless specifically sanctioned by the S151 Officer.
- 2.g)** Third-party cheques should only be accepted where the cheque is from an approved source, e.g., utility undertaking and where it is used in full or part settlement of a Council debt. In no circumstances should they be cashed, or be accepted and change given.
- 2.h)** Council cheques should only be accepted when it has been confirmed with Financial Services that no "stop" exists.
- 2.i)** No cheques from anyone should be cashed at all apart from, in limited situations, Dacorum Borough Council cheques being cashed or opened. Where a request is made to open a cheque, such action must be approved by the Section 151 Officer.
- 2.j)** Under no circumstances should personal cheques belonging to staff be cashed in, or money borrowed from, income or other Council monies. Breach of this Financial Regulation will be regarded as disciplinary matter.

### **Holding cash for third parties**

- 2.k)** In instances where officers of Members of the Council receive cash belonging to third parties, such as in the case of clearing council owned property and retaining assets until they can be passed to an identified owner, the standard procedure note for receipting cash will be followed.

### **Invoices and record keeping**

- 2.l)** Demand notices or invoices shall be raised in respect of all debts except:

- (i) parking fees
  - (ii) entertainment tickets
  - (iii) ad hoc cash sales
  - (iv) such other situations as the Section 151 Officer may determine as appropriate, such situations being recorded in a revision of Financial Regulations as soon as is practical.
- 2.m)** Where income is derived from a certificated grant claim to the government, the documentary provisions related to that claim shall apply for record keeping purposes.
- 2.n)** Where a demand notice or invoice is required, the following services shall be responsible for issuing them:
- i) Council Tax and Business Rates – Assistant Director (Finance & Resources) – Demand Notices.
  - ii) Housing rents and associated income – Assistant Director (Housing) – Rent Statements.
  - iii) Commercial rents and associated income – Assistant Director (Finance & Resources) – Invoice.
  - iv) (Sundry income via Accounts Receivable – Assistant Director (Finance & Resources) – Invoice.
- 2.o)** For debts arising for Council Tax, Business Rates and Housing Rents, there are statutory provisions that must be followed for raising demand notices. These provisions are set out in separate procedure manuals and are not repeated here.
- 2.p)** Where a debt is to be invoiced and recovered by Financial Services, it shall be the responsibility of the Group Manager that has arranged or provided the service to ensure that:
- (i) Liability is properly established.
  - (ii) The service is documented in a contract or agreement that has been correctly signed by all relevant parties.
  - (iii) That the contract or agreement or other relevant evidence is provided to Financial Services as evidence with the invoice request.
  - (iv) All liabilities should be raised against individuals or corporate entities. Liabilities shall not be raised in the name of “The Occupier” or similar forms and neither should trading names be used in the place of proper legally recognised persons.

- 2.q)** It is imperative that proper evidence supports invoice requests as this prevents invalid invoices being issued. Invalid invoices generally lead to debit reversal to the originating department cost centre or bad debts and write offs.
- 2.r)** All notifications of debt to debtors will be by official invoice issued by the Corporate Director (Finance & Operations) or by another Corporate Director in respect of a service and in a manner approved by the Section 151 Officer. Under no circumstances may service departments operate unofficial debtor systems or seek to manage debt via correspondence with the debtor.
- 2.s)** All invoices for income due to the Council shall be prepared and issued by Financial Services, such issues immediately following an invoice request that is supported with the relevant evidence. Invoice requests that are not adequately supported will be returned to the originating department for rectification.
- 2.t)** Invoices shall be set out and issued in the manner approved by the Section 151 Officer.
- 2.u)** Invoices may be reduced in value if the services provided have been incorrectly charged at a higher level. Where the value of an invoice needs to be reduced, a written instruction must be provided to Financial Services detailing the reasons and the revised amount and authorised in line with the **Scheme of Delegation, Annex D**.
- 2.v)** Invoices may only be cancelled where:
- (i) the debt has been raised against an incorrect liable party
  - (ii) a variation to a lease or licence results in a lower charge
  - (iii) the planned service has not been provided, eg. a trade refuse contract that has commenced, but the bin was not been delivered
  - (iv) the information recorded on the invoice is factually wrong, or
  - (v) the “debtor” has no liability in law.
- 2.w)** Where an invoice is cancelled, the reason for cancellation must be recorded in a written instruction and authorised in line with the **Scheme of Delegation, Annex D**. In all other circumstances where an invoice needs to be cancelled, the write off procedure must be used.
- 2.x)** No customer should be advised that a debt is uncollectable or will be written off or be given similar undertakings unless the decision making process with regard to debt write-off has been completed.

### Section 3: Petty cash, change floats, and electronic purchasing card (EPCs) purchases

Regulation D.10

Last updated: July 2017

- 3.a)** The Council's resources may be held as cash only where there is a business need. Any cash holdings must be authorised by the Section 151 Officer who will review the need for such cash holdings periodically and may, at his/her discretion, in consultation with Corporate Directors, withdraw or alter the size of cash holdings.
- 3.b)** Any requests for cash holdings shall be made by the relevant Corporate Director to the Section 151 Officer. Directors will also furnish the Section 151 Officer with a schedule of all cash holdings with details of the officer responsible for their custody.
- 3.c)** In all instances vouchers seeking payment shall be properly certified for payment by officers authorised to do so and coded. All vouchers shall have attached to them securely receipts and/or other appropriate documentation in support of the full value of the payment that is requested. Vouchers shall be stored in line with the Document retention schedule.
- 3.d)** The Section 151 officer shall determine the form for vouchers to be used to seek disbursement from petty cash holdings or imprests. No other form of voucher shall be used to obtain disbursement of official monies in this manner.
- 3.e)** Cash reimbursements shall be limited to minor purchases (when supported by receipts) not exceeding a sum determined by the Section 151 Officer and specified in the **Schedule of Authorisations, item 5**. Payments must not be broken up to avoid this limit. Petty cash floats may not be used for reimbursements of employee expenses, payments of invoices, or refunds. Official monies must never be used for cashing personal cheques.
- 3.f)** Periodically, and at least monthly, responsible officers shall perform, in conjunction with another officer regular checks to ensure that the balance of credit on the account together with the sums disbursed equal the amount of the approved imprest. A record of such reconciliation, signed by both officers, shall be retained.
- 3.g)** Corporate Directors shall ensure that any imprest held by an officer leaving his/her post is checked prior to his/her leaving and either paid back into the Council's Bank Account or transferred to another authorised officer.
- 3.h)** Electronic Purchasing Cards (EPCs) will be issued to, and retained by officers who have a business need. Applications for Plastic Cards with Standard Spend Limits shall be counter-signed by the Group Manager of the relevant Department. In cases where the application is for a higher limit, these shall be counter-signed by the Assistant Director of the Department and thereafter the

Council's Section 151 Officer on the advice of the Group Manager (Financial Services).

- 3.i)** The use of EPCs, standard limits and controls are set out in the Council's separate e-purchasing cards policy, available to employees on the intranet. Employees will only be issued with an EPC after formal training on the scheme, and signing a cardholder agreement detailing proper usage.
- 3.j)** EPCs will never be used for obtaining cash advances.
- 3.k)** Employees holding EPCs will ensure that VAT receipts are obtained, where relevant, for all transactions and that all supporting documentation is handed over promptly to permit the payment of EPC bills.
- 3.l)** In addition to plastic cards, the Council has the ability to lodge embedded cards with suppliers. Embedded Cards are recommended for high value transactions, and are to be used for the Council's larger contracts and where the Council will generate a significant rebate.
- 3.m)** The suitability of a supplier for the use of an embedded card will be identified by Financial Services and will be approved by the Council's Section 151 Officer.

### **Section 4: Debt write-off and credit write-on procedures and limits**

Regulations D.13 & D.14

Last updated: September 2015

#### **Write-offs**

- 4.a)** A write-off request must be prepared detailing:
  - (i) name and address of the debtor
  - (ii) value of the debt
  - (iii) service provided
  - (iv) reason why the debt is irrecoverable
  - (v) the authorisation route that must be followed.
- 4.b)** The write-off request should account for the full indebtedness of an individual or organisation and any information relevant to determining their financial obligations to the Council, and should also identify previous write-offs for that debtor.
- 4.c)** Where credits exist in the name of the debtor, they should be offset against the debt in order to minimise the extent of write-off.



- 4.d)** Where there are multiple write-off requests, the requests shall be compiled into a schedule for each month that shows the following:
- (i) name of the debtor
  - (ii) value of the debt
  - (iii) type of reason why the debt is irrecoverable
  - (iv) the total value of debt write-off requests in the period covered by the schedule and the sub-total of values by type.
- 4.e)** The write-off request must be supported by appropriate working papers that support the reason for writing off the debt. The individual request or schedule of requests must be approved by the relevant Group Manager and the Section 151 Officer. The Section 151 Officer may request further details of write-off requests listed on the schedules prior to approval.
- 4.f)** Authorisation for write-offs depends on the value of the write-off request. A schedule of authorisations is provided in the **Schedule of Authorisations, item 6**. Depending upon the write-off thresholds, the request may be supported with a minute/decision sheet relating to a Portfolio Holder or Cabinet decision. All proposed write-offs shall be subject to review and approved by the Section 151 Officer who may, if he/she considers it appropriate, determine that a higher level of authority for write-off should be exercised.

### Write-ons

- 4.g)** Where unclaimed credits are held within the Council's accounts, they may be considered for writing on. Where this happens, a write-on request form shall be prepared detailing:
- (i) name and address of the account holder
  - (ii) value of the credit
  - (iii) service that the credit relates to
  - (iv) reasons why the credit should be written on.
- 4.h)** The write-on request form must be signed by the relevant Group Manager and supported by appropriate working papers. The request will be considered and determined by the Section 151 Officer.
- 4.i)** All write-off and write-on paperwork shall be retained for such period of time as required by the Document Retention Schedule for Dacorum Borough Council.

### Write-off recovery thresholds

- 4.j) The cost of undertaking recovery proceedings can be expensive and given the low value of some debts, it may not be economic to commence such action. The Section 151 Officer, shall set de-minimis levels for recovery action and review and amend them on a periodic basis. Write-off recovery thresholds are set out in the **Schedule of Authorisations, item 7**.
- 4.k) Where a debt is considered in court proceedings and it is in the interests of the Council to accept a consent order for a lower amount in full and final settlement of the debt, any value that needs to be written off will be accounted for as per the threshold table with the reasons attached to it. Where this occurs, the authorising role will not be able to challenge the write-off due to the existence of a court order. However, if there are doubts as to the appropriateness of the full and final settlement decision that related to the court order, then the Section 151 Officer shall investigate the case and take appropriate action.
- 4.l) With the exception of court order cases, the process of writing off debt is not irreversible and in the event that monies are recovered in the future, the relevant amount will be credited back into the Council's accounts.

### Credit Limits

- 4.m) There is a general presumption that discretionary services provided to a customer should be paid for on time. In the event of a repeated failure to pay in accordance with the credit terms and where appropriate, the Accounts Receivable Team will recommend to the service department that the provision of services should cease. In the event that the recommendation is not accepted by the service department, then the service department must provide reasons in writing to the Section 151 Officer as to why services should continue to be supplied.
- 4.n) To reduce the risk of loss of income or value of good and services to be supplied, the Section 151 Officer shall maintain a financial vetting procedure in order to assess or review the risk of entering into or, where appropriate, continuing with, significant contracts with existing and prospective customers, suppliers or partners.
- 4.o) The procedure referred to in Clause 4.n above shall define the term 'significant contract' and take into account the Council's revenue streams, procurement contracts and partnerships and the prevailing risks associated with them. Where a prospective (or, where appropriate, existing) customer, supplier or partner fails to achieve a satisfactory financial vetting assessment, the Council shall:
- (i) not enter into any new contractual arrangement and
  - (ii) review any existing contractual arrangement to establish whether it is appropriate to continue the said existing contractual arrangement in the light of the assessment.

## **Section 5: Responsibilities for stocks, stores and minor assets**

Regulation D.15.

Last updated: September 2015

### **Responsibilities of the Section 151 Officer**

**5.a)** The Section 151 Officer is responsible for:

- i) Adopting appropriate accounting policies and advising Corporate Directors of the basis to be adopted for valuing stocks and stores.
- ii) Ensuring that the valuation of all stocks and stores is fairly reflected in the Annual Financial Statement of Accounts.
- iii) Determine minimum standards to be complied with under regulations relating to assets, at paragraphs (a) (b) and (e) below.

### **Responsibilities of Corporate Directors**

**5.b)** Each relevant Corporate Director is responsible for, ensuring :

- i) That there are effective and efficient procedures for procuring, holding and the issue of stocks and stores, and that such procedures are to the satisfaction of the Section 151 officer.
- ii) That objective statistical methods are used, in accordance with best practice, to determine order quantities and maximum and minimum order levels, and that such methods are to the satisfaction of the Section 151 officer.
- iii) Furnishing the Section 151 Officer with details and a signed certificate of the value of stocks and stores held within their directorates as and when required by the Section 151 Officer.
- iv) Arranging for goods to be checked at the time of delivery to ensure that quantity, quality and price comply with the contractual or order specification.
- v) That comprehensive, complete and up to date stores/stock records are maintained and that such records are in a form that is satisfactory to the Section 151 Officer. Where stores / stock recording systems are computerised, they shall interface appropriately with the Council's main Financial Management System and interface controls will be to the minimum standard determined by the Section 151 officer.

- vi) Regular and systematic stocktaking, ensuring that every item is checked at least once annually, and that fast moving, valuable or desirable items are checked more frequently.
- vii) Procedures for the disposal of surplus or obsolete stock are correctly complied with. These are set out under Financial Regulation D.23.

### Asset inventories

- 5.c)** Asset inventories shall be held and kept current by Group managers, who will ensure that all areas under their authority have an asset inventory. They shall contain clear descriptions of all fixed and moveable assets having a current value in excess of an amount specified by the Section 151 Officer in the **Schedule of Authorisations, item 8**, other than land and buildings, which are listed in the property terrier, which is kept by the Group manager (Commercial Assets & Property Development) and ICT equipment for which a separate inventory is kept by the responsible Corporate Director.
- 5.d)** Where assets have unique serial numbers, they shall be recorded in the asset inventory.
- 5.e)** The Section 151 Officer is responsible for:
  - i) Ensuring that all equipment, furniture, fixtures and fittings, plant, machinery, tools and other valuables are appropriately insured, and that appropriate risk management reviews are undertaken periodically.
  - ii) Determining the form for official inventories.
  - iii) Determining the basis for valuation of items recorded in asset inventories.
- 5.f)** The Corporate Director with responsibility for ICT Services is responsible for:
  - i) The maintenance of a comprehensive Hardware and Software Inventory for all Council ITC equipment held throughout the Council.
- 5.g)** Corporate Directors are responsible for:
  - i) Ensuring that each Group Manager compiles and maintains an inventory of assets in the official form (other than land and buildings, and ICT equipment), and that appropriate entries are made at the time of purchase and disposal.
  - ii) Arranging for an independent annual inspection of all items on the inventory.
  - iii) Informing the Section 151 Officer and if it appears that assets cannot be accounted for.

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- iv) Ensuring that all purchases of ICT equipment are made through ICT Services.
- v) Advising the Section 151 Officer of the valuation of inventories for insurance purposes.
- vi) Determining the method by which redundant or assets surplus to requirements shall be disposed of. Asset disposals shall be undertaken in accordance with these regulations and in accordance with European Directives on the disposal of electrical and computer equipment.
- vii) Ensuring that all assets are used wholly and exclusively for Council business.

## ANNEX F

### Disposal of Assets (including Stocks and Stores)

As a public authority the Council should, in the disposal of its landholdings and other assets, always seek to obtain the best price reasonably obtainable, in terms of money or monies worth, unless it is absolved from this duty by statute, regulation or other lawful authority. The following regulations govern the disposal of assets.

#### Section 1: Land disposals

Regulation D.24

Last updated: September 2015

- 1.a)** For the purposes of the following, "land" includes land of which the Council owns the freehold or leasehold interest and interests such as restrictive covenants of which the Council has the benefit It includes land and buildings, leases, easements and other rights of way.
- 1.b)** Disposals of land shall always be for the best consideration possible, including monetary and other relevant factors. Any authorisations from Government that are required in respect of the need to seek best consideration shall be applied for by the Corporate Director (Finance & Operations).
- 1.c)** Disposals of land valued at £500k or above shall be authorised by Cabinet on the basis of advice by the Corporate Director (Finance & Operations), and Cabinet shall also approve any nonmonetary aspects of the disposal where they are material to the consideration sought.
- 1.d)** Disposals of land valued above £5k but below £500k may be authorised by the Corporate Director (Finance & Operations) in consultation with the Portfolio Holder for Finance & Resources. Where the disposal relates to assets held by the Council's Housing Revenue Account, the Corporate Director will, in addition, consult with the Portfolio Holder for Housing.
- 1.e)** Disposals of land valued at £5k or below may be authorised by the Corporate Director (Finance & Operations) or the Assistant Director (Finance and Resources).
- 1.f)** All valuations and negotiations in respect of land disposals must be carried out by or under the supervision of a properly qualified member of the Society of Valuers and Auctioneers or a member of the Royal Institution of Chartered Surveyors, who is not a member of the Council and who is in a position to judge the conditions prevailing in the local property market.
- 1.g)** All valuations will be carried out in a manner that will satisfy external audit requirements, and the advice of the Section 151 Officer will be taken in that respect.

- 1.h)** Negotiations with prospective developers should take place at the Council's offices or the developer's office within normal office hours (subject to the necessity for such negotiations to be extended in exceptional circumstances beyond those hours). Two officers of the Council will be present during negotiations and all such valuations and negotiations shall be subject to written record and approved by the Corporate Director (Finance & Operations), unless delegated. A signed record of all meetings shall be retained.
- 1.i)** The Corporate Director of the appropriate directorate and the Council's duly appointed valuer or other agent shall be involved in or appraised of all major steps in the negotiations in respect of transactions or of a series of transactions, the estimated value or the aggregated value of which exceeds an amount specified by the section 151 Officer in the **Schedule of Authorisations, item 9**.
- 1.j)** It shall be the duty of the Corporate Director (Finance & Operations) to report on the progress of any major transaction authorised by the Council to Cabinet at least at six monthly intervals and upon completion of the transaction. This duty will apply to transactions in respect of which the aggregate consideration is likely to exceed the amount specified in Clause 1.g above and those where there are significant operational implications.
- 1.k)** No land owned or leased by the Council shall be disposed of to another body or person until it has been offered to all other services of the Council, unless in the opinion of the Corporate Management Team such land is of no conceivable value or interest to any of the Council's services. Transfer of land between services requires the approval of:
- i) the Corporate Management Team
  - ii) the "transferor" Cabinet Portfolio Member\*
  - iii) the "transferee" Cabinet Portfolio Member\*.
- \*Approval by Cabinet Portfolio Holders in this regard shall be by formal Portfolio Holder decision.
- 1.l)** The Corporate Director (Finance & Operations) shall effect any transfer in the accounts that may be required.
- 1.m)** No land owned by the Council or of which the Council is lessee shall be disposed of except by way of renewal of lease until a report has been prepared by the Corporate Director (Finance & Operations) containing:-
- i) an inspection report describing the land and, where appropriate, its physical characteristics and development constraints
  - ii) a report on title by the Assistant Director (Corporate and Contracted Services)

- iii) any information from the Council's records which would affect the land's value or development potential
  - iv) where appropriate an assessment of the development potential of the land by the Assistant Director (Planning, Development & Regeneration)
  - v) any advice by the Corporate Director seeking to dispose of the land.
- 1.n)** In formulating his/her advice, the Corporate Director (Finance & Operations) shall make recommendations in respect of
- i) issues that need to be resolved before marketing of the land can proceed
  - ii) the method of disposal
  - iii) the title to be transferred
  - iv) the price the Council should receive along with the "asking" and "reserve" price
  - v) any special conditions of sale
  - vi) any appointment of external advisers or agents that may be desirable.
- 1.o)** All disposals of land owned or leased by the Council shall be by one of the following methods. The Corporate Director (Finance & Operations) shall determine on the basis of appropriate professional advice which method is in the best interests of the Council at any given time.
- i) **Private Treaty**  
This method may be used where in view of the size, value or location of the land there is only one prospective purchaser with a foreseeable interest in acquiring it. It may also be appropriate where the number of those interested is limited to two or three and the value of the land is low, but in any such case those with a foreseeable interest should be notified of the Council's intention to dispose of the land and any interest in acquiring it should be pursued and assessed.
  - ii) **Tender**  
This method may be appropriate where there are two or more prospective purchasers with a foreseeable interest in acquiring the land. Where the estimated value of the land exceeds a value specified by the Section 151 Officer in the **Schedule of Authorisations, item 10** and more than one prospective purchaser exists, this method should be used in preference to Private Treaty. Advertisements should be placed in the local newspaper and, if appropriate, national newspapers. Tenders should be on the basis of identical terms and conditions of the sale. The tender documentation should make it clear that the Council is not obliged to accept the highest or any tender and in the event of any higher offer being received before a



contract is exchanged, the Council may be obliged to consider it. In the event of any such higher offer being received, all interested parties who have submitted a tender must be given the opportunity of making a further or revised offer by a specified date.

iii) **Public Auction**

This method will be used where the value of the land is difficult to ascertain in view of its size, location, development constraints or other factors, and interest in it is unknown. If the land is valued by a Chartered Surveyor as likely to achieve £500k or over, then appropriate conditions of sale and any reserve price should be approved by Cabinet. If the land is valued by a Chartered Surveyor as likely to less than £500k, then appropriate conditions of sale and any reserve price should be approved by Corporate Director (Finance & Operations) in consultation with the Portfolio Holder for Finance & Resources. Where the disposal relates to assets held by the Council's Housing Revenue Account, the Corporate Director will, in addition, consult with the Portfolio Holder for Housing. The current requirement for third party valuation of land for disposal would remain, as would the requirement for sign off by the Council's S151 Officer and Monitoring Officer.

iv) **Building Agreements**

Where land is to be disposed of under a building agreement and subsequent lease, developers' proposals should be invited by public advertisement and considered by the appropriate Cabinet Portfolio Member.

- 1.p) These rules do not apply to a disposal under the "Right to Buy" provisions of the Housing Act 1985, to disposals under any scheme adopted by the Council for the extension of the "Right to Buy", to any disposal which is required either by statute or by a court of law, or to a disposal otherwise than for best price reasonably obtainable under a general or specific consent of the Secretary of State.

### Section 2: Equipment disposals

- 2.a) This Section applies to all plant, equipment and other smaller assets. It includes vehicles, plant, machinery, office equipment (including ICT equipment) etc. It also applies to items of stocks and stores with an individual value of less than the amounts specified by the Section 151 officer in the **Schedule of Authorisations, item 11**.
- 2.b) Save for any ICT equipment, any vehicle or article of equipment, machinery, furniture, etc., which is surplus to the requirements of one of the Council's service units must be valued by or under the instructions of the Group Manager of the service unit which has responsibility for it. The need for accuracy in the valuation will depend largely upon the intrinsic value placed upon the article.

**Scrap Items** (where the responsible Group Manager is satisfied that there is no economic value in the item for its original or intended use).

- 2.c) The Group Manager should use his/her best endeavours to obtain best price on the open market.
- 2.d) If on investigation a better value can be obtained in a trade-in for new equipment than on a sale on the open market, the Group Manager may conduct the disposal on the basis of trade-in.

### ICT Equipment

- 2.e) All ICT equipment for disposal should be passed to the ICT Service.
- 2.f) The ICT Service should ensure all equipment conforms to licensing and Health and Safety requirements.
- 2.g) Where possible the ICT Service should re-use the equipment within the Council.
- 2.h) If the equipment is not required by the Council, it may be given free of charge to voluntary or not-for-profit organisations.
- 2.i) If the equipment has value, the best price possible to should be obtained.
- 2.j) The ICT Service is required to schedule and retain documentary evidence of the disposal of ICT equipment for a period, as outlined in then Retention Schedule for documents.
- 2.k) The Group Manager responsible for the ICT service will ensure that all ICT equipment disposed of has sensitive data or material that would contravene the Data Protection Act or other legislation erased irretrievably and retained in accordance with the Council's document retention strategy.

**Other Minor Usable Items** (with an intrinsic resale value up to the value specified in clause (a) above.

- 2.l) The responsible Group Manager should first cause an internal advertisement for the article to be published amongst all Group Managers with a potential use for the article for Council business.
- 2.m) Where no service unit Manager requires the article to be disposed of, it may be advertised for sale to Council employees at the price placed upon the article by the responsible Group Manager.
- 2.n) Where no Group Manager or employee requires the article to be disposed of it may be publicly advertised for sale at the price placed upon the article by the responsible Group Manager; or it may be offered to a voluntary or educational organisation.

- 2.o) The responsible Group Manager is authorised to dispose by way of trade-in or by way of Private Treaty with a view to obtaining best price or value reasonably obtainable.
- 2.p) Where the value of asset to be disposed of is as specified by the Section 151 Officer in the **Schedule of Authorisations at item 11b**, sections 2a)- 2.o) above apply and the Group Manager must also seek formal authorisation for the disposal from the Section 151 Officer and relevant Corporate Director via an approved officer decision sheet, prior to any disposal taking place.

### Section 3: Major reusable items

- 3.a) This section applies to assets with an intrinsic resale value in excess of the amount specified under Clause 2.a) above and to stocks and stores with an individual value above this amount.
- 3.b) Assets within this section should be the subject of public advertisement in local or national newspapers and/or appropriate trade journals and open tendering procedures. Tenders should be on the basis of identical terms and conditions of sale. The tender documentation should stipulate that the Council is not obliged to accept the highest or any tender.
- 3.c) Alternatively these items may be disposed of by way of public auction, with or without reserve price including via electronic auction on a recognised auction website.
- 3.d) Alternatively, these items may be disposed of by way of trade-in for new or replacement equipment if this method will achieve better value than the best open market price reasonably achievable.
- 3.e) Disposals of major reusable items must be authorised by the Cabinet where the disposal may achieve a receipt in excess of an amount above that specified by the Section 151 Officer in the **Schedule of Authorisations, item 12**. The responsible Group Manager must prepare a report containing:
  - i) An inspection report describing the equipment and its condition.
  - ii) Any information from the Council's records or within the responsible Group Manager's knowledge which would affect the equipment's value.
  - iii) Recommendations where appropriate on the following:
    - a.) issues that need to be resolved before marketing of the equipment can proceed
    - b.) the method of disposal
    - c.) the price the Council should receive along with the "asking" and any "reserve" price, if the equipment is to be sold by public auction.

- d.) any special conditions of sale
  - e.) the appointment of external advisers or agents
  - f.) whether negotiations should proceed with a special purchaser.
- 3.f)** These rules shall not apply to disposal by the Council of items by way of sale in the normal course of the Council's business (e.g. food from the food outlets etc.).

### **Section 4: Disposals of other assets**

- 4.a)** This Section applies to all other tangible or intangible assets, including but not restricted to stocks and shares, works of art, debts, goodwill and intellectual property such as copyright.

#### **Investments**

- 4.b)** The disposal of all investments is delegated to the Section 151 Officer and shall be made in compliance with the best prevailing advice of the Council's appointed advisers, CIPFA or other reputable and authoritative sources such as the Bank of England, Stock Exchange or HM Treasury.
- 4.c)** All procedures relating to the disposal of investments shall be detailed in a Treasury System Document produced by or under the direction of the Section 151 Officer.

#### **Other Intangible Assets**

- 4.d)** All 'Other Assets' other than investments (eg debts, patents, trade marks) which are to be disposed of shall be valued by a person who is professionally qualified in the particular field.
- 4.e)** The appropriate Corporate Director will obtain Cabinet authorisation where the value of the asset(s) to be disposed of exceeds an amount specified by the Section 151 Officer in the **Schedule of Authorisations, item 13**. The Cabinet report will include:
- a) a description of the asset
  - b) a report on title by the Assistant Director (Corporate and Contracted Services
  - c) any information from the Council's records or within the knowledge of its employees which may affect the asset's value.
- 4.f)** The report to the Cabinet Portfolio Member shall contain recommendations on:
- a) the method of disposal

- b) an estimate of the price which the Council should receive along with the "asking" price and any "reserve" price, if appropriate
  - c) any special conditions of sale
  - d) the appointment or external advisers or agents
  - e) whether negotiations should proceed with a special purchaser.
- 4.g)** The method of disposal of other assets will depend upon the nature of the asset, its intrinsic value and the professional advice of any employee or appointee who is qualified to advise in the particular field.

## ANNEX G

### Expenditure, Liabilities and Procurement of, Ordering, and Paying for Works, Goods and Services

#### Section 1: Detailed regulations governing the procurement of, ordering and paying for works, goods and services

##### Regulation E.2

Last updated: September 2015

- 1.a) Every officer and member of the authority must comply with the Ethical Code contained in the Council's Procurement Standing Orders (Section 1, paragraphs 5 and 6).
- 1.b) Official orders must be in a form approved by the Section 151 Officer in conjunction with the Monitoring Officer. Official orders must be issued for all works, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer.
- 1.c) Each order must conform to approved procurement guidelines and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Corporate Director (Finance & Operations).
- 1.d) Apart from petty cash, and other payments from advance accounts, the normal method of payment from the authority shall be by BACS or cheque (or other instrument or approved method), drawn on the Council's approved bank accounts by the Section 151 Officer or a signatory approved by the Section 151 Officer.
- 1.e) Direct debit facilities shall not be set up other than by the Section 151 Officer and no officer shall commit to payment by that means without the prior agreement of the Section 151 Officer.
- 1.f) Arrangements for signing and countersigning cheques and other payments will be determined by the Section 151 Officer. Signing and countersigning limits are set out in the **Schedule of Authorisations, item 14**.
- 1.g) Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Council's contracts.
- 1.h) All goods and services may be ordered only by persons authorised to do so in line with each Corporate Director's scheme of delegation and must be correctly recorded.

- 1.i) Goods and services received must be checked to ensure that they are in accordance with the order. The person who placed the order should preferably not receive goods.
- 1.j) Unless specifically agreed with the Section 151 Officer in each instance, advance payment shall not be made for goods or services. The Section 151 Officer may authorise specific categories and/or values of expenditure as standing exceptions to this Regulation, and may amend or delete any such exceptions from time to time. Standing exceptions are recorded in the **Schedule of Authorisations, item 15**.
- 1.k) Payments shall be made to the correct person, for the correct amount and shall be properly recorded, regardless of the payment method.
- 1.l) Payments by the Council shall be made only on an official invoice, except for recurring payments, for contract payments and for other exceptions as may be specifically approved by the Section 151 Officer.
- 1.m) Appropriate evidence of the transaction and payment documents shall be retained and stored for the defined period, in accordance with the Council's document retention schedule.
- 1.n) Expenditure, including VAT, shall be accurately recorded against the correct budget code.
- 1.o) Processes shall be put in place, according to the regulations governing responsibilities, to maintain the security and integrity of data for transacting business electronically.
- 1.p) Invoices shall be settled within the period defined by Government prompt payment requirements. Where invoices are disputed, that fact will be clearly recorded on any invoices together with the date that the dispute was settled before such invoices are passed for payment.
- 1.q) In the case of significant contracts, a financial vetting procedure shall be used to assess the merits of trading with the prospective (or, where appropriate, existing) supplier.

### **Section 2: Responsibilities for procurement of, ordering, and paying for works, goods and services**

Regulation E.4

Last updated: September 2015

#### **Responsibilities of the Section 151 Officer**

- 2.a) The Section 151 Officer shall:

- i) Ensure that sufficient fidelity guarantee insurance is in place to cover those officers authorised to initiate or make payments.
- ii) Make payments from the Authority's funds on the authorisation of the appropriate officer that the expenditure has been duly incurred in accordance with financial regulations.
- iv) Subject to the receipt of properly signed-off invoices in good time, arrange payment to suppliers promptly.
- iv) Make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- v) Make payments to contractors on the certificate of the appropriate Corporate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- vi) Determine, in conjunction with the Assistant Director (Corporate and Contracted Services), the form of official orders.
- vii) Agree and determine a scheme for the issue and usage of corporate electronic payment cards where the costs of ordering and procuring is excessive when judged against the value of purchases.
- viii) Approve 'draw-down' arrangements for supplies and provisions covered by annual contracts.
- ix) Maintain a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) suppliers in respect of significant contracts.

### **Responsibilities of Corporate Directors**

#### **2.b) Corporate Directors shall ensure that:**

- i) All procurement practices accord with the Council's policies on procurement.
- ii) Relevant officers authorised to sign orders or certify payments do so with a full signature where done manually or under a password-controlled electronic process. Initialled authorisations will be rejected by the Section 151 Officer's Accounts Payable Team.
- iii) Official orders are used for all goods and services, other than for exceptions specified, and that they are used only for goods and services to be consumed by services under the Director's control.
- iv) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate



- budgetary provision and that quotations or tenders have been obtained where required by these regulations and other instructions.
- v) Goods and services are checked on receipt to verify that they are in accordance with the order. A different officer from the person who authorised the order should where possible, carry out this check. Appropriate entries should then be made in inventories or stores records.
  - vi) Payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment. When an authorised officer certifies an invoice for payment, he/she is confirming:
    - (a.) That the official order procedure has been observed and that Standing Orders are complied with.
    - (b.) Receipt of goods or services.
    - (c.) That the invoice has not previously been paid.
    - (d.) That expenditure has been properly incurred and is within budget provision.
    - (e.) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
    - (f.) That the correct accounting treatment of tax has been followed in line with guidance issued by the Section 151 Officer.
    - (g.) That the invoice is correctly allocated to an approved budget code under the director's jurisdiction.
    - (h.) That discounts have been taken where available and where it is cost effective for the Council to take them.
    - (i.) That appropriate entries have been made in inventories, stores records or stock books and in accounting records.
  - vii) The principle of division of duties is applied wherever practicable. Different members of staff shall be involved in the ordering, receiving and payment processes. Where practical, a different officer from the person who authorised the order, and in every case, a different officer from the person checking an invoice, should authorise the invoice.
  - viii) Payments are not made on a photocopied or faxed invoice, statement or document other than the formal invoice.
  - ix) Invoices are duly and correctly processed in good time to make payment to suppliers within stipulated timeframes.

- x) Loans, leasing or rental contracts are not entered into without agreement of the Section 151 Officer.
- xi) The Section 151 Officer is notified of outstanding expenditure (formal commitments) relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.
- xii) With regard to contracts for construction and alterations to buildings and for civil engineering works, that procedures exist to document and agree with the Section 151 Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- xiii) The Section 151 Officer is notified immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- xiv) All appropriate payment records are retained and stored for the period defined by the Council's document retention schedule.
- xv) No Group Manager, Assistant Director or Corporate Director shall commit expenditure against any budget head for which he/she is not accountable, without the specific and written authority of the accountable budget holder and in accordance with the virement scheme set out in these regulations.
- xvi) Suppliers' invoices are not amended manually.
- xvii) The advice of the Section 151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective (or where appropriate, existing) suppliers where significant contracts are being considered.

### **Section 3: Responsibilities of Corporate Directors in respect of contracts**

Regulations E.5 & E.8

Last updated: September 2015

- 3.a)** All contracts are subject to the provisions contained in the Council's Procurement Standing Orders.
- 3.b)** Corporate Directors shall be responsible for:
  - i) Maintaining a Contract Register which shall include major contracts (as defined by the Group Manager (Commissioning, Procurement & Compliance) entered into by the Directorate and schedules of payments,

retentions, fees and other specific matters relating to each contract let to individual contractors.

- ii) Informing the Group Manager (Commissioning, Procurement & Compliance) of all major contracts, and contract extensions entered into.
- iv) Advising the Group Manager (Commissioning, Procurement & Compliance) of all relevant contract payments.
- v) Making payments to contractors on account only on approved certificates issued by the authorised Managing Officer or Consultant.
- vi) Ensuring that any variation order is authorised in writing and can be met within the approved budget.
- vii) Where the sum of all variations pertaining to a contract, is likely to result in a cost over-run exceeding a value shown in the **Schedule of Authorisations, item 16**, reporting the potential over-run for approval to both the relevant Portfolio Holder and the Section 151 Officer prior to payment. Such cost over-runs shall be contained within the Portfolio Holder's overall budget allocation.
- viii) Seeking claims for restitution, acceleration of programme or liquidated damages when appropriate.
- ix) Ensuring that the release of retention monies and final payments under a contract are not made prior to checks on contractors' final claims being undertaken by a qualified independent officer.

### **Section 4: Responsibilities for engagement of, and payments to, employees**

Regulation E.10.

Last updated: September 2015

#### **Responsibilities of the Section 151 Officer**

**4.a)** The Section 151 is responsible for:

- i) Calculation and payment of all staff emoluments and entitlements for current and former employees.
- ii) Reconciliation of and reporting on payroll expenditure against approved current budgets and future budget allocations.
- iii) Securely retaining payment details, including pension payments history in accordance with the Council's Document retention schedule.
- iv) Agreeing, where appropriate an advance of pay, on request of a Director.

- v) Ensuring that current HM Revenue and Customs requirements are properly applied and that the correct liabilities are duly accounted for within the statutory periods.
- vi) Providing guidance to Corporate Directors with regard to the Council's potential tax and national insurance liabilities.
- vii) Ensuring those adequate arrangements exists for administering superannuation matters.
- viii) Controlling and paying to third parties sums deducted from pay by Court Order or at the employee's request in a timely manner.

### **Responsibilities of Corporate Directors**

#### **4.b) Corporate Directors shall be responsible for ensuring that:**

- i) Appointments are made in accordance with the regulations and can be afforded within budgets delegated to them.
- ii) The Section 151 Officer is notified of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Section 151 Officer.
- iii) Adequate and effective systems and procedures are operated, so that:
  - a.) Payments are only authorised to bona fide employees.
  - b.) Payments are only made where there is a valid entitlement, and budget provision exists to fund employment.
  - c.) Conditions and contracts of employment are correctly applied.
  - d.) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
  - e.) Appropriate time keeping and charging rates are operated, such that Directors are aware of, and may therefore be held accountable for the effective deployment of staff.
- iv) An up-to-date list of the names of officers, authorised to sign records is provided to the Section 151 Officer, or such contractor as may be engaged by him/her together with specimen signatures.
- v) Payment to staff is processed only through the payroll system.
- vi) Careful consideration is given to the employment status of individuals employed on a self-employed consultant or subcontract basis. In cases of doubt, advice should be sought from the Section 151 Officer.

- vii) Travel and subsistence claims and other allowances are appropriately examined and approved. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred. Due consideration should be given to any tax implications affecting claims.
- viii) The Section 151 Officer is notified of the details of any employee benefits in kind, by a date determined by him/her for each year to enable full and complete reporting to HM Revenue and Customs.
- ix) Appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- x) Statistical returns are accurately completed by the due date.

### **Travel and subsistence**

#### **4.c) The Section 151 Officer shall:**

- i) Make all payments in respect of travel and subsistence expenses to employees when properly due and authorised by the appropriate officer.
- ii) Determine the specification of all reimbursement forms to be used.
- iii) Ensure that all employees making expenses claims in respect of the use of their private cars on council business have adequate motor insurance in place.

#### **4.d) Corporate Directors shall make arrangements to ensure that:**

- i) Claims are properly certified by an officer specifically authorised to do so.
- ii) A current list of authorised officers, with specimen signatures, is provided to the Section 151 Officer.
- iii) The lower of actual costs, or the allowances permitted under the scheme, are certified for payment.

#### **4.e) All employees are responsible for ensuring that expense claims are submitted promptly in accordance with timetable specified by the Payroll Client Officer. Claims must be submitted within one month of the date of the expenditure and within the financial year in which the expenditure was incurred. All claims, including claims for mileage incurred on Council business, must be supported by a VAT receipt where VAT is incurred.**

## ANNEX H

### Partnerships, External Funding and Third Party Contracts

#### Section 1: Partnerships expectations

Regulation F.2.

Last updated: September 2015

**1.a)** The Council requires that potential partners are aware of their responsibilities under the Authority's Financial Regulations and the procurement requirements. When partnerships are developed, the partners shall agree on which financial regulations and standing orders shall apply as part of the governance arrangements for the partnership. The following expectations should be adapted and written into governance documents, as appropriate

- i) The agreed set of financial regulations governing this partnership will be those of XXXXX [organisation].

Partners will:

- ii) Support the concept of risk management within the partnership and actively work with the Council to ensure that risk management processes are in place to identify and assess all potential risks.
- iii) Ensure that project appraisal processes are in place to demonstrate the viability of the project in terms of resources, staffing, expertise, and expected outcomes.
- iv) Agree and formally endorse the roles and responsibilities of each of the partners involved in the project before the initiative commences.
- v) Communicate regularly with other partners throughout the initiative so that potential problems are identified, shared and successfully resolved.
- vi) Openly and explicitly share a vision of collective and individual expectations.
- vii) Demonstrate an ability and willingness to add real value to any relationship.
- viii) Be open and honest about any conflicts of interest that might arise, and demonstrate a willingness to agree mechanisms to resolve these from the outset.
- ix) Demonstrate a willingness to take on a role in the broader programme appropriate to the skills and resources of the partnering organisations.

- x) Act in good faith at all times and in the best interests of the partnership's aims and objectives.
- xi) Will be comfortable with, support, and comply with the principles of "open-book accounting".
- xii) Hold as confidential any information received as a result of partnership activities or duties that is of a sensitive or confidential nature.
- xiii) Act as champions and ambassadors for the project.

### **Section 2: Responsibilities in respect of partnerships, external funding and third party contracts**

Regulations F.4 & F.6

Last updated: September 2011

- 2.a)** Cabinet is responsible for approving the contractual arrangements for any work proposed to be undertaken for external bodies.

#### **Responsibilities of the Monitoring officer**

- 2.b)** The Monitoring Officer is responsible for:

- (i) Ensuring that governance and standards of conduct arrangements to be adopted by partnerships and joint ventures are no less stringent than apply to the Council.
- (ii) Ensuring that partnership contractual documentation requires any partner(s) to comply with the agreed Financial Regulations and Procurement Rules unless Council determines otherwise.

#### **Responsibilities of the Section 151 Officer**

- 2.c)** The Section 151 Officer is responsible for:

- (i) Ensuring that accounting, audit, control, governance, and risk management arrangements to be adopted by partnerships and joint ventures are no less stringent than apply to the Council.
- (iii) Ensuring that partnership contractual documentation requires the Partner to comply with the agreed Financial Regulations, to the satisfaction of the Monitoring Officer.
- (iv) Providing advice on the key funding elements of any project, including:
  - Appraisal of financial viability for the current and future years.
  - Risk appraisal and management.

- Resourcing, including taxation issues.
  - Audit, security and control requirements.
  - Budget 'carry-forward' arrangements.
- (iv) Issuing guidance with regard to the financial aspects of third party contracts.
- (v) Ensuring that the Council's accounting and costing conventions identify the fair cost of trading and working for third parties.
- (vi) Maintaining a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) partners in respect of significant contracts.

### **Responsibilities of Corporate Directors**

#### **2.d) Corporate Directors are responsible for:**

- (i) Ensuring that appropriate approvals are obtained before any negotiations are concluded.
- (ii) Maintaining a register of all contracts entered into with external bodies in accordance with procedures specified by the Monitoring Officer and Section 151 Officer.
- (iii) Ensuring that, before entering into agreements with external bodies, a comprehensive risk assessment has been carried out, a risk register drawn up, and appropriate mitigation action taken.
- (iv) Ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council or other services provided to the Council.
- (v) Ensuring that all agreements, arrangements and contracts are properly documented.
- (vi) Ensuring that partnership contractual documentation requires the Partner to comply with the agreed Financial Regulations, to the satisfaction of the Monitoring Officer.
- (vii) Providing information to the Section 151 Officer as may be required by him/her to enable a note to be entered into the authority's statement of accounts
- (viii) Ensuring that all claims for external funds are made by the due date.



- (ix) Ensuring that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
- (x) Informing, where the project is potentially deviating significantly from the plan, his/her Portfolio Holder and the Section 151 Officer as soon as this becomes apparent.
- (xi) Ensuring that records are kept of resource usage and/or service delivery that accord with the requirements of the external funding source.
- (xii) Ensuring that all requirements and stipulations relating to the payment of external funding and the auditing thereof, are understood and acted upon.
- (xiii) Putting appropriate insurances in place through the Section 151 Officer for all dealings with third parties and external partners.
- (xiv) Ensuring, as far as reasonably possible, that the external contracts and partnerships for which they are responsible do not put the Council at risk from bad debts.
- (xv) Ensuring that no contract entered into with third parties is subsidised by the Council either directly or indirectly.
- (xvi) Seeking, wherever possible, payment in advance of the delivery of the service.
- (xvii) Ensuring that the Division/unit has the appropriate expertise to undertake the contract or to manage the contract in a client capacity.
- (xix) Seeking the advice of the S151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective (or, where appropriate, existing) partners where significant contracts are being considered.

# Dacorum Borough Council Financial Regulations

## DACORUM BOROUGH COUNCIL - FINANCIAL REGULATIONS SCHEDULE OF AUTHORISATIONS

### Item 1. Virement policy – hierarchy of authorisations

Annex B, clause 3.e)

Last updated: September 2015

Type	Applies to transfers between	Sanctioning Authority
1	Between Cabinet Portfolios	Cabinet
2	Between Services within a Portfolio	Director and Portfolio Holder*
3	Between CIPFA Subjective headings within the same Service	Director and Group Manager
4	Between budgets both within the same Service and the same CIPFA Subjective heading	Director and Group Manager
5	For items 2, 3 and 4 above where the amount to be vired is at least <ul style="list-style-type: none"> <li>• £50,000</li> <li>And</li> <li>• 10% of the transferring budget</li> </ul>	Cabinet

All proposed virements shall be subject to review and comment by the Section 151 Officer. He/she shall determine whether the proposal should be subject to the positive endorsement of a higher authority.

\*\*"Portfolio Holder" means a formal Portfolio Holder decision.

### Item 2. Supplementary budget policy- hierarchy of authorisations

Annex B, clause 4.d)

Last updated: December 2019

Type	Applies to supplementary budget wholly funded by	Sanctioning Authority
1	Reserve balances held	Cabinet, to recommend to Council
2	Grant income	S151 Officer, Director and Group Manager
3	For item 2 above where the amount is greater than £100k	Cabinet, to recommend to Council
4	S106 income or CIL income	S151 Officer, Director and Group Manager

# Dacorum Borough Council Financial Regulations

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All proposed supplementary budgets shall be subject to review and comment by the Section 151 Officer. He/she shall determine whether the proposal should be subject to the positive endorsement of a higher authority.

## Item 3. Limits on cash holdings

Annex C, clause 1.l)

Last updated: September 2015

Maximum limits for cash holdings, in whatever receptacle, shall be agreed with the Section 151 Officer, and shall not be exceeded without his/her express permission and with regard to the appropriate insurance limit. Cash received in total in excess of this amount must be banked within 24 hours. The current limit is:

£500

## Item 4. Changes to Structure - hierarchy of authorisations

Annex C, clause 2.g)

Last updated: September 2015

Where the net effect of any changes is no increase in cost for the current, or a full year, changes may be made to the official structure in accordance with the following hierarchy of authorities. Where a change to the official structure results in an increased net cost, it shall be allowed only on the authority of Cabinet.

Type	Applies to Changes where one or more changes impacts as follows	Sanctioning Authority
1	Between General Fund and HRA Services	Council
2	Between Cabinet Portfolios	Cabinet
3	Between Services within a Portfolio	Director and Portfolio Holder
4	Between budgets, activities and project provision being the responsibility of an individual Group Manager	Director and Group Manager

All proposed changes to the official establishment shall be subject to review and comment by the Section 151 Officer. He/she shall determine whether the proposal should be subject to the positive endorsement of a higher authority.

In considering the matter, the Section 151 Officer shall satisfy him/herself that all proposed changes will be correctly recorded on the corporate employee database and that all necessary budgetary virements have also been identified and will be implemented.

## Dacorum Borough Council Financial Regulations

### Item 5. Petty Cash, Change Floats, and Electronic Payment Card Purchase Value of cash reimbursements for minor purchases

Annex E, clause 3.e)

Last updated: September 2015

The value of cash reimbursements shall not exceed:

£50.00

### Item 6. Debt write-offs - Hierarchy of authorisations

Annex E, clause 4.f)

Last updated: September 2015

Individual value (per debtor)	Authorised by:	Conditions
Up to £20,000	Section 151 officer in consultation with the appropriate Corporate Director	
Above £20,000	Portfolio Holder (Finance & Resources) on the advice of the Section 151 Officer and Corporate Director	Applicable in situations where a referral to Cabinet (see below) is not necessary
Above £20,000	Cabinet on the advice of the Section 151 Officer and Corporate Director	Where the write off, if approved, would, in the opinion of the Section 151 Officer, have budgetary implications for the relevant service
Any value, where the amount written off will cause the Council's General Fund or Housing Revenue Account to fall into deficit	Council on the advice of the Section 151 Officer	

### Item 7. Debt write-off recovery threshold

Annex E, clause 4.j)

Last updated: September 2015

The de-minimis level for debt recovery action and review is determined by the Section 151 Officer and shall be as follows:

£50

## **Item 8. De minimis amount for asset registers**

Annex E, clause 5.c)

Last updated: September 2015

Asset inventories shall be held and kept current by Group Managers, who will ensure that all areas under their authority have an asset inventory. They shall contain clear descriptions of all fixed and moveable assets, other than land and buildings, having a current value in excess of an amount specified by the Section 151 Officer. This amount is:

£500

Land and buildings are listed in the Asset Management System (see Regulation.C6), and ICT equipment is listed in a separate inventory kept by the relevant Corporate Director.

## **Item 9. Transaction authority level for asset disposals**

Annex F, clause 1.g)

Last updated: September 2015

The Corporate Director of the appropriate directorate and the Council's duly appointed valuer or other agent shall be involved in or appraised of all major steps in the negotiations in respect of transactions or of a series of transactions, the estimated value or the aggregated value of which exceeds the following amount:

£100,000

## **Item 10. Disposal by tender**

Annex F, clause 1.m), ii)

Last updated: September 2015

Disposal by tender may be appropriate where there are two or more prospective purchasers with a foreseeable interest in acquiring the land. This method should be used in preference to Private Treaty where:

- i) more than one prospective purchaser exists, and
- ii) the estimated value of the land exceeds the following amount:

£25,000

## **Item 11. Disposal of equipment**

Annex F, clause 2.a)

# Dacorum Borough Council Financial Regulations

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Last updated: December 2019

The regulations relating to disposals within Section 2 of this annex apply to all assets specified in clause 2.a) as follows:

11a) those with a value of up to and including £50,000;

11b) those with a value of greater than £50,000 but less than £100k.

## **Item 12. Major reusable items**

Annex F, clause (3.e)

Last updated: July 2017

Disposals of major reusable items must be authorised by the Cabinet where the disposal may achieve a receipt in excess of the following amount:

£50,000

## **Item 13. Disposals of other intangible assets**

Annex F, clause 4.e)

Last updated: July 2017

The appropriate Corporate Director will obtain Cabinet authorisation for the disposal of other intangible assets where the value of the asset(s) to be disposed of exceeds the following amount:

£50,000,

## **Item 14. Hierarchy of authorisations for cheque and electronic payments**

Annex G, clause 1.f)

Last updated: September 2015

Payment by cheque (or any electronic payment) by an amount to be determined by the Section 151 Officer shall be signed by one of those approved to do so by the Section 151 Officer. One authorised officer shall countersign cheques (or any electronic payment) over a value to be determined by the section 151 officer. The values so determined are as follows:

<b>Value</b>	<b>Authorising signatories</b>
Up to £40,000	Any one authorised officer (electronic or manual signature)
Above £40,000	Any two authorised officers (manual signatures only)

## Item 15. Exceptions to advance payments regulations

Annex G, clause 1.j)

Last updated: September 2015

Advance payment shall not be made for goods or services. The Section 151 Officer may authorise specific categories and/or values of expenditure as standing exceptions to this Regulation, and may amend or delete any such exceptions from time to time. Standing exceptions currently in place are as follows:

Software Support and Maintenance  
Software Licences  
Artists/Performer Fees

## Item 16. Value of cost-overruns to be reported

Annex G, clause 3.b) vii)

Last updated: September 2015

Where the sum of all variations pertaining to a contract, is likely to result in a cost over-run exceeding the value shown below, The relevant Group Manager shall report the potential over-run for approval to both the relevant Portfolio Holder and the Section 151 Officer prior to payment:

<b>Value of scheme</b>	<b>Over-run limit</b>
Up to £100,000	£5,000
Above £100,000	10% of value of scheme