SECTION 17

17. FINANCIAL PROCEDURE RULES

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FINANCIAL PROCEDURE RULES

17.1 General

17.1.1 The Council collects and spends large sums of public money. Sound financial control is, therefore, essential in order to maintain accountability at all levels of management.

17.1.2 An effective system of financial control must be supported by a written code which sets out a clear framework of financial administration. Financial Procedure Rules (FPRs) provide such control and govern the way in which the Council manages its finances and safeguards its assets.

17.1.3 These Rules are intended to be read in conjunction with the Council's Contracts Procedure Rules (CPRs) and will be supported, where necessary, by Financial Procedure Notes which give instructions on specific areas of financial control. These Rules apply to schools, who must also have regard to the Financial Scheme for Schools, which is based on the legislative requirements of the Schools Standards and Framework Act 1998.

17.1.4 Compliance with CPRs, FPRs and any associated policies, strategies or procedure notes is mandatory for all Members and employees of the Council. Where a Chief Officer has been issued with delegated powers the application of those powers will still be subject to such compliance.

17.2 Roles and Responsibilities

17.2.1 Council

The Roles and Responsibilities of the Council are as defined in **Section 14** of the Council's Constitution.

17.2.2 Cabinet

The Roles and Responsibilities of Cabinet are as defined in Section 14 of the Council's Constitution.

17.2.3 Chief Executive

17.2.3.1 The Chief Executive is appointed under Part 4 of the Local Government and Housing Act 1989 and Section 54 of the Local Government and Elections (Wales) Act 2021.

17.2.3.2 The Chief Executive has delegated powers to act, after consulting with the appropriate Cabinet Member and, in the case only of matters involving the Council in additional financial commitments, the Leader(s), the Section 151 Officer and appropriate Chief Officer(s) in respect of any matter which, in his/her opinion:

(a) requires immediate action; and,

(b) does not justify holding a special meeting of the body which would usually consider the matter, or, it is of such urgency as not to allow time for such a meeting; the use of such delegated powers to be subsequently reported back to the next Cabinet or Council as appropriate.

17.2.3.3 The Chief Executive is the lead director on corporate areas of activity, policy and organisational development.

17.2.3.4 The Chief Executive has overall responsibility for managing and deploying the budget and wider resources in order to meet the Council's current and longer term strategic objectives.

17.2.4 Section 151 Officer

17.2.4.1 The Section 151 Officer has specific responsibilities for the overall finances of the Council, under the general direction of the Cabinet, including:

(a) establishing a clear framework for the financial management of the Council's affairs and for ensuring that arrangements for their proper administration are made under Section 151 of the Local Government Act 1972;

(b) acting as the Proper Officer to whom all other Officers must account to for all money and property committed to their charge under Section 115 of the Local Government Act 1972;

(c) determining the accounting records including the form of accounts and supporting accounting records to be adopted by the Authority under the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time);

(d) reporting to the Council any potential overspend of the overall budget, recommending corrective action where necessary and ensuring generally, under Section 114 of the Local Government Finance Act 1988, that the Council takes no unlawful financial actions;

(e) having delegated authority under the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time) to maintain an adequate and effective system of internal audit.

17.2.4.2 The Section 151 Officer will agree departmental financial management arrangements with Chief Officers which ensure that the role defined above is properly carried out and is in accordance with the best accounting practices. To this end:

(a) no changes to agreed procedures or financial systems should be implemented without the prior approval of the Section 151 Officer;

(b) the Section 151 Officer must be given access to any information necessary in order to comply with his/her statutory duties and the requirements and instructions of the Cabinet and Council;

(c) no departures from any of the requirements of these FPRs may be made without the express written permission of the Section 151 Officer.

17.2.4.3 All references to the Section 151 Officer in these Rules shall allow for delegation to the Deputy Section 151 Officer in accordance with the Council's official policy on delegation.

17.2.5 Head of Legal and Democratic Services

The Head of Legal and Democratic Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.

17.2.6 Chief Officers

17.2.6.1 Chief Officers are fully accountable for the financial management of those services which form their areas of responsibility.

17.2.6.2 Chief Officers are responsible for ensuring that the arrangements, guidelines and procedures for the proper administration of their services' financial affairs are agreed with the Section 151 Officer and operated in accordance with the Council's framework of approved rules and regulations.

17.2.6.3 Chief Officers shall make proper arrangements within their Services for securing economy, efficiency and effectiveness in the use of resources, taking into account the policies and objectives of the Council.

17.2.6.4 Before any commitment is made and before reporting the matter to Cabinet, a Chief Officer must consult the Section 151 Officer in respect of:

(a) the incurring of expenditure in excess of the approved budget;

(b) the incurring of expenditure which the Council has no statutory power to incur;

(c) any failure to comply with the financially related provisions of any United Kingdom (UK) or European legislation;

(d) any failure to comply with the financially related provisions of any Code of Practice adopted by the Council.

Chief Officers are responsible for the management and administration of Grant Funding within the areas of their

responsibility. This should be undertaken in accordance with the relevant Financial Procedure Note.

17.3 **Budget**

17.3.1 Every Chief Officer will prepare, for their areas of responsibility, revenue and capital budgets, the detailed form of which, including procedures and the timetable to be followed, shall be determined by the Section 151 Officer, consistent with the general direction of the Cabinet.

17.3.2 Each capital scheme shall include such details as shall be determined by the Section 151 Officer.

17.3.3 The Section 151 Officer will report to the Cabinet and Council on:

(a) the aggregate of the revenue estimates and their financing and compliance with Government rules and regulations;

(b) the aggregate of the capital estimates and their financing and compliance with Government rules and regulations;

(c) the options available to the Council in the light of the resources available and the Council's corporate objectives and policies.

17.3.4 The Cabinet shall consider the aggregate effect of the report on the Council's financial resources and shall submit a recommendation to the Council on the final Capital Programme and revenue budget and the Council Tax to be levied for the ensuing financial year.

17.3.5 Any Cabinet report which involves capital or revenue expenditure shall include a reference to the finance provision in the budget.

17.4 **Authority to Incur and Control Capital Expenditure**

17.4.1 Any proposal to incur expenditure on a new capital scheme, not included in the approved Capital Programme, shall initially be the subject of a report by the appropriate Chief Officer, in consultation with the Section 151 Officer, to the Cabinet.

17.4.2 The inclusion of any scheme in the first year of the approved Capital Programme shall confer the necessary authority to incur expenditure, provided that:

(a) all necessary statutory or other approvals have first been obtained; and

(b) Procedure Rules with respect to contracts, including these Rules and any relevant policies, strategies and Financial Procedure Notes have been complied with; and

(c) the total amount of the tender or quotation does not exceed the total approved sum for the contract for that scheme in the Capital Programme.

(d) no reservation has been placed on the expenditure by the Cabinet or Council.

17.4.3 Subject to the above, inclusion of a scheme in the approved Capital Programme shall also confer authority on the Cabinet to incur expenditure on the acquisition of any necessary land to enable the scheme to be progressed, providing that provision for the cost of acquisition is also included in the Capital Programme.

17.4.4 Chief Officers shall monitor the capital budget with a view to avoiding delays in the progress of schemes under their control and to avoid overspending against the approved capital estimate. Overall monitoring of the Capital Programme will be carried out by the Section 151 Officer who will report to the relevant Scrutiny Committee, the Cabinet and Council as applicable.

17.4.5 Chief Officers must not incur greater expenditure on a scheme than the amount included in the Capital Programme. If it appears that any such overspending may be incurred, a report must be submitted to the Cabinet detailing how the shortfall will be funded.

17.4.6 Resources shall not be transferred between schemes unless Cabinet has given prior approval.

17.4.7 Chief Officers may incur expenditure on a capital scheme previously notified in writing to be carried out on behalf of a third party, provided that:

(a) the terms and conditions of the third party have been complied with;

(b) the cost of the scheme will be fully reimbursed by the third party;

(c) prior written approval has been obtained from the Section 151 Officer.

17.4.8 At the end of the financial year, Chief Officers, in consultation with the Section 151 Officer shall report to the Cabinet on the actual capital expenditure incurred compared to the budget. The Section 151 Officer will also report to the relevant Scrutiny Committee, Cabinet and the Council on the aggregate position for the Council.

17.5 **Authority to Incur and Control Revenue Expenditure**

17.5.1 Any proposal to incur expenditure which will result in a new or change of existing policy will be the subject of a report by the appropriate Chief Officer to Cabinet.

17.5.2 A Chief Officer may incur revenue expenditure for a purpose included in the revenue budget unless the Cabinet or Council has placed a reservation on such expenditure. In the case of grants to outside organisations or individuals, specific approval of the Cabinet must also be obtained to sanction the payment (except where the Scheme of Officer Delegations provides otherwise).

17.5.3 Unless otherwise determined by the Council:

(a) all services' budgets will be cash limited and not augmented during the year to meet pay and price increases;

(b) overspending at the financial year end will be carried forward to be offset against the following year's budget for that head of expenditure.

17.5.4 Chief Officers are responsible for monitoring their budgets to ensure that the cash limited expenditure for each budget head under their control does not exceed the budget estimate. For the purpose of these Rules, the term "budget head" refers to the objective analysis detailed in the approved estimates reported to Council.

17.5.5 The Chief Executive, Directors and Heads of Service may, in consultation with the Section 151 Officer, transfer budgetary provision from one budget head to another (virement) provided that:

(a) the budget heads are the responsibility of the same Officer and do not exceed £100,000 per year in aggregate;

(b) the transfer will not result in the adoption of a new policy or change to an existing policy;

(c) the transfer will not result in additional revenue commitments in future years.

17.5.6 Any transfer of budgetary provision which does not meet the criteria set out in Rule 17.5.5 shall be subject to approval by the Cabinet.

17.5.7 Chief Officers will be expected to contain expenditure within their approved budgets by the exercise of budgetary control and virement. If unforeseen changes in expenditure arise during the year which cannot be contained within a Chief Officer's overall budget, the matter should be reported immediately to the Section 151 Officer who shall determine the appropriate action to be taken.

17.5.8 A Chief Officer, without abrogating responsibility, may delegate to a budget holder the control of all or part of his/her budget, together with the relevant authority to incur and control expenditure, including powers of virement. In each case, the Chief Officer will maintain a record of such delegation and the limits imposed.

17.5.9 Chief Officers may incur expenditure on a revenue scheme previously notified in writing to be carried out on behalf of a third party, provided that:

(a) the terms and conditions of the third party have been complied with;

(b) the cost of the scheme will be fully reimbursed by the third party;

(c) prior approval has been obtained from the Section 151 Officer.

17.5.10 At the end of the financial year, each Chief Officer, in consultation with the Section 151 Officer, shall report to the Cabinet on the outturn of expenditure

and income and the performance against the approved budget for each budget head. The Section 151 Officer will also report to the relevant Scrutiny Committee, Cabinet and the Council on the aggregate outturn position for the Authority.

17.5.11 The Section 151 Officer shall have authority to:

(a) incur expenditure that can be funded from monies set aside in a contingency sum, other provision or earmarked reserve, as appropriate;

(b) approve supplementary estimates, provided such expenditure may be met within the overall revenue budget and the total of such approvals do not exceed £100,000 in any one financial year;

(c) set aside monies and utilise monies previously set aside as a contingency sum, provision or earmarked reserve as appropriate.

17.6 Grants

17.6.1 Acceptance of all offers of grant, both revenue and capital, from Welsh Government or other external grant awarding bodies shall be authorised by the Section 151 Officer.

17.6.2 Sign off and audit of grant returns will be in full compliance with the directions of the grant awarding body but in all cases with the final sign off of the Section 151 Officer or Deputy.

17.6.3 Full provisions of the acceptance of, accounting for and sign off of grants is set out in a specific Financial Procedure Note.

17.7 Accounting

17.7.1 The Section 151 Officer shall be responsible for determining all accounting systems, form of accounts, supporting accounting records and accounting control systems of the Council and its Officers in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time).

17.7.2 The Section 151 Officer shall make appropriate decisions in accordance with his/her professional judgement, best and proper practices in line with the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time).

17.7.3 The accounting control systems to be determined by the Section 151 Officer shall include:

(a) measures to ensure that all financial transactions of the Council are recorded as soon as is reasonably practicable and as accurately as possible; and

(b) measures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstitute any lost records; and

(c) identification of the duties of Officers dealing with financial transactions and the division of responsibilities of those Officers in relation to significant transactions; and

(d) procedures for uncollectable amounts, including bad debts, not to be written off, except with the approval of the Section 151 Officer, or as provided for under Delegated Powers or Cabinet, as appropriate; and

(e) measures to ensure that all accounting records and control systems accommodate any legal requirements of the Council.

17.8 **Audit**

17.8.1 Section 151 of The Local Government Act 1972 requires that authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs". In the Vale of Glamorgan Council, that Officer is the Head of Finance.

17.8.2 Part 3 of The Accounts and Audit (Wales) Regulations 2014 (as amended from time to time) concerns financial management and internal control. Regulation 5 directs that:

"The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes:

(a) Arrangements for the management of risk, and

(b) Adequate and effective financial management."

17.8.3 Regulation 7 of the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time) states that "A relevant body (i.e. Council) must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control". Any officer or member of that body shall, if the body requires;

(a) Make available such documents of the body which relate to its accounting or other records as appear to that body to be necessary for the purpose of audit; and

(b) Shall supply the body with such information and explanation as the body considers necessary for that purpose".

17.8.4 Internal Audit in Local Government is required to comply with the Public Sector Internal Audit Standards (PSIAS). Conformance with the Standards, the Definition of Internal Auditing and Code of Ethics is mandatory. The Regional Internal Audit Service (RIAS) which delivers Internal Audit for the Council is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any

significant deviations from the Standards will be reported to the Governance and Audit Committee.

17.8.5 The scope for Internal Audit work includes the control environment comprising risk management, control and governance.

17.8.6 This effectively means that Internal Audit has the remit to independently review all the Council's operations, resources, services and processes in place to:

- Establish and monitor the achievement of Council objectives;
- Identify, assess and manage the risks to achieving the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

17.8.7 All the Council's activities, funded from whatever source, and indeed the entire control environment fall within the remit of Internal Audit.

17.8.8 Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken all necessary steps to achieve these objectives.

17.8.9 The scope of Internal Audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems will necessarily be reviewed, but that all will be included in the audit needs assessment and hence considered for review following the assessment of risk. The Internal Audit activity is free from interference in determining the scope of internal auditing, performing work and communicating results.

17.8.10 The PSIAS require that an Internal Audit Charter (which is a formal document that defines the purpose, authority and responsibility of Internal Audit activities.) is considered and approved by the Governance and Audit Committee of the Council annually. The Charter is split into the following sections;

- Purpose, Authority and Responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme.

17.8.11 Internal Audit, the Section 151 Officer, or his/her authorised representative has right of access to all of the Council's records, information and assets that it considers necessary to fulfil their responsibilities, including those of partner organisations. Internal Audit staff shall have unrestricted access to all Council activities and records (whether manual or computerised systems), personnel, Members, cash, stores, other assets and premises, including those of partner organisations and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit's responsibilities.

17.8.12 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, the Chief Officer, or any other Officer, concerned shall forthwith notify the Head of Finance and Internal Audit.

17.8.13 All Directors, Heads of Service, Managers and staff have responsibilities in relation to Audit matters as follows:

- To ensure that Auditors are given access at all reasonable times to premises, personnel, documents and assets that the Auditors consider necessary for the purposes of their work.
- To ensure that Auditors are provided with any information and explanations that they seek in the course of their work.
- To consider and respond promptly to recommendations in audit reports.
- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- To notify the Head of Finance and Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, management should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with

and agreed by Head of Finance prior to implementation.

17.9 **Assets And Land Dealings**

17.9.1 The Head of Finance shall maintain a register of all land and buildings owned by the Council and the Head of Legal and Democratic Services shall notify him/her on the required form, of all land and buildings acquired, sold or disposed of.

17.9.2 For the purpose of these Rules the term "land" shall mean any interest in land (including buildings), or any right in, on, over or under land.

17.9.3 All dealings with land (including acquisitions, disposals, grant and acquisition of leases) will be conducted by the Head of Finance in conjunction with the Head of Legal and Democratic Services and relevant Chief Officer(s), and in accordance with the instructions of Cabinet or Council or in exercise of Delegated Powers.

17.9.4 The written instruction of the Head of Finance will be necessary to instruct the Head of Legal and Democratic Services to proceed with an acquisition or disposal of land, including for the avoidance of doubt the utilisation of Compulsory Purchase Powers.

17.9.5 All transactions dealing with the purchase, sale or disposal or improvement of land must be undertaken in accordance with CPRs and the Financial Procedure Note - Dealings with Land: Procedure Rules.

17.9.6 The Head of Finance has delegated powers in relation to the provision of valuation services and other matters relating to land.

17.9.7 Notification of all other assets bought, sold or disposed of and valued at over £20,000 shall be made to the Head of Finance.

17.9.8 The Head of Legal and Democratic Services shall have custody of all deeds, documents, contracts and agreements relating to assets owned by the Council.

17.10 **Banking Arrangements**

17.10.1 All arrangements with the Council's bankers and the operation of bank accounts shall be made by or under arrangements approved by the Section 151 Officer.

17.10.2 All cheques (excluding cheques drawn on authorised imprest accounts) and all Bank / Post Office Stationery relating to income, shall be ordered only on the authority of the Section 151 Officer, who shall make proper arrangements for their safe custody.

17.10.3 All Council bank accounts shall bear an official title and, under no circumstances, shall an account be opened in the name of an individual.

17.10.4 Cheques on the Council's main bank accounts shall bear the facsimile signature of the Section 151 Officer or be signed by them or such other officer sanctioned by him/her.

17.10.5 The Section 151 Officer shall be responsible for the operation and control of the scheme for Purchasing Cards.

17.10.6 A copy of all Direct Debit Mandates/Standing Orders must be furnished to the Section 151 Officer, together with the relevant debit reference. All Direct Debits and Standing Orders payable by the Council shall be authorised by the Section 151 Officer or such other officer sanctioned by him/her.

17.10.7 No Direct Debits or Standing Orders are to be set-up on imprest Bank Accounts without prior agreement from the Section 151 Officer.

17.10.8 The Section 151 Officer shall review, at regular intervals, the banking arrangements made with the Council's bankers, particularly in relation to overdraft facilities.

17.10.9 The policies and administration of all other accounts must be undertaken in accordance with procedures agreed by the relevant Chief Officer and the Section 151 Officer.

17.11 **Income**

17.11.1 The collection of all income due to the Council and the form of records maintained shall be under the supervision of the Section 151 Officer.

17.11.2 Each Chief Officer shall furnish the Section 151 Officer with such particulars in connection with work done, goods supplied or services rendered and of all other amounts due as may be required by him/her to record correctly all sums due to the Council and to ensure the prompt rendering of accounts for the recovery of income due.

17.11.3 The Section 151 Officer shall be notified promptly in writing of all income due to the Council including contracts, leases, tenancy agreements, grants, sales of property and all other instances which involve the receipt of monies by the Authority and shall have the right to inspect any records or other documentation in this respect.

17.11.4 All official receipt books, tickets, invoices, account books and other related items shall be in a form prescribed by the Section 151 Officer who shall satisfy himself/herself as to the arrangements for their control.

17.11.5 All income received by the Council must be recorded using such official documentation.

17.11.6 All monies received by an Officer on behalf of the Council shall be paid without delay to the Council's bank or transmitted directly to any other body

or person entitled thereto. No deduction shall be made from such income save to the extent that the Section 151 Officer may authorise.

17.11.7 Each Officer who banks monies on behalf of the Council shall enter on the paying in slip or any other relevant documentation a reference to the related debt as may be required by the Section 151 Officer.

17.11.8 Personal cheques shall not be cashed out of income held on behalf of the Council, nor payments made out of income received.

17.11.9 Every transfer of official income from one member of staff to another shall be evidenced in the records of the departments concerned by the date, amount and signature of the receiving Officer.

17.11.10 Any debt due to the Council, once established, shall not be discharged, other than by payment in full or by such other means approved by the Council. An irrecoverable debt may be written off or provided for under separate delegated authority.

17.11.11 Chief Officers, in consultation with the Section 151 Officer, shall undertake a review of fees and charges on, at least, an annual basis.

17.12 **Money Laundering**

17.12.1 Money laundering is the process of concealing sources of money. Money evidently gained through crime is 'dirty' money, and money that has been 'laundered' to appear as if it came from a legitimate source is 'clean' money. Money can be laundered by many methods, which vary in complexity and sophistication. Money Laundering is covered by a number of different pieces of legislation which are referred to in the Council's Anti Money laundering Policy which is available on Staffnet.

17.12.2 Money laundering is the process of channelling 'bad' money into 'good' money to hide the fact that the money originated form criminal activity, and often involves three steps:

- **Placement** - cash is introduced into the financial system by some means;
- **Layering** - a financial transaction to camouflage the illegal source;
- **Integration** - acquisition of financial wealth from the transaction of the illicit funds.

There are two types of offences, which may be committed:

- Money laundering offences;
- Failure to report money-laundering offences.

The main types of money laundering offences are:

- Acquiring, using or possessing criminal property,
- Handling the proceeds of crimes such as theft, fraud and tax evasion,
- Being knowingly involved in any way with criminal or terrorist property,
- Entering into arrangements to facilitate laundering criminal or terrorist property,
- Investing the proceeds of crime in other financial products,
- Investing the proceeds of crimes through the acquisition of property / assets,
- Transferring criminal property.

Obligations of the Council

17.12.3 The law requires those organisations in the regulated sector and conducting relevant business to:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive Suspicious Activity Reports from employees of suspected money laundering activity (see paragraph 17.12.7),
- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, the monitoring and management of compliance and the internal communication of such policies and procedures.

17.12.4 Not all the Council's business is 'relevant' for these purposes, it is mainly the accountancy and audit services carried out by the Finance Department and certain financial, company and property transactions carried out by the Legal Department. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council.

17.12.5 Therefore, all employees are required to comply with the Council's Anti Money Laundering Policy in terms of reporting concerns about possible money laundering.

17.12.6 It is extremely important that all members and employees are familiar with their legal responsibilities and are vigilant at all times. Serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).

17.12.7 The key message of the Policy is that if you suspect that money-laundering activity may be taking place or proposed, in relation to

anything you are dealing with, you should immediately disclose those suspicions to the Council's MLRO, who is the Head of Finance / Section 151 Officer. The designated Deputy MLRO is the Council's Deputy Section 151 Officer (Operational Manager – Accountancy). They can be contacted using a confidential email address MLRO@valeofglamorgan.gov.uk.

17.13 **Insurance**

17.13.1 The Head of Finance shall administer all of the Council's insurance cover, including its own fund insurance, and shall negotiate all claims in consultation with other Chief Officers where necessary, and keep a register of all insurances affected.

17.13.2 Chief Officers shall give prompt notification to the Head of Finance of all new risks, indemnities, liabilities, properties, events or vehicles which require to be insured, including the amount of cover required, and any changes affecting existing insurances.

17.13.3 Chief Officers shall promptly notify the Head of Finance in writing of any loss, liability, damage, or event likely to lead to a claim, giving full details of the particular occurrence, and inform the police where criminal activities are suspected or it is a requirement to inform the Police.

17.13.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

17.13.5 The Head of Finance shall, from time to time, review all insurances in consultation with other Chief Officers, where appropriate.

17.14 **Inventories**

17.14.1 Each Chief Officer shall be responsible for the plant, vehicles, machinery, equipment, tools, furniture and other non-consumable property in the Directorate and shall have a duty to:

(a) Maintain an up-to-date inventory of such goods;

(b) Carry out an annual physical check on goods listed in the inventory and take action in relation to surpluses or deficiencies, including noting the inventory accordingly and notifying the Head of Finance of any suspected irregularities;

(c) As far as is practicable see that such goods are marked as Council Property;

(d) Ensure that such goods are not removed or used except in accordance with the ordinary course of the Council's business.

17.14.2 Every transfer of items contained in the inventory from one establishment to another shall be evidenced in the records of the establishment concerned by the signature of the receiving officer.

17.15 **Stocks and Stores**

Chief Officers shall be responsible for the care and custody of all stocks and stores under their control and the management of these stores should be in line with the relevant Financial Procedures Notes.

17.16 **Security**

17.16.1 Each Chief Officer shall have overall responsibility to the Council for security of Council Property under their control.

17.16.2 Each Chief Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, title deeds, securities, etc. under his/her custody.

17.16.3 Maximum limits of cash holding shall be agreed with the Head of Finance.

17.16.4 Every transfer of official money from one member of staff to another will be evidenced in the records of the Directorate concerned by the signature of the receiving Officer.

17.16.5 Keys to safes and similar receptacles for the safeguarding of money or other valuables are to be carried on the person of those responsible; the loss of any such keys must be reported to the Head of Finance.

17.17 **Data Protection, Freedom of Information and Regulation of Investigatory Powers Acts**

17.17.1 Data Protection

(a) The Director of Corporate Resources shall have overall responsibility for data protection assuming the role of the Council's Senior Information Risk Owner (SIRO). The Section 151 Officer / Head of Finance will act as Deputy.

(b) Chief Officers shall be responsible for ensuring that the requirements of the Data Protection Legislation are met in relation to all personal data which they hold, including adherence to the eight Data Protection principles and act as Information Asset Owners in relation to information that they operationally own within their systems. Their role will include, in addition to compliance with the principles, monitoring the use of portable devices, understanding what information is held, how it is used and transferred, who has access to it and why, in order for business to be transacted within an acceptable level of risk.

(c) The Director of Corporate Resources shall be responsible for maintaining the Council's Data Protection notification. Chief Officers shall promptly notify him/her of any additions, amendments or deletions to the Council's Data Protection notification for all personal data held in their areas of responsibility.

(d) Chief Officers be granted delegated authority to enter into individual Information Sharing Protocols (ISPs) under the Wales Accord on Sharing Personal Information (WASPI) where necessary and appropriate.

(e) All requests by individuals for access to personal information shall be dealt with in accordance with the Council's procedures.

17.17.2 Freedom of Information

All requests for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 shall be dealt with under the Council's procedure in relation to requests for information.

17.17.3 Appeals

(a) Appeals are to be determined by the Monitoring Officer or such person(s) as nominated by the Monitoring Officer who are independent of the original requests.

(b) The Monitoring Officer will be the Council's qualified person in respect of the exemption set out at Section 36 of the Freedom of Information Act 2000.

17.17.4 The Regulation of Investigatory Powers Act 2000

The Monitoring Officer will be responsible for monitoring and adherence to the requirements of the Regulation of Investigatory Powers Act 2000 and shall act in the capacity of senior responsible officer in relation to same.

17.18 **Risk Management**

17.18.1 The Director of Corporate Resources shall be responsible for putting into place and ensuring that there are effective arrangements for risk management in accordance with Section 4 of the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time).

17.18.2 It is the duty of all Chief Officers to ensure that risk management is brought to the attention of relevant staff in their service areas.

17.18.3 The Director of Corporate Resources shall ensure that arrangements are in place for measuring the effectiveness of the risk management process, and that all findings from monitoring arrangements are fed back into the risk management cycle.

17.18.4 Chief Officers shall ensure that there are regular reviews of risk within their service areas. These shall take into account any implications arising from the Freedom of Information Act and the Human Rights Act.

17.19 **Salaries and Wages**

17.19.1 The payment of all salaries, wages, compensation and other emoluments to all employees or former employees of the Council shall be made by the Head

of Human Resources in consultation with the Section 151 Officer or under arrangements approved and controlled by him/her.

17.19.2 Each Chief Officer shall notify the Head of Human Resources as soon as possible, and in the form prescribed by him/her, of all matters affecting the payment of such emoluments and, in particular:

(a) appointments, resignations, dismissals, secondments and transfers;

(b) absences from duty for sickness or other reasons, other than approved leave;

(c) changes in remuneration, other than normal increments and pay awards and agreements of general application;

(d) information necessary to maintain records of service for superannuation, income tax, national insurance etc.

17.19.3 Appointments of employees shall be made in accordance with the regulations of the Council, within the authorised establishment and in accordance with approved grades and rates of pay, and must adhere to the Council's Safer Recruitment Policy.

17.19.4 All time records or other pay documents shall be in a form prescribed or approved by the Head of Human Resources in consultation with the Section 151 Officer and shall be certified by the relevant Chief Officer or his/her authorised representative.

17.20 **Travelling and Subsistence Allowances**

17.20.1 All claims for payment of car allowance, subsistence allowance, travelling and incidental expenses shall be in accordance with the relevant Financial Procedure Note and be certified by the relevant Chief Officer or his/her authorised representative for submission to the Head of Human Resources in consultation with the Section 151 Officer in a form approved by him/her. All claims, accompanied by receipts where required, shall be made up to a specified day of each month and submitted within the time frame approved by the Head of Human Resources in consultation with the Section 151 Officer.

17.20.2 Payments to Members, including Co-Opted Members of the Council who are entitled to claim travelling or other allowances, will be made by the Head of Human Resources in consultation with the Section 151 Officer upon the receipt of the prescribed form, duly completed. All claims are to be submitted on a monthly basis. The accuracy of the information contained in a claim shall be the responsibility of the Member concerned.

17.20.3 The certification of an Officer's claim by, or on behalf of a Chief Officer shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

17.20.4 Officers' claims submitted more than three months after the expenses were incurred shall only be paid following the written approval of the relevant Chief Officer.

17.20.5 Members' claims submitted more than three months after the expenses were incurred shall only be paid following written approval from the Monitoring Officer.

17.21 **Treasury Management**

17.21.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.

17.21.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

(a) a treasury management policy statement, stating the policies and objectives of its treasury management activities;

(b) suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;

(c) The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.

17.21.3 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year (which incorporates the annual investment strategy and the prudential indicators for the forthcoming three years), and an annual report after its close, in the form prescribed in its TMPs.

17.21.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's "Standard of Professional Practice on Treasury Management".

17.21.5 The Council's Treasury Management Prudential Indicators will be determined each year for a minimum of the forthcoming three years.

17.21.6 An annual Treasury Management Policy Statement shall be adopted by the Council and thereafter, its implementation and monitoring shall be delegated to the Cabinet.

17.21.7 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 Officer.

17.21.8 All investments of money by the Council shall be under the control of the Section 151 Officer and be made in the name of the Council or in the name of nominees approved by the Council. Bearer securities shall be excluded from this Regulation but any purchase of such securities shall be reported to Council.

17.21.9 All borrowings shall be effected in the name of the Council and must be authorised by the Section 151 Officer who shall be the Council's Registrar of stocks, bonds and mortgages.

17.21.10 All trust funds shall, wherever possible, be in the name of the Council. Officers acting as trustees by virtue of their official position shall deposit all securities etc. relating to the trust with the Head of Legal and Democratic Services unless otherwise provided for in the deed.

17.21.11 The Section 151 Officer shall report to Cabinet and where appropriate to Council not less than twice in each financial year on the activities of the Council's Treasury Management operation and on the exercise of the Treasury Management powers delegated to him/her.

17.22 **Procurement**

17.22.1 Chief Officers shall ensure that all procurement arrangements within their service areas must comply with CPRs, the Procurement Code of Practice (PCoP) and these rules.

17.22.2 CPRs form part of the Council's Constitution. Compliance with CPRs as well as FPRs, the PCoP and any associated policies, strategies or procedure notes is mandatory for all Members and employees of the Council. Where a Chief Officer has been issued with delegated powers the application of those powers will still be subject to such compliance.

17.23 **Payment of Accounts**

17.23.1 Apart from the payment from petty cash and other imprest accounts and purchasing cards, the normal method of payment of money due from the Council shall be by cheque or by an approved electronic instrument such as BACS or CHAPS drawn on the Council's bank account by the Head of Finance.

17.23.2 A Chief Officer or other authorised Officer issuing an official order shall be responsible for arranging for the examination, verification and certification of the related invoice(s) and payment vouchers or accounts in line with the PCoP.

17.24 **Leasing Arrangements**

17.24.1 The leasing of goods and vehicles can only be made following consultation with the Head of Finance.

17.24.2 The Head of Legal and Democratic Services shall sign and seal every lease agreement entered into by the Council.

17.25 **Imprest Accounts (Petty Cash etc.)**

17.25.1 The Head of Finance shall provide such imprest accounts as he/she considers appropriate for such Officers of the Council as may need them to meet petty disbursements which shall be supported by receipted vouchers, to the extent that he/she may require.

17.25.2 The Head of Finance shall open an account with the Council's bankers for use by the imprest holder, who shall not cause such account to be overdrawn.

17.25.3 No income received on behalf of the Council shall be paid into an imprest account, but instead banked or paid to the Council as provided for elsewhere in these Rules.

17.25.4 An Officer responsible for an imprest account shall, as at 31st March each year, and at any other time if so required, provide to the Head of Finance, a certificate as to the state of the imprest account.

17.25.5 Whenever an Officer, who is an imprest holder, leaves the employment of the Council or otherwise ceases to be entitled to hold an imprest advance, the Chief Officer concerned shall ensure that the relevant Officer accounts to the Head of Finance for the amount advanced to that Officer, including, where appropriate, the repayment of any unexpended balance of the account.

17.26 **Value Added Tax**

17.26.1 Chief Officers are responsible for providing or securing the provision of information to the Section 151 Officer to ensure VAT records are maintained in accordance with the VAT Act 1994 and regulations and interpretations issued by HM Revenue and Customs.

17.26.2 It is the responsibility of Chief Officers to make arrangements to ensure the following:

Input Tax

(a) That appropriate VAT documentation is obtained to maximise the recovery of VAT;

(b) That documentation evidencing the recovery of VAT satisfies Revenue and Customs regulations;

(c) That VAT included on invoices is coded correctly;

(d) That VAT invoices are processed expeditiously and are not unduly delayed.

Output Tax

(a) That invoices are raised and cash income processed to ensure that VAT is correctly categorised and declared in accordance with Revenue and Customs regulations.

(b) That tax invoices are raised and cash income deposited expeditiously and are not unduly delayed.

17.26.3 To ensure that documentation identifying VAT transactions, including proof of payment and banking records, are retained for the period specified by HM Revenue and Customs.

17.26.4 To ensure that arrangements are in place for all relevant staff to be informed about the correct VAT treatment of all transactions and of changes to this as notified by the Council's Section 151 Officer.

17.27 **Unofficial Funds**

17.27.1 An "unofficial fund" shall mean any fund, the management of which involves an employee of the Council, and which may affect any person or property for which the Council has a responsibility, irrespective of the fact that no contributions towards such a fund shall have been made by the Council.

17.27.2 All accounts must be held in the name of the fund and not an individual(s). A minimum of two countersigned signatories of appropriate seniority is required for each account.

17.27.3 The Chief Officer concerned shall be responsible for the financial management and independent audit of unofficial funds and shall consult the Head of Finance before formulating regulations which shall apply to such funds.

17.27.4 The Head of Finance or his/her representative shall have the right of access to any unofficial fund including access to all cash and relevant documentation.

17.28 **Financial Procedure Notes**

17.28.1 To enable Chief Officers and the Head of Finance to carry out the responsibilities referred to in these Regulations, the Head of Finance shall issue supplementary instructions on financial arrangements and procedures as he/she considers appropriate in the form of Financial Procedure Notes.

17.28.2 Compliance with such Financial Procedures Notes shall be mandatory for all Members, Chief Officers and Officers of the Council and Chief Officers shall

ensure that the required management arrangements and procedures are applied to the services under their control.

17.29 **Review and Amendments of Financial Procedure Rules**

These FPRs shall be reviewed and updated as necessary as part of the ongoing review of the Constitution.