

Part Four, Section I

Financial Regulations

Contents	Page
Part 1 - Status of Financial Regulations	2
1. Status	2
2. Recording delegations	3
3. Financial Control Framework	3
4. Devolution of Financial Management and Accounting	4
Part 2 - Financial Management	5
5. Financial Management (including virement rules)	5
6. Financial Planning	18
7. Risk Management and Control of Resources	23
8. Systems and Procedures	28
9. External Arrangements	31
10. Retention of Records	32

Part 1 - Status of Financial Regulations

1. Status

- 1.1. Our Financial Regulations provide the framework for managing the Council's financial affairs and for resources that the Council or its employees manage on behalf of others. They apply to every **Councillor** and **Officer** of the Council and to the ALMO in respect of debt write off.
- 1.2. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.3. The regulations identify the financial responsibilities of:
 - the **full Council**;
 - the **Cabinet**;
 - the **Overview and Scrutiny Committee**;
 - the **Head of the Paid Service (Chief Executive)**;
 - the **Monitoring Officer** (~~Assistant Director of Corporate Governance~~);
 - the **Section 151 Officer (Director of Finance also known as Chief Finance Officer) and Directors**;
 - **Budget Holders** within service areas.
- 1.4. The **Section 151 Officer** is responsible for maintaining a continuous review of these Financial Regulations and submitting any additions or changes necessary to **full Council** for approval in accordance with article 15.03(a) of the Constitution.
- 1.5. The **Section 151 Officer** is responsible for issuing advice and guidance to underpin these Financial Regulations that **Councillors, Officers and others acting on behalf of the Council** are required to follow. This advice and guidance will generally be based on CIPFA Standards of Professional Practice, which are available on www.cipfa.org.uk.
- 1.6. The **Section 151 Officer** is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the **Council** and/or to the **Cabinet Members**.
- 1.7. These Financial Regulations are supported, where appropriate, by detailed procedure notes, setting out how these Financial Regulations will be implemented.

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- 1.8. **Directors** are responsible for ensuring that all staff in their service areas are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them.
- 1.9. It is a disciplinary offence to breach these Financial Regulations. A breach of these regulations should be reported to the **Section 151 Officer** as soon as is practicable to do so.
- 1.10. All staff are required to conduct themselves to the highest standards. The involvement of staff in any form of bribery, corruption, fraud or deception will not be tolerated.
- 1.11. For any aspect of finance relating to schools the Haringey's Scheme for Financing Schools which are designed to give detailed assistance to schools, should be referred to.

2. Recording delegations

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

3. Financial Control Framework

- 3.1. The financial administration framework of the Council is organised in accordance with Section 151 of the Local Government Act 1972, requiring that every Local Authority in England and Wales should '**make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs.**' The framework comprises:
 - **Constitution:** The principal rules governing the Council's affairs, including financial affairs, and the delegation of authority to **Councillors** and **Officers**;
 - **Financial Regulations:** This document is part of the Constitution, created by the Council;
 - The **Scheme of Financial Delegation** and specific delegations by **Directors** to officers in their service area;
 - **Contract Standing Orders**;
 - **Guide to Procurement**;
 - **Medium Term Financial Strategy (MTFS).**

4. Devolution of Financial Management and Accounting

- 4.1. The Council seeks to unite operational and financial responsibility to empower managers to give them the tools to deliver high quality services. Part of that empowerment is to give them control of the resources needed to deliver the service so that they can plan and use these resources to obtain the maximum benefit for the service.
- 4.2. The Council also needs to balance responsibilities with accountability and protection for Officers so that they know their authorisation levels and the limit to those authorities.

Part 2 – Financial Management

5. Financial Management (including virement rules)

Introduction

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

The Full Council and the Cabinet

- 5.2. The **full Council** is responsible for adopting the Council's Constitution and Members' code of conduct and for approving the policy framework and budget within which the **Cabinet** operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in this Constitution. The **full Council** is also responsible for monitoring compliance with the agreed policy and related **Cabinet** decisions.
- 5.3. The **Leader** has powers to take any decision, including a key decision, which the **Cabinet** could have taken. This is set out in Part 3 Section C of the Council Constitution. When **Members** take decisions on reports, the reports must comply with the Protocol for Decision-making in Part 5 Section D and this must include the provision of the **Section 151 Officer's** comments on the financial implications.
- 5.4. The **Cabinet** is responsible for proposing the policy framework and budget to the **full Council** and for discharging Executive functions in accordance with the policy framework and budget.
- 5.5. **Cabinet** decisions can be delegated, in accordance with the delegation arrangements set out in Part 3 of this Constitution.

Committees of the Council

Overview and Scrutiny Committee

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

~~Audit Committee Corporate Committee~~

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

Standards Committee

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

The Pensions Committee and Board

- 5.9. The **Pensions Committee and Board** acts as the quasi-trustee of the Local Government Pension Scheme (LGPS) for the Council.

Alexandra Palace and Park Board

- 5.10. Alexandra Palace and Park Board is a Committee of the Council with responsibility for discharging a specific statutory charity trustee role. It has its own Financial Regulations and governance but is, nonetheless, subject

overall to the Section 151 Officer who has responsibility for its financial affairs. It is also subject to charities law and accounting practice.

The Statutory officers

Head of Paid Service (Chief Executive)

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

Monitoring Officer (Assistant Director of Corporate Governance)

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

The Section 151 Officer (~~Director of Finance~~ ~~interim Chief Finance Officer~~)

5.16. The **Section 151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- (a) Section 151 of the Local Government Act 1972;
- (b) The Local Government Finance Act 1988;
- (c) The Local Government and Housing Act 1989;
- (d) The Accounts and Audit (England) Regulations 2011;
- (e) The Local Government Act 2003;
- (f) The Accounts and Audit Regulations 2015
- (g) The Local Audit and Accountability Act 2014

5.17. The **Section 151 Officer** is responsible, in relation to these regulations for:

- (a) the proper administration of the Council's financial affairs, including the determination of the appropriate staffing level to ensure proper administration;
- (b) setting and monitoring compliance with financial management standards;
- (c) ensuring these Financial Regulations are fit for purpose and proposing any necessary amendments;
- (d) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- (e) providing financial information;
- (f) preparing the revenue budget and capital programme;
- (g) treasury management;
- (h) internal audit;
- (i) anti-fraud;
- (j) risk management; and
- (k) insurance.

5.18. The Section 151 Officer may from time to time delegate responsibility to a Head of Finance or other officer reporting to them, as the Section 151 Officer deems appropriate.

5.19. Section 114 of the Local Government Finance Act 1988 requires the **Section 151 Officer** to report to the **full Council**, the **Cabinet** and external auditor if the Council or one of its officers:

- (a) has made, or is about to make, a decision which involves incurring unlawful expenditure;

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- (b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficit to the Council; or
- (c) is about to make an unlawful entry in the Council's accounts.

Section 114 of the 1988 Act also requires:

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

5.20. The Section 151 Officer will:

- (a) respond to annual expenditure proposals submitted by the following bodies (if applicable):-

Greater London Authority
London Pension Fund Authority
Lee Valley Regional Park Authority
North London Waste Authority
London Councils
Greater London Magistrates Courts Authority
Environment Agency

- (b) Consult with Ratepayers in accordance with Section 65 of the Local Government Finance Act 1992;
- (c) Authorise redundancy and early termination costs in relation to officers of the Council;
- (d) Authorise redundancy and early termination costs in relation to education staff giving consideration to the Education Act 2002.

Directors

5.21. **Directors** are responsible for the financial affairs of their service area including any financial staff, processes and systems. They must equally report financial issues to the **Section 151 Officer**. The responsibilities include:

- (a) ensuring that **Cabinet** Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Section 151 Officer** including:
 - Non-Domestic Rating Discretionary Rate Relief;
 - the annual review of the Council Tax Reduction Scheme;

- (b) ensuring compliance with Contract Standing Orders;
- (c) leading the production of revenue and capital programme budgets for their service area as appropriate and ensuring all plans have appropriate and necessary approved budgetary provision in place;
- (d) ensuring that detailed plans and realistic prudent profiled budgets exist for the delivery of the Medium Term Financial Strategy and to report variances and forecast outturn adverse or favourable variances immediately when they exist;
- (e) control of income and expenditure within the approved budget and ensuring that expenditure is not incurred without an appropriately approved budget in place;
- (f) reporting known and potential variances from the service area cash limit in excess of £100,000 to the **Section 151 Officer**, through the formal budget management procedures;
- (g) providing appropriate financial information to the **Section 151 Officer** and their respective teams in a timely, accurate and appropriate form and level of detail. e.g. to permit final accounts to be prepared at year end as necessary, in accordance with appropriate legislation, accounting codes of practice and the Council's accounting procedure notes;
- (h) appointing budget holders for all areas of their own budget;
- (i) monitoring performance levels with budget performance in accordance with published timescales;
- (j) adherence to the budget management procedures contained within service area Schemes of Financial Delegation including virement management;
- (k) ensuring records, systems and appropriate financial controls are up to date and available for audit. Any loss or deficiencies are to be reported to the **Section 151 Officer** immediately;
- (l) actively seeking additional income or savings opportunities, including grant and new financing opportunities, and reporting them to the **Section 151 Officer**. All grant applications are to be notified to the **Section 151 Officer** prior to submission, to consider any potential future resourcing issues and incorporate into the Grant Register which will be maintained by Corporate Finance;
- (m) ensuring that the necessary systems and controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently;
- (n) ensuring all assets are appropriately protected, accounted for and reconciled. Any significant loss of stock or concerns should be reported to the **Section 151 Officer** immediately;
- (o) advise the **Section 151 Officer** and/or the **Head of Audit and Risk Management** of any fraudulent activity and other losses through error

and mismanagement by any party connected with or employed by the Council.

- (p) liaise with the **Head of Audit & Risk Management** in agreeing the annual audit plan of the service area. To report to the **Section 151 Officer** any concerns where an audit is considered necessary but is not being undertaken.
- (q) ensure that appropriate timely arrangements are in place to sign off the financial implications of all reports including comments from the **Section 151 Officer** where appropriate, prior to their submission to the full Council, Cabinet, a Committee, Council Management Teams or other bodies within and external to the Council.
- (r) ensure that all appropriate financial controls and systems are in place where not specified above, in particular adequate separation of duties and accurate and timely reconciliations.
- (s) report to the **Section 151 officer** any other matter of financial significance.

5.22. It is the responsibility of **Directors** to consult with the **Section 151 Officer** and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

5.23. **Directors and Budget Holders** are supported in the completion of their financial responsibilities by a **Head of Finance** (or another suitably senior finance officer whose post title may vary from this). Heads of Finance are part of the Corporate Finance service area and report to the **Section 151 Officer**. They have a link, therefore, to the **Section 151 Officer** and a functional relationship to their **Directors**.

Budget Holders

5.24. The **Budget Holder** is responsible for the management of the budget for which he/she is allocated by the **Director**. The responsibilities of the role include:

- (a) to take new wording added responsibility for all aspects of the financial management of the service(s) which they are responsible for, including managing, controlling and recording all expenditure and income;
- (b) leading the production of revenue and capital programme budgets for the service area ensuring all plans have appropriate and necessary budget provision;
- (c) ensuring plans and realistic prudent profiled budgets exist for the delivery of the Medium Term Financial Strategy and to report year to

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- date variances and forecast outturn adverse or favourable variances on the financial management system immediately when they exist;
- (d) ensuring that appropriate financial controls exist and are maintained properly within the service area and report on any deficiencies to **Directors**;
 - (e) providing appropriate financial information to **Directors** and their respective teams in a timely, accurate and appropriate form and level of detail;
 - (f) actively seeking additional income or savings opportunities, including grant and new financing opportunities, and reporting to **Directors**;
 - (g) ensuring that appropriate financial controls and systems exist, are applied within the service area and report on any deficiencies to **Directors**;
 - (h) ensuring that the appropriate financial controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently;
 - (i) ensuring value for money is obtained for the whole Council when undertaking any procurement activity;
 - (j) reconciling all cash received by the service area on a regular basis (at least monthly);
 - (k) ensuring all monies due to the council are recorded accurately and recovered promptly; and
 - (l) ensuring that all accounts payable are settled within 30 days unless special terms have been agreed by the **Section 151 Officer**.

5.25. The **Budget Holder** should report to **Directors**:

- (a) any unlawful or inappropriate expenditure immediately it is realised that it is about to take place or has taken place;
- (b) any area where a loss or deficiency is about to occur;
- (c) budget variances by forecasting all variations on the financial management system;
- (d) any occasions where the overall service budget is projected to be overspent or where any individual budget (cost centre) is projected to be overspent by more than £50,000;
- (e) any concerns as regards the slow or non-banking of cash immediately;
- (f) any significant loss of stock or concerns immediately; and
- (g) any other matter of financial significance.

5.26. The **Budget Holder** should:

- a) advise the **Section 151 Officer** and/or the **Head of Audit and Risk Management** of any fraudulent activity and other losses through error

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

and mismanagement by any party connected with or employed by the Council;

- b) ensure that all financial implications of all reports are agreed and approved with **Directors** and the Section 151 Officer prior to their submission to the **full Council, Cabinet**, a Committee, Council Management Teams or other bodies within and external to the Council.

Other Financial Accountabilities

Virements – Revenue and Capital

- 5.27. The Council controls approved budgets and transfers of budgetary provision representing policy change (i.e. virements) giving consideration to gross expenditure and income, net expenditure and service area cash limits.
- 5.28. The **Section 151 Officer** may authorise any budget adjustments between or within service areas or capital schemes, required for technical reasons and which do not fall into the below mentioned revenue or capital virement definitions. For example, the Section 151 Officer may authorise central support cost allocation, capital charges such as depreciation, IAS19 pension adjustments, or to reflect the enactment of previous decision making. Such adjustments over £250k will be reported in the budget monitoring reports to **Cabinet** within 3 months of them taking place.
- 5.29. **Directors** must submit appropriately completed virement pro-formas to Corporate Finance for formal ratification and subsequent adjustment of approved cash limits.
- 5.30. All virements must be recorded on the Council's main accounting system.

Virements – Revenue

- 5.31. A policy change/re-prioritisation of resources between services relating to direct spend and excluding internal charges. These are to be approved as a virement in accordance with the below thresholds:
 - (a) Up to £100,000 by the relevant **Director(s)**, and reported to the relevant **Head of Finance**;
 - (b) £100,000 up to £250,000 by the **Section 151 Officer** following referral from the relevant **Director(s)** and where it has been determined by the **Section 151 Officer** that there is no change to Council policy;
 - (c) £100,000 and above involving a policy change; or any other virement of £250,000 and above, by the **Cabinet**.

Virements – Capital

5.32. A policy change/re-prioritisation of resources between capital schemes relating to direct spend and excluding internal charges. These are to be approved as a virement in accordance with the below thresholds:

- (a) Up to £250,000 by the **Section 151 Officer** following referral from the relevant **Director(s)**;
- (b) £250,000 and above, by the **Cabinet**

5.32A Any policy changes or re-prioritisation between service areas are to be approved by Cabinet and are a Key Decision in accordance with Part 5 Section C of the Constitution

Treatment of year-end balances

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

Accounting policies

5.34. The **Section 151 Officer** is responsible for selecting accounting policies and ensuring that they are applied consistently. The **Directors** are responsible for adhering to these policies.

Accounting records, procedures and returns

5.35. The **Section 151 Officer** is responsible for determining the accounting procedures and records for the Council and has a duty to ensure accounting procedures meet statutory duties. Such procedures may include procedures and timetables for the preparation of the budget and the Council's financial statements. **Directors** have a responsibility to:

- (a) comply with the procedures and timetables determined by the **Section 151 Officer**;
- (b) regularly monitor, reconcile and clear the control accounts;
- (c) supply information to comply with statutory timetables;
- (d) complete grant claims etc. by due dates; and
- (e) retain appropriate financial records as required by the **Section 151 Officer**.

The Annual Statement of Accounts

5.36. The **Section 151 Officer** is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). The **Section 151 Officer** has the authority to make such amendments to the treatment of the Council's transactions as are in the overall interest of the Council including the optimisation of the capital financing position and the management of earmarked reserves. The **Corporate Committee and Pensions Committee and Board** are responsible for approving their respective parts of the annual statement of accounts.

5.37. Each **Director**:

- (a) has a responsibility to supply budget monitoring information on time.
- (b) are accountable for the income and expenditure in their budgets and for the service area budgets.
- (c) must supply required information and produce appropriate documents on time as requested by the **Section 151 Officer**.
- (d) need to protect against the risks of creating contingent liabilities and to keep the **Section 151 Officer** informed of any new contingent liabilities or contingent assets as they arise.

Bribery, Corruption and Financial Irregularities

5.38. All employees shall conduct themselves to the highest standards. Any employee involved in bribery, corruption, fraud or deception will be subject to disciplinary action and in certain circumstances criminal prosecutions.

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

Financial Irregularities

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

The Role of Internal Audit

- 5.44. The statutory responsibility for internal audit derives from the **Section 151 Officer's** responsibilities under the 1972 Local Government Act, the Local Government Finance Act 1988 and the specific duties detailed in the Accounts and Audit (England) Regulations 2011. In accordance with these and the Auditing Practices Board guidelines the **Head of Audit and Risk Management** will provide a continuous audit of the accounting, financial and other operations of the Authority.

- 5.45. Internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control. It examines, evaluates, and reports on the adequacy of internal control. It does this by objectively reviewing and advising management upon the effectiveness of their systems of internal control. It aims to provide assurance on the design and operation of internal controls and provide constructive and positive advice on control improvement and risk management.

5.46. The **Head of Audit and Risk Management** has authority to:

- (a) enter at any time all Council premises or land;
- (b) have unrestricted access to all records, personnel, documents, assets and correspondence relating to any financial and other transactions that the auditors consider necessary for the purpose of their work;
- (c) remove and/or secure any computer equipment, record, document, and correspondence of the Council as considered necessary;
- (d) require and receive such explanations as s/he considers necessary concerning any matter being examined; and
- (e) obtain from Council employees cash, stores or any other property owned, hired, leased or borrowed by the Authority.

5.47. The decision to report financial irregularities to the Police shall be made by the **Head of Audit and Risk Management**. Where employees are involved, the **Head of Audit and Risk Management** will inform the **Chief Executive** and appropriate **Directors**.

5.48. The **Head of Audit and Risk Management** has authority to report to any body of the Council matters which are considered to adversely affect the efficient/proper use of the Council's resources.

Unofficial Funds

5.49. The **Section 151 Officer** shall be notified of any funds arising from unofficial sources, including school funds, and shall approve audit and accounting arrangements for these funds:

- (a) that come under the control of any **Committee, Sub-Committee or Panel** of the Council;
- (b) where a member of staff is involved as a result of their employment with the Authority.

6. Financial Planning

Introduction

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

6.1. **Full Council** is responsible for agreeing the Council's policy framework and budget, which will be proposed by the **Cabinet**. The Council uses the the Council Plan as its framework for determining priorities and is delivered through the business planning process. In terms of financial planning, the key elements are:

- (a) the medium term financial strategy;
- (b) the budget; and
- (c) the capital programme.

Policy framework

6.2. The **full Council** is responsible for approving the policy framework and budget. The policy framework comprises the statutory plans and strategies set out in the Constitution and the budget. Pensions Committee and Board approves the policy framework for the Pension Fund; namely the Investment Strategy Statement (including responsible investment policies) and Funding Strategy Statement.

Preparation of the Council Plan

6.3. The **Council** will produce an updated Borough Plan every four years and report this to the **Cabinet** for consideration before its submission to the **full Council** for approval.

Budgeting

Budget format

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

Budget preparation

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

Budget management and control

- 6.7. The **Section 151 Officer** is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The **Section 151 Officer** must monitor and control expenditure against budget allocations and report to the **Cabinet** on the overall position on a regular basis. There will be a monthly budget management process determined by the **Section 151 Officer**. Any decision to alter or increase any of the existing services of the Council in such a way as may result in a material increase in the expenditure to be provided for in the budget for the current and future financial years will be subject to the approval of the **Cabinet**.

Resource allocation

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

Preparation of the capital programme

- 6.11. The **Section 151 Officer** is responsible for ensuring:
- (a) the preparation of the Council's medium-term capital programme on an annual basis, for consideration by the **Cabinet** before submission to **full Council**;
 - (b) that the Council's Capital Strategy is kept up-to-date;

- (c) financial monitoring of the capital programme;
 - (d) the Capital Programme is managed flexibly and to make adjustments to the phasing of approved projects within the limits of available capital resources;
 - (e) preparation of an Asset Management Plan;
 - (f) value for money objectives are met;
 - (g) adherence to CIPFA Prudential guidelines;
 - (h) adherence to the Council's Treasury Management Strategy Statement;
 - (i) maximisation of external funding opportunities; and
 - (j) financial appraisal/evaluation of proposed capital schemes and options.
- 6.12. The medium-term capital programme models income and expenditure and resource requirements (both internal and external financing) over a minimum of three years and is reviewed and updated at least annually.
- 6.13. The Capital Strategy sets out strategic guidance on the Council's approach to capital investment. It provides clear objectives and priorities which are informed by overall corporate and service objectives, the Haringey community and other stakeholders including central government.
- 6.14. Capital expenditure will only be incurred when the appropriate **Directors** and **Section 151 Officer** have jointly reported the financial implications to the **Cabinet** for approval. All such reports requesting financial provision must be supported by a professionally prepared estimate of the costs of the project. Once financial approval has been obtained the specifications and assumptions upon which the written appraisal of costs was based cannot be substantially altered without the further approval of the **Cabinet**.

Guidelines

- 6.15. Guidelines on budget preparation may be issued to **Members** and **Directors** by the **Cabinet** following agreement with the **Section 151 Officer**. The guidelines will take account of:
- (a) legal requirements;
 - (b) medium-term planning prospects;
 - (c) available resources;
 - (d) spending pressures;
 - (e) best value/value for money and other relevant government guidelines;
 - (f) other internal policy documents; and
 - (g) cross-cutting issues (where relevant).

Maintenance of Reserves

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

7. Risk Management and Control of Resources

Introduction

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

Risk Management

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

Internal control

- 7.5. Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded. The Council prepares an Annual Governance Statement each year. **Directors** have a role to provide assurances to support the production of the Annual Governance Statement and to maintain appropriate systems of governance and internal control.

- 7.6. The **Section 151 Officer** is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 7.7. It is the responsibility of **Directors** to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency, propriety, regularity and effectiveness and for achieving their financial performance targets.

Audit requirements

- 7.8. The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit. The rights of the internal audit function are set out in Regulation 5.
- 7.9. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 20 of the Local Audit and Accountability Act 2014.
- 7.10. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs who have statutory rights of access.

Preventing fraud and corruption

- 7.11. The **Monitoring Officer** is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. **Directors** shall notify the **Head of Audit and Risk Management** immediately of any suspected fraud, theft or misuse of the authority's assets or resources. Further guidance can be found in the Haringey Anti-fraud and Corruption Policy and Strategy (which includes the Council's Whistleblowing Policy).
- 7.12. The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- 7.13. The Council's expectation of propriety and accountability is that members and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and good practices.

- 7.14. The Council also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with which it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Assets

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

Treasury Management

- 7.16. The Council has adopted the Code of Practice contained within The Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017). The Council will create and maintain, as cornerstones for effective treasury management:
- (a) a Treasury Management Strategy Statement (TMSS) which states the Council's policies, objectives and approach to risk management with respect to its treasury management activities;
 - (b) suitable treasury management practices setting out how the Council will achieve those policies and objectives and prescribing how it will manage and control its treasury management activities;
 - (c) the TMSS and treasury management practices will follow the recommendations in Sections 6 and 7 of the CIPFA Code of Practice. They may be subject to amendment where necessary to reflect the particular circumstances of Haringey Council but will not deviate materially from the Code's key principles.

- 7.17 The ~~Audit Committee Corporate Committee~~ will formulate the TMSS and amendments to it. The Cabinet Member for Finance will be consulted on the draft TMSS because of the budget implications. The **Overview and Scrutiny Committee** will scrutinise the draft TMSS annually before its adoption by **full Council**. The **full Council** is responsible for approving and adopting the TMSS setting out the matters detailed in The Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017). The **Section 151 Officer** has delegated authority for implementing and monitoring the TMSS. The Council sets its TMSS in line with the indicators required under the Prudential Code for Capital Finance in Local Authorities introduced by CIPFA 1 April 2004 and subsequently revised in 2017.
- 7.18 All decisions on borrowing, investment, leasing or financing shall be delegated to the **Section 151 Officer**, who is required to act in accordance with the TMSS and The Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).
- 7.19 The **Section 151 Officer** is responsible for reporting to the ~~Audit Committee Corporate Committee~~ each quarter, or as near as practicable, on the implementation and regular monitoring of the treasury management policies and practices and on the exercise of his/her delegated treasury management powers.
- 7.20 The **Section 151 Officer** is responsible for consulting the Cabinet Member for Finance on the mid-year monitoring report and an out-turn report after the close of the year concerning treasury management policies and practices before these reports are considered by the ~~Audit Committee Corporate Committee~~ and **full Council**.

Arrangements for Cash and Banking

7.21. All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, in the Council's case the **Section 151 Officer** and save as allowed in the Financial Regulations for Schools where, in any case, arrangements shall be made for the **Section 151 Officer** to be able to exercise control upon the withdrawal of delegation or otherwise, no officer other than the **Section 151 Officer** (or those officers to whom the **Section 151 Officer** has granted delegated authority to) may:

- (a) open a bank or credit/purchase card account ;
- (b) agree to or sanction the arrangements for the handling of any liquid resource, cash or instrument of payment;

- (c) make payments, save through imprest accounts; or
- (d) authorise direct debits.

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

Amenity, Trust and Other Unofficial Funds

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

Staffing

- 7.24. **Full Council** is responsible for determining how officer support for Executive and non-Executive roles within the Council will be organised.
- 7.25. The Head of Paid Service (**Chief Executive**) is responsible for providing overall management to staff. The **Chief Executive** is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 7.26. **Directors** are responsible for controlling total staff numbers by:
- (a) advising the **Cabinet** on the budget necessary in any given year to cover estimated staffing levels;
 - (b) adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs; and
 - (c) the proper use of appointment procedures.

8. Systems and Procedures

General

- 8.1. The **Section 151 Officer** is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by **Directors** to the existing financial systems or the establishment of new systems must be approved by the **Section 151 Officer**. However, **Directors** are responsible for the proper operation of financial processes in their own service area in line with overall procedures set by the Council and the **Section 151 Officer**.
- 8.2. Any changes to agreed procedure notes by **Directors** to meet their own specific service needs should be agreed with the **Section 151 Officer**.

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- 8.4. **Directors** should ensure that their staff receive relevant financial training that has been approved by the **Section 151 Officer**.
- 8.5. **Directors** must ensure that staff are aware of their responsibilities under data protection, freedom of information legislation and the Computer Misuse Act.
- 8.6. **Directors** must ensure that proper business continuity planning is in place for the delivery of financial services in the event of any incident that affects systems.

Income and expenditure

- 8.7. It is the responsibility of **Directors** to ensure that a proper scheme of delegation in respect of financial matters has been established within their area and is operating effectively. The **Section 151 Officer's** Scheme of Financial Delegation provides detailed procedures for:
 - (a) expenditure;
 - (b) income including grants, fees & charges, cash and banking;
 - (c) control of assets, stocks and stores;
 - (d) human resources.

Payments to employees and members

- 8.8. The **Section 151 Officer** should approve any amendments to the approval processes for the payment of all salaries, wages, pensions, compensation, other emoluments and any ex-gratia payments. **Directors** and **Business Unit Heads** must supply such certificates relating to the employment of staff as the **Section 151 Officer** deems necessary. The **Head of Human Resources** is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

Taxation

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

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- 8.10. **Directors** are responsible for ensuring that the appropriate controls and procedures are operated within the relevant service area in relation to taxation issues.
- 8.11. The **Section 151 Officer (and the Head of Human Resources)** for PAYE and NI) are responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 8.12. **All staff and Councillors** should adhere to VAT rules & regulations and also guidance issued by the **Section 151 Officer**.

Trading accounts/business units

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

Debt Write Off

- 8.14. Arrears of housing rents and other housing income administered by the ALMO (Homes for Haringey) may be written off in accordance with procedure notes issued by the **Section 151 Officer** with the below authorities, applying to individual debt accounts:
- a) on the Almo increasing approval levels from 100 to 1000 up to and including £1,000, the approval of **Chief Executive of the ALMO** and reported to the **Section 151 Officer**.
 - b) Over £1,000 and up and including £50,000, on the approval of the **Section 151 Officer** upon the advice of the **Chief Executive of the ALMO**.
 - c) Over £50,000, on the approval of the **Cabinet Member with responsibility for Finance** upon the advice of the **Chief Executive of the ALMO** and the **Section 151 Officer**.

The ALMO shall keep a record of all such sums written off.

- 8.15. All other individual debt accounts which remain unpaid may be written off in accordance with the below authorities:
- a) up to and including £1,000, the approval of relevant **Director** and reported to the **Section 151 Officer**.

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- b) Over £1,000 and up to and including £50,000 on the approval of the **Section 151 Officer** upon the advice of the relevant **Director**;
- c) Over £50,000 on the approval of the **Cabinet Member with responsibility for Finance** upon the advice of the relevant **Director** and the **Section 151 Officer**.

Corporate Finance shall keep a record of all such sums written off.

- 8.16. All debts written off will be reported in summary to the **Cabinet** in the regular budget monitoring reports.
- 8.17. It is important that Council income is maximised and therefore to ensure that systems and procedures are in place to collect income promptly and to minimise the level of any bad debts.

Procedure Notes

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

9. External Arrangements

Introduction

- 9.1. The Council provides a distinctive Leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 9.2. The Council works closely with other agencies and private service providers. Other Government funding streams also provide additional resources to enable the Authority to deliver services to the local community.

Partnerships

- 9.3. The **Cabinet** is responsible for approving delegations, including frameworks for partnerships. The **Cabinet** is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- 9.4. The **Cabinet** can delegate functions – including those relating to partnerships to officers. These are set out in the scheme of delegation that forms part of the Council's Constitution. Where functions are delegated, the **Cabinet** remains accountable for them to the **full Council**.
- 9.5. The Head of the Paid Service (**Chief Executive**) represents the Council on partnership and external bodies, in accordance with the scheme of delegation.
- 9.6. The **Section 151 Officer** is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 9.7. The **Section 151 Officer** must ensure that the accounting arrangements to be adopted relating to partnerships, pooled budgets and joint ventures are satisfactory.
- 9.8. The **Monitoring Officer** must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 9.9. **Directors** are responsible for ensuring that appropriate approvals both internal and external are obtained before any negotiations are concluded in relation to work with external bodies.

External Funding

- 9.10. The **Section 151 Officer** is responsible for ensuring that all funding noted by external bodies is received and properly recorded in the Council's accounts.

Work for Third Parties

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

10. Retention of Records

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

PART 4 – RULES OF PROCEDURE Section I – Financial Regulations

- 10.2 **Directors and Budget holders** shall be responsible for ensuring that financial records are carefully and systematically filed and retained for inspection by the **Section 151 Officer** or agencies (e.g. HM Revenue & Customs) in line with the approved local management information schemes that meets relevant statutory requirements.
- 10.3 The list is not exhaustive and, where there is uncertainty, the advice of the **Section 151 Officer** and the Council's **Assistant Director of Corporate Governance** must be sought. Periods referred to are in addition to the current year of account, which ends at the conclusion of the annual external audit of the Council's accounts (i.e. 30 September following the end of the financial year).
- 10.4 The **Section 151 Officer** or his representative shall have access to documents as deemed necessary.
- 10.5 The information governance framework assists services to meet the requirements of the Data Protection Act, the Freedom of Information Act and other statutory requirements.