

NOTICE OF MEETING

Governance & Audit Committee

Tuesday 1 April 2014, 7.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: Governance & Audit Committee

Councillor Ward (Chairman), Councillor Heydon (Vice-Chairman), Councillors Allen, Blatchford, Ms Brown, McCracken, Thompson and Worrall

Independent Member

Gordon Anderson

cc: Substitute Members of the Committee

Councillors Birch, Mrs Hayes, Leake, Mrs McCracken, Mrs Temperton and Wade

ALISON SANDERS

Director of Corporate Services

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Published: 24 March 2014



Governance & Audit Committee
Tuesday 1 April 2014, 7.30 pm
Council Chamber, Fourth Floor, Easthampstead House,
Bracknell

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AGENDA

Page No

1. **Apologies for Absence**

To receive apologies for absence and to note the attendance of any substitute members.

2. **Declarations of Interest**

Members are requested to declare any disclosable pecuniary or affected interest in respect of any matter to be considered at this meeting.

Any Member with a Disclosable Pecuniary Interest or an affected interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

3. **Minutes - 28 January 2014**

To approve as a correct record the minutes of the meetings of the Committee held on 28 January 2014.

1 - 6

4. **Urgent Items of Business**

Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.

5. **External Audit Plan 2013/14**

To receive a report setting out the External Audit Plan for 2013/14.

7 - 30

6. **Internal Audit Plan 2014/15**

To receive a report setting out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2014/15.

31 - 38

7. **Risk Management Strategy**
To receive a report presenting the updated Risk Management Strategy to the Governance and Audit Committee for approval. 39 - 60
8. **Members Telephone Usage**
To receive a report setting out the progress being made to implement the recommendations arising from an independent review into the use of the Leader's mobile phone. 61 - 64
9. **Review of Financial Regulations**
To consider a report reviewing the Council's Financial Regulations. 65 - 142
10. **Amendments to the Council's Constitution**
To consider a report proposing four changes to the Council's Constitution. 143 - 148
11. **Date of Next Meeting**
The next meeting of the Governance and Audit Committee will take place on Monday 14 July 2014 at 6.00pm.

Please note that this is a change from the originally scheduled date of 25 June 2014.

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GOVERNANCE & AUDIT COMMITTEE
28 JANUARY 2014
7.30 - 9.35 PM

Bracknell Forest Borough Council:

Councillors Ward (Chairman), Heydon (Vice-Chairman), Allen, Blatchford, Ms Brown, Thompson and Worrall

Independent Members:

Gordon Anderson

Apologies for absence were received from:

Councillors McCracken

In attendance:

Sally Hendrick, Head of Audit and Risk Management

Alex Jack, Borough Solicitor

Victoria Jackson, Senior Investigating Officer, Wokingham Borough Council

Catherine Morganti, Ernst and Young

Bobby Mulheir, Chief Officer: Customer Services

Alan Nash, Borough Treasurer

Calvin Orr, Chief Technical Accountant

Helen Thompson, Ernst and Young

21. Declarations of Interest

There were no declarations of interest.

22. Minutes - 30 September 2013

RESOLVED that the minutes of the Governance and Audit Committee meeting held on 30 September 2013 be approved as a correct record and signed by the Chairman.

23. Urgent Items of Business

There were no urgent Items of business.

24. Independent Review of Telephone Usage by the Leader

Victoria Jackson, Senior Investigations Officer, Wokingham Borough Council, presented a report on the independent review of the telephone usage of the Leader.

The review had been commissioned following the publication of a number of articles in the local press based upon the outcomes of a number of Freedom of Information requests and the receipt of a formal complaint alleging that the extremely high costs of telephone usage by the Leader constituted a breach in the Code of Conduct for Members. No evidence had been found to support claims of misuse. However, the Review found weaknesses in the Council's policies and procedures relating to

telephone usage by members and a number of recommendations to strengthen these were proposed in the Review Report.

It was reported that there was an omission in paragraph 6.6.25 of the Review Report and the Committee noted that the paragraph's final sentence should have read "Whilst Councillor Bettison did advise that he 'very rarely' made personal calls using the Council' mobile phone on the balance of probabilities an occasional call cannot be deemed as misuse."

Arising from the Committee's questions and comments the following points were noted:

- It was clarified that the reference to raw data in paragraph 6.6.3 referred to fully itemised phone bills where all numbers called were shown. When processing the bills Democratic Services separated personal calls to nominated prefix codes from the main bill so that these could be invoiced to the Leader
- The review covered 5 non consecutive quarters covering the periods: January – March 2009, April – June 2010, July – October 2011, September – December 2012 and January – March 2013
- The LGA provided the Leader with a Blackberry which was to be used for LGA business only
- Analysis of the phone bills showed the presence of a large number of text messages that had been sent to groups made up of multiple recipients
- The figures for Roaming SMS data analysis and roaming call data analysis related to calls to and from the Isle of Man. Costs which were recovered by the Council
- Whilst scoping the review it was decided the volume of calls logged meant that it would be impossible to identify every individual number so a sampling approach was taken. Of the sample of 92 numbers all were identified as being connected to the Council
- The total annual bill for all officers and members across the Council was approximately £250,000 for telephone rental and call charges
- The review found that there had been no reduction in the volume of calls made following the Leader's receipt of a Blackberry from the LGA
- The Council's current telephony standards were not explicit about their audience and the fact that they applied to both officers and members needed to be made clear
- Phones were only automatically issued to those members who fulfilled a particular role members falling outside these parameters had to make a business case justifying why they required a mobile phone for council purposes
- It was acknowledged that automatic connection to a number via Directory Enquiry services was expensive and it was felt that protocols ought to be put in place to provide guidance on this area
- Under the terms of the Leader's new phone contract overseas call should be monitored and if these incurred additional cost then the contract should be reviewed with the contract provider

The Committee acknowledged that with the benefit of hindsight the initial decision to allow the Leader to use his own mobile phone for Council business rather than issuing a Council phone and to not require the full scrutiny of all bills had been a mistake. It was accepted that no exceptions to Council policy should be made for individuals.

The Committee thanked Victoria Jackson for her comprehensive report and requested that their thanks be formally sent to Wokingham Borough Council.

RESOLVED that:

- i. The report on telephone usage by the Leader be noted
- ii. The recommendations set out in Section 7 of the Independent Reviewer's report be endorsed
- iii. A report on the implementation of the Independent Reviewer's recommendations be brought to the next meeting of the Governance and Audit Committee

25. External Audit Matters

Helen Thompson, Ernst and Young and Catherine Morganti, Ernst and Young, attended the meeting to present the certification of claims and returns report for 2012/13.

For the period 1 April 2012 to 31 March 2013 one claim and two returns had been certified with a total value of £90.390million. Submission deadlines had been met for two of the returns and the Housing Benefit and Council Tax Benefit Subsidy claim had been submitted very shortly after the deadline. A qualification letter had been issued in respect of the Housing Benefit claim. Arising from the Committee's questions and comments the following points were noted:

- The certification work on the housing and council tax benefit subsidy claim had found 9 errors in a sample of 60 calculations audited
- The DWP had responded to the qualification letter and Auditors were working with officers to address the issues identified
- The software programme used to calculate benefits payments was checked annually and it was considered that the most likely source of error would originate when data is inputted into the system
- Benefits calculations were complex and the majority of councils received qualifications of some form or another when they were audited
- The reporting and monitoring process for benefits claims was prescribed by the DWP and any error had to be reported regardless of how small the sum of money involved

RESOLVED that the Committee note the Certification of Claims and Returns Annual Report 2012/13.

26. Annual Audit Letter 2012-13

The Committee received a report containing the external auditor's Annual Audit Letter for 2012/13. The letter summarised the findings from the 2012/13 audit which contained two main elements:

- An audit of financial statements; and
- The external auditor's assessment of the Council's arrangements to achieve value for money in its use of resources

It was noted that an unqualified opinion had been given on the Council's financial statements and an unqualified conclusion had been given on the Council's arrangements for securing value for money.

The External Auditors commended officers for their willingness to work late in order to meet the final submission deadlines set by Government and requested that their thanks be passed on to all officers involved in helping to support the External Audit Team's work.

RESOLVED that the Governance and Audit Committee note the Annual Audit Letter 2012/13.

27. **Internal Audit Risk Assurance**

The Committee received a report providing a summary of Internal Audit activity during the period April to December 2013.

During the period covered by the report 6 grants had been certified, 35 reports finalised, 9 reports had been issued in draft and were awaiting management responses and audit work was in progress in 11 cases. Following publication of the report 6 more reports had been finalised and 2 further reports were awaiting review.

Key weaknesses had been identified in the 3 finalised audits with a limited assurance opinion to date:

- A review of car parking identified weaknesses in contract monitoring processes. The Chief Officer had met with officers and the contractor to determine how these matters might be addressed and these actions had been implemented
- Due to staffing changes a statutory self assessment had not been submitted in 2012/13 and a limited assurance conclusion had been given on an audit of arrangements for ensuring compliance with Payment Card Industry Standards. Protocols had now been put in place to ensure that this situation does not reoccur. It was noted that failure to comply with these Industry Standards could result in the Council being prevented from taking payments via debit and credit cards however local authorities were considered to be low risk by the industry and the risk to the Council was considered low
- There were continuing historic issues around delays in the auditing and certification of private fund accounts at Wildmoor Heath Primary School and officers were working with the school to resolve the situation

It was clarified that data provided to the Audit Commission under the National Fraud Initiative was cross matched with data gathered from across the Country in order to identify any areas of potential fraud. Any potential matches were then referred back to the Council for investigation.

RESOLVED that the Internal Audit Assurance Report (April to December 2013) be noted.

28. **Treasury Management Report**

The Committee considered a report setting out the Council's Annual Treasury Management Strategy and a Mid-year Review of Treasury Management activities.

The report was made up of four documents which together were the Treasury Management Strategy and Policies for 2014/15:

- Capital Prudential Indicators 2014/15-2016/17
- Minimum Revenue Provision (MRP) Policy
- Treasury Management Strategy

- Investment Strategy 2014/15-2016/17

RESOLVED that:

- i. That Mid-Year Review Report be shared with members of the Full Council
- ii. The Treasury Management Strategy be approved for submission to the Full Council

29. **Minor Amendment to the Code of Conduct**

The Committee considered a report seeking the endorsement of a proposed amendment to the list of 'Affected Persons' in the Code of Conduct for Members.

It had been recognised that the current category of Affected Interest relating to Member connection with a company was cast too narrowly and that in order to prevent inappropriate involvement in decision making it should be extended to cover those companies to which the Member or his or her spouse, partner, parent grandparent, child or grandchild had been appointed to the Board or was a Director. An amendment that had been approved by the Council's Standards Committee at its meeting on 30 October 2013.

Whilst endorsing the recommendation of the Standards Committee the Committee expressed the view that a Member's siblings (and those of their spouse or partner) should also be included in the category of Affected Person.

RESOLVED that the Committee recommend to Council that the Code of Conduct for Members be amended as proposed in Section 5 of the Director of Corporate Services' report.

CHAIRMAN

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TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014

**EXTERNAL AUDIT PLAN 2013/14
Borough Treasurer**

1 PURPOSE OF REPORT

1.1 To note the External Audit Plan for 2013/14.

2 RECOMMENDATION

2.1 **That the Governance and Audit Committee note the External Audit Plan for 2013/14.**

3 REASONS FOR RECOMMENDATION

3.1 To advise the Governance and Audit Committee of the external auditor's audit plan for 2013/14.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 None

5 SUPPORTING INFORMATION

External Audit Plan

5.1 The External Audit Plan for 2013/14 is attached at Annex A. Helen Thompson and Catherine Morganti, Ernst and Young will attend the meeting to present the report and answer questions.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add to the report.

Borough Treasurer

6.2 The costs associated with the annual external audit have been provided for in the Council's current budget.

Equalities Impact Assessment

6.3 Not applicable

Strategic Risk Management Issues

6.4 None.

Other Officers

6.5 Not applicable

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable

Method of Consultation

7.2 Not applicable

Representations Received

7.3 Not applicable

Background Papers

None

Contact for further information

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Audit Plan

Year end 31 March 2014

Bracknell Forest Council

March 2014

Ernst & Young LLP



Governance and Audit Committee
Bracknell Forest Council
Easthampstead House
Town Square
Bracknell
Berkshire
RG12 1AQ

1 April 2014

Dear Members of the Governance and Audit Committee

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Governance and Audit Committee with a basis to review our proposed audit approach and scope for the 2013-14 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements. It also helps ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for Bracknell Forest Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 1 April 2014 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Helen Thompson
Director
For and behalf of Ernst & Young LLP
Enc

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1. Overview

Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with:

- ▶ our audit opinion on whether the financial statements of Bracknell Forest Council give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended; and
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the business and regulatory environment.
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter. And by focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to our audit, and outline our plans to address these risks.

Our process and strategy

Financial Statement Audit

- ▶ When considering the results of our audit work, we consider them in the context of their materiality to the statements as a whole.
- ▶ Where possible and more efficient we will seek to rely on the controls in your systems, therefore reducing the year-end testing required.
- ▶ To the fullest extent permissible by auditing standards, we will seek to place reliance on the work of internal audit.

Arrangements for securing Economy, Efficiency and Effectiveness

- ▶ We adopt an integrated audit approach such that our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

2. Financial Statement Risks

We outline below our assessment of the financial statement risks facing Bracknell Forest Council, identified through our knowledge of the Council's operations and discussion with members and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
<p>We identify and respond to this fraud risk on every audit engagement.</p> <p>As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; ▶ reviewing accounting estimates for evidence of management bias; and ▶ evaluating the business rationale for significant unusual transactions.

Significant risks (including fraud risks)**Our audit approach****National Non-Domestic Rates (NNDR) ratetable value appeals provision**

The Business Rates Retention Scheme came into force on 1 April 2013. Under the scheme a proportion of the business rates collected by councils will be retained locally and the balance paid over to central government.

The level of NNDR paid on business property depends on its 'rateable value'. This is calculated by the Valuation Office Agency (VOA).

Where local businesses believe the current value for business properties is wrong they can:

- appeal to the VOA and ask them to correct details
- appeal the rates if the local business and the VOA can't agree. This appeal is heard by a valuation tribunal.

Where rating appeals are successful, monies to settle the appeals will come out of the Council's funds and will also impact on other local public bodies that precept on the Council. This includes not only claims from 1 April 2013 but also claims that relate to periods before the introduction of the business rates retention scheme. As appeals are to the Valuation Office, authorities may not be aware of the level of claims. Appeals can be speculative in nature and multiple appeals can be made against the same property and valuation on different grounds.

The potential cost of successful rateable value appeals could be significant to the Council. There is a high level of estimation uncertainty in determining an accurate provision for the cost in the financial statements.

In addition, the Council has generated a surplus of £6m on business rates. It will need to pay a £3m levy to the Government for this. Due to timing issues this will be accrued in the General Fund but not the Collection Fund.

We will seek to understand and assess the reasonableness of the Council's methodology in estimating any planned provision in respect of rateable value appeals outstanding at the balance sheet date.

This will involve consideration of both the completeness and accuracy of the data on the number of appeals outstanding and the basis for the assumptions made by the Council on the likelihood of success.

We will assess your proposed treatment of the levy.

Other risks**Our audit approach****Town centre development**

During 2013/14 Seymour House has been demolished. The Council is receiving enhanced terms on its lease for Ocean House in return.

We are discussing with officers the accounting treatment for this part of the development.

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may make reference to it in our reporting to you.

3. Economy, Efficiency & Effectiveness

Our work will focus on:

1. Whether there are proper arrangements in place for securing financial resilience at the Council; and
2. Whether there are proper arrangements in place at the Council to secure economy, efficiency and effectiveness in the use of resources.

We have not identified any significant risks to the value for money (VFM) conclusion. However, we have identified the following key areas that we will consider to support our VFM conclusion.

Other risks	Our audit approach	
Town centre development		
<p>The Council is a strategic partner in the development. The scheme has progressed in 2013/14 with demolition work in the town centre.</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Reviewing the Council's arrangements for managing its risks as the scheme progresses. ▶ Assessing the latest financial implications of the development for the Council
The Better Care Fund		
<p>The Council has a good track record of delivering its planned savings. However, in common with others, the Council will need to continue to deliver good quality services against a backdrop of growing demand and increased financial challenges.</p> <p>We have reported in the past that the Council needs to maintain an emphasis on strategic policy changes and longer –term savings programmes to shift the balance away from an annual round of identifying savings targets to balance the revenue budget. This theme was brought out by the peer review carried out by the Local Government Association in 2013.</p> <p>This will become ever more important as major changes to funding streams come into place. These include localisation of business rates and the introduction of the Better Care Fund (BCF)</p> <p>The BCF is a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities.</p> <p>It therefore offers a substantial opportunity to the Council to build on its existing partnerships with NHS commissioners and</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on the work being done by the Council to consider the potential impact of these significant changes including the BCF on both its service development, medium term financial planning and other underpinning arrangements to deliver change, such as its workforce planning and IT strategy.</p>

providers to bring resources together to address immediate pressures on services and lay foundations for a much more integrated system of health and care.

This will create both risks and opportunities for the Council. The funding of £3.8 billion is not new or additional money. £1.9 billion will come from clinical commissioning group (CCG) allocations (equivalent to around £10 million for an average CCG) in addition to NHS money already transferred to social care.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice (the Code), dated March 2010, our principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Council's:

- i) financial statements; and
- ii) arrangements for securing economy, efficiency and effectiveness in its use of resources.

We issue a two-part audit report covering both of these objectives.

i) Financial Statement Audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO, to the extent and in the form required by them, on your Whole of Government Accounts return.

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible, we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ arrangements for securing economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

4.2 Audit process overview

Processes

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Business rates
- ▶ Council tax
- ▶ Cash and bank (Cash receipting)
- ▶ Housing benefits and council tax reduction

- ▶ Payroll

To the fullest extent permissible by auditing standards, we will seek to place reliance on the work of Internal Audit to test controls in its annual programme of work.

We have also identified the following key processes that we will test substantively post year-end:

- ▶ Property, Plant and Equipment
- ▶ Pensions
- ▶ Treasury management
- ▶ Financial Statements Close Process

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular for payroll and journal entries. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance & Audit Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

Use of experts

We will utilise specialist EY resource, as necessary, to help us to form a view on judgments made in the financial statements. Our plan currently includes the involvement of specialists in pensions and property, plant and equipment valuations.

Mandatory procedures required by auditing standards

In addition to the financial statement risks outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

- ▶ Addressing the risk of fraud and error.
- ▶ Reviewing significant disclosures included in the financial statements.
- ▶ Assessing the effectiveness of entity-wide controls.
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.
- ▶ Maintaining auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO.
- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Council's corporate performance management and financial management arrangements and reporting on these arrangements.

4.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition.

We have not yet finalised our overall materiality for the Council's financial statements, but this will be set in the range of between £2.7 million and £5.4 million based on 1% - 2% of gross operating expenditure. We will communicate our final materiality levels to members at a future Committee meeting.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

4.4 Fees

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act 1998 in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of the Council is £138,564.

4.5 Your audit team

The engagement team is led by Helen Thompson, who has significant experience of the Council. Helen Thompson is supported by Catherine Morganti who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the chief accountant.

4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government accounts; and the deliverables we have agreed to provide to you through the Governance and Audit Committee cycle in 2014. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide progress reports to each meeting of the Governance and Audit Committee and will provide a formal report detailing the results of our 2013/14 audit to the September meeting of the Committee. From time to time matters may arise that require immediate communication with the Governance and Audit Committee and we will discuss them with the Committee Chairman as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	November	Audit Fee Letter
Risk assessment and setting of scope of audit	January – March	Audit Plan
Testing of routine processes and controls	March – April	Audit Plan
Year-end audit	July - September	<ul style="list-style-type: none"> ▶ Report to those charged with governance ▶ Audit report on the financial statements and value for money conclusion ▶ Audit Completion certificate ▶ Whole of government accounts
Reporting	October	Annual Audit Letter
Grant Claims	September – December	Annual certification report



In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However, we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Self- interest threats

A self interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Non audit services provided in 2013/14

Wokingham, Bracknell Forest & Reading Councils have asked EY to continue to provide services which include financial analysis in respect of its on-going discussions on with FCC Environment (previously named Waste Recycling Group) in respect of the Central Berkshire Waste PFI.

In addition we have provided advice concerning the VAT aspects of the Bracknell town centre Development Agreement.

We assessed these proposals against the potential threats set out above and concluded there were no threats, and appropriate safeguards had been put in place. The assessment was shared with the Audit Commission which provides a regulatory role in relation to safeguarding the independence and objectivity of auditors. The Audit Commission also concluded that appropriate safeguards were in place, and the work did not pose an independence threat.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified. We therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, your audit engagement director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 28 June 2013 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2013>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2013/14 £'000	Actual Fee 2012/13 £'000	Explanation of variance
Total Audit Fee – Code work	138,564	138,564	
Certification of claims and returns*	39,400	51,201	For 2013-14, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2011-12. The fee set is lower than 2012-13 to reflect the changes in the grants regimes. In addition the 2012-13 fee includes a scale fee variation of £2,601 approved by the Audit Commission for additional work on the housing benefit and council tax benefit claim.
Non-audit work			
Central Berkshire Waste PFI -	15,333	24,000	Less work was carried out in 2013-14
VAT advice	4,600	0	

**Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.*

The agreed fee presented above is based on the following assumptions:

- ▶ The level of risk in relation to the audit of the financial statements is consistent with that in the prior year;
- ▶ We are able to place reliance as planned on the work of internal audit;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are provided in line with our agreed timetable, are of a good quality, consistent with the accounts provided for audit, and are reviewed by an appropriate officer;
- ▶ Prompt responses are provided to our draft reports;
- ▶ An effective control environment operates for the whole of the financial year;

- ▶ No significant changes are made by the Audit Commission to the use of resources criteria on which our conclusion will be based;
- ▶ Our accounts opinion and use of resources conclusion being unqualified.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance.

There are certain communications that we must provide to the Governance and Audit committee of audited clients. These are detailed here:

Required communication	Reference
Planning and audit approach	
Communication of the planned scope and timing of the audit including any limitations.	Audit Plan
Significant findings from the audit	
<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Report to those charged with governance
Misstatements	
<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	Report to those charged with governance
Fraud	
<ul style="list-style-type: none"> ▶ Enquiries of the Governance & Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Report to those charged with governance
Related parties	
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Report to those charged with governance
External confirmations	
<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Report to those charged with governance
Consideration of laws and regulations	
<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off 	Report to those charged with governance

Required communication	Reference
<ul style="list-style-type: none"> ▶ Enquiry of the Governance & Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan</p> <p>Report to those charged with governance</p>
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>Report to those charged with governance</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Report to those charged with governance</p>
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<p>Audit Plan</p> <p>Report to those charged with governance and Annual Audit Letter if considered necessary</p>

EY | Assurance | Tax | Transactions | Advisory

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TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014

INTERNAL AUDIT PLAN 2014/15
Head of Audit and Risk Management

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to set out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2014/15.

2 RECOMMENDATION

- 2.1 That the Governance and Audit Committee approve the Internal Audit Plan for 2014/15 attached at Appendix A.**

3 REASONS FOR RECOMMENDATION

- 3.1 To ensure that the Council meets its statutory responsibilities for internal audit.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There is no alternative option.

5 SUPPORTING INFORMATION

Internal Audit Requirements

- 5.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2011. The latter states that authorities must "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls in accordance with the proper internal audit practices". The Council delegates its statutory responsibilities for the provision of the internal audit service under the Accounts and Audit (England) Regulations 2011 to the Borough Treasurer.

- 5.2 More specifically, Internal Audit aims to: -

- satisfy the legal requirements of a Local Authority Internal Audit Service and provide an annual opinion on the adequacy of the Council's control environment;
- comply with Public Sector Internal Audit Standards;
- examine, evaluate and report independently and objectively on the adequacy of management's arrangements to secure the proper use of resources (economy, efficiency and effectiveness);
- assist management in achieving its objectives, managing its risks and establishing and maintaining adequate systems of internal control;
- assist management, where appropriate, in the investigation of alleged fraud, theft, corruption or other irregularity; and

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- ensure External Audit can continue to place reliance on Internal Audit's work, to avoid duplication and minimise audit fees.
- 5.3 Internal Audit provides independent assurance on the control environment but for Internal Audit to provide full assurance on all activities and transactions across the organisation, the Council would need to commit significantly more resources to internal audit services than is realistically available. Historically, the Council has taken the view that spend on internal audit should be limited to only what is necessary to undertake sufficient audit work to enable an annual evidence based opinion to be given. In the current financial climate that approach has and will be maintained. Full assurance could only ever be achieved by checking every transaction and this would not deliver value for money. Internal Audit's work is planned so that Members and Officers can rely on Internal Audit to detect significant control weaknesses for the areas audited and transactions sampled and is hence directed to areas of greatest risk.
- 5.4 Managing the risk of fraud and corruption is the responsibility of managers. Internal Audit will however be alert in all its work to the risk of fraud and corruption. In addition, a number of probity audits are included in the Plan to provide assurance over the proper administration of the Authority's activities. In drawing up the annual Internal Audit Plan, focus has been placed on ensuring there is coverage of areas where there is potential risk of internal or external abuse of processes for fraudulent purposes.

Development of the Annual Internal Audit Plan

- 5.4 Given the finite resources available to spend on internal audit, the Internal Audit Plan to optimise the limited resources available to provide assurance on the control environment and is largely risk driven to ensure that the audit resources available are targeted to focus on those areas of the Council's business that have the greatest influence on the achievement of the Council's Medium Term Objectives and address strategic risks to the achievement of those objectives. The Head of Audit and Risk Management will give a short presentation explaining this process to the Committee.

Resourcing Delivery of the Audit Plan

- 5.12 Delivery of the audits in the Council's internal audit plan is outsourced. Internal audit services are delivered via two main sources. The main provider, Mazars Public Sector Internal Audit Limited (formerly part of Deloitte & Touche Public Sector Internal Audit Limited) is expected to deliver approximately two thirds of the 2014/15 internal audit reviews under a contract for services which commenced on 1st April 2012. Whilst a small proportion of audits are carried out in-house, the bulk of the remaining one third of the Annual Internal Audit Plan audits will be undertaken by Reading Borough Council Internal Audit Services and Wokingham Borough Council Internal Audit Services through an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add.

Borough Treasurer

6.2 The Annual Internal Audit Plan will be managed within the available budget.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 Robust internal audit arrangements are an important part of effective risk management. Audit plans should be targeted to areas of greatest risk to the Council and individual internal audit reviews should focus on controls in place to mitigate risk and highlight any gaps in assurance.

7 CONSULTATION

Principal Groups Consulted

7.1 The Chief Executive, Borough Treasurer, Directors and Chief Officers at the Council, the Council's external auditors and the Council's internal audit services contractors (Deloitte).

Method of Consultation

7.2 The development of the Annual Internal Audit Plan for 2014/15 has involved extensive consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. This was based on one to one meetings with the Chief Executive, Borough Treasurer, Directors and chief officers followed by discussions at the Corporate, Departmental Management and Operational IT Management teams. Feedback was also sought from Deloitte as our key internal audit service provider and from our external auditors, Ernst & Young. Feedback on the content of the draft Plan and timing of audits has been taken into account in the Plan attached at Appendix A.

Representations Received

7.3 Not applicable.

Background Papers

Strategic Risk Register

Public Sector Internal Audit Standards

Contact for further information

Sally.hendrick@bracknell-forest.gov.uk

01344 352092

SUMMARY OF ANNUAL INTERNAL AUDIT PLAN 2014/15

AUDIT	DAYS BY QUARTER				TOTAL DAYS
	Q1	Q2	Q3	Q4	
CORPORATE SERVICES	54	45	100	26	225
ENVIRONMENT CULTURE AND COMMUNITIES	24	30	10	40	104
CHILDREN, YOUNG PEOPLE AND LEARNING	25	9	32	61	127
ADULT SOCIAL CARE, HEALTH AND HOUSING	35	12	32	22	101
COMPUTER AUDITS	10	11	39	20	80
TOTAL	148	107	213	169	637

CORPORATE SERVICES

CORPORATE SERVICES	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key Fin. System	Link to Strategic Risks	Probity	Governance
COUNCIL WIDE									
Corporate Charge Cards	5	0	0	5	0			✓	✓
Officers expenses	5	0	5	0	0			✓	✓
Procurement	20	0	0	0	20			✓	✓
DBS checks excl schools	20	20	0	0	0		✓	✓	✓
Capital & Fixed Assets	7	0	0	7	0		✓		
CORPORATE SERVICES WIDE	2	0	2	0	0			✓	✓
Hospitality registers (looked at by dept)									
FINANCE	10	0	0	10	0	✓	✓	✓	
Budgets/Budgetary Control									
Cash Management	10	0	0	10	0	✓	✓	✓	
Treasury Management	5	0	5	0	0	✓	✓	✓	
Creditors	10	0	0	10	0	✓	✓	✓	
Debtors	10	0	0	10	0	✓	✓	✓	
Main Accounting inc recs	15	0	15	0	0	✓	✓	✓	
Payroll	15	0	0	15	0	✓	✓	✓	
NHS Pension Scheme Assurance	2	2	0	0	0				✓
Insurance	5	5	0	0	0			✓	✓
DEMOCRATIC SERVICES	7	0	0	7	0			✓	✓
Members Allowances & Expenses									
LEGAL	5	0	5	0	0		✓		✓
Data protection									
PROPERTY SERVICES	7	0	7	0	0		✓	✓	✓
Surveying Services									
Commercial Properties inc.	10	10	0	0	0		✓	✓	✓

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CORPORATE SERVICES	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key Fin. System	Link to Strategic Risks	Probity	Governance
Rents and estates management									
CUSTOMER SERVICES	10	0	0	10	0	✓	✓	✓	
Council Tax									
Business Rates	10	0	0	10	0	✓	✓	✓	
HUMAN RESOURCES	10	10	0	0	0		✓		✓
Health & Safety									
FRAUD AWARENESS	5	2	1	1	1			✓	✓
CONTINGENCY	20	5	5	5	5	✓	✓	✓	✓
TOTAL	225	54	45	100	26				

ENVIRONMENT CULTURE AND COMMUNITIES

ECC	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key Fin. System	Link to Strategic Risks	Probity	Governance
ECC WIDE									
Reconciliations	5	0	5	0	0	✓		✓	
Hospitality registers	2	0	2	0	0			✓	✓
LEISURE	5	0	0	0	5			✓	
Library Central processes(incl stock control)									
Coral Reef	7	0	7	0	0		✓	✓	✓
Easthampstead park Conference Centre	7	0	7	0	0		✓	✓	✓
Leisure cash spot checks	3	0	0	0	3		✓	✓	
PLANNING AND TRANSPORT	15	0	0	0	15		✓		
S106/ CIL									
Public Transport (following Bus Strategy)	10	0	0	10	0		✓	✓	✓
Building control and land charges	5	5	0	0	0		✓		
ENVIRONMENT AND PROTECTION	5	5	0	0	0		✓	✓	✓
Car Parking- follow up									
Cemetery & Crematorium	7	7	0	0	0		✓	✓	
Highways Management	10	0	0	0	10		✓	✓	✓
Waste Collection	7	0	7	0	0		✓	✓	✓
Open for Business – Regulatory Services	7	0	0	0	7		✓		✓
GRANTS	1	1	0	0	0				✓
Bus Operators Grant									
Sustainable Transport Grant	1	1	0	0	0				✓
Better Bus Grant	1	1	0	0	0				✓
Integrated highways/transport block funding capital grants	4	4	0	0	0				✓
Pinch Point Grant	2	0	2	0	0				✓
TOTAL	104	24	30	10	40				

CHILDREN, YOUNG PEOPLE AND LEARNING

CYPL	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key fin. system	Link to strategic risks	Probity	Governance
CYPL WIDE									
CYPL Hospitality Registers	2	0	2	0	0			✓	✓
PERFORMANCE & RESOURCES School Funding	7	7	0	0	0		✓		
SCHOOLS Ascot Heath CE Junior	4	0	0	0	4		✓	✓	✓
Birch Hill Primary	4	0	0	0	4		✓	✓	✓
College Town Infants	4	0	0	0	4		✓	✓	✓
College Town Junior	4	0	0	0	4		✓	✓	✓
Crownwood Primary	4	0	0	0	4		✓	✓	✓
Foxhill Primary	4	0	0	0	4		✓	✓	✓
Garth Hill	6	0	0	0	6		✓	✓	✓
Harmanswater Primary	4	0	0	0	4		✓	✓	✓
Holly Spring Junior	4	0	0	4	0		✓	✓	✓
Owlsmoor Primary	4	0	0	4	0		✓	✓	✓
St Joseph's RC Primary	4	0	0	4	0		✓	✓	✓
St Michael's Sandhurst CE Primary	4	0	0	4	0		✓	✓	✓
St Michael's E'hampstead CE Primary	4	0	0	4	0		✓	✓	✓
Warfield CE Primary	4	4	0	0	0		✓	✓	✓
Wildmoor Heath	4	0	0	0	4		✓	✓	✓
School contingency	6	0	0	0	6		✓	✓	✓
Procurement in Schools follow up	10	0	0	0	10		✓	✓	✓
LEARNING AND ACHIEVEMENT Life Long Learning	2	2	0	0	0			✓	✓
Pupil referral services exc PRU	5	0	5	0	0			✓	✓
SEGL	5	0	0	0	5			✓	✓
SOCIAL SERVICES After/Leaving Care Team	7	7	0	0	0		✓	✓	✓
Direct Payments	5	0	0	5	0		✓	✓	✓
Larchwood Unit	5	0	0	5	0		✓	✓	✓
Monies in Trust Looked After Children	5	5	0	0	0		✓	✓	✓
GRANTS Troubled Families	6	0	2	2	2				✓
	127	25	9	32	61				

ADULT SOCIAL CARE, HEALTH AND HOUSING

ASCHH	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key fin. system	Link to strategic risks	Probity	Governance
ASCHH Wide Hospitality registers	2	0	2	0	0			✓	✓
Performance Financial Assessments & Benefit Checks	7	7	0	0	0		✓	✓	
Controccc payments and receipts	7	0	0	0	7	✓	✓	✓	
Deputyships & Appointees	5	0	0	0	5		✓	✓	✓
OLDER PEOPLE Older people and long term conditions	10	0	0	0	10		✓	✓	✓
Heathlands – residential & day services	7	7	0	0	0		✓	✓	✓
Bridgewell Unit	7	0	0	7	0		✓	✓	✓
ADULTS AND JOINT COMMISSIONING Direct payments	10	0	0	10	0		✓	✓	✓
Learning Disability Provider Service	7	7	0	0	0		✓	✓	✓
HOUSING Housing and Council Tax Benefits	15	0	0	15	0	✓	✓	✓	
Housing Applications etc. RBC	10	0	10	0	0		✓	✓	✓
Housing Rents and Deposits	7	7	0	0	0		✓	✓	✓
Forestcare	5	5	0	0	0		✓		
PUBLIC HEALTH Public health grant	2	2	0	0	0		✓		✓
Total	101	35	12	32	22				

COMPUTER AUDITS

COMPUTER AUDITS	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Key fin. system	Link to strategic risks	Probity	Governance
CORPORATE SERVICES PCI compliance	5	0	5	0	0		✓		✓
PSN	5	5	0	0	0	✓	✓		
Mobile devices	5	0	0	5	0		✓		
Network infrastructure	15	0	0	0	15	✓	✓		
Remote working	7	0	0	7	0		✓		
ICT Helpdesk	6	0	6	0	0		✓		
ENVIRONMENT CULTURE AND COMMUNITIES Library IT System	5	0	0	5	0		✓		
E+ card and system (IT/ general audit)	12	0	0	12	0		✓	✓	✓
Leisure Management System	5	0	0	0	5		✓		
CHILDREN, YOUNG PEOPLE AND LEARNING Information security in schools follow up	10	0	0	10	0		✓		✓
Schools back-ups	5	5	0	0	0		✓		
TOTAL	80	10	11	39	20				

Unrestricted

TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014

RISK MANAGEMENT STRATEGY
Head of Audit and Risk Management

1 PURPOSE OF REPORT

- 1.1 This report presents the updated Risk Management Strategy to the Governance and Audit Committee for approval.

2 RECOMMENDATION

- 2.1 **That the Governance and Audit Committee review and agree the Risk Management Strategy for 2014/15 at Appendix A.**

3 REASONS FOR RECOMMENDATION

- 3.1 To ensure that the Risk Management Strategy is consistent with current procedures and focuses on the relevant priorities for risk management.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The decision could be taken to not update the Strategy but it would then not reflect progress made in embedding risk management, would be inconsistent with current procedures for managing risk and would not include the present risk management priorities.

5 SUPPORTING INFORMATION

Risk Management Strategy

- 5.1 The Risk Management Strategy was last approved by the Governance and Audit Committee on 25th September 2012. It has now been updated to reflect current best practice and the Council's priorities for embedding risk management. The amount of risk that the Council is exposed to impacts on the level of reserves and balances required to ensure there are adequate resources to deliver our objectives. The updated Strategy places greater emphasis on risk appetite which is the amount of risk the Council is actively willing to pursue and risk tolerance which is the maximum amount of risk that the Council can deal with if necessary and includes as a priority the need to identify our risk appetite and tolerance levels.

5.2 The current priorities as set out in the Strategy can be summarised as follows:

1.	To review the risk appetite and risk tolerance for strategic risks
2	To update the Risk Management Toolkit and re-launch across the Council.
3.	To identify the key potential fraud risks and mitigating controls across all directorates and assess adequacy of controls and residual risk
4.	To carry out a test exercise on the Disaster Recovery Plan.

5.3 Feedback was sought on the updated Strategy from Strategic Risk Management Group (SRMG) and the Corporate Management Team (CMT). All comments received have been incorporated in the updated Strategy attached at Appendix A for the Governance and Audit Committee to review and approve.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

6.1 Nothing to add

Borough Treasurer

6.2 The Council's approach to risk management has a direct impact on the minimum level of reserves and balances that it needs to maintain to ensure it remains financially sound. In the current financially challenging climate, the implementation of an effective risk management strategy will ensure that resources can be directed towards the provision of front line services, rather than held in reserve to deal with the potential consequences of unmitigated risks.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 An up to date Risk Management Strategy setting out the current priorities for embedding risk management is essential for setting out the direction for effective risk management at the Council.

7 **CONSULTATION**

Principal Groups Consulted

7.1 The principal groups consulted were CMT and SRMG.

Method of Consultation

7.2 The draft updated Risk Management Strategy was reviewed at the SRMG on 13th March and by the CMT on 19th March 2014. All amendments suggested have been included in the Strategy attached at Appendix A.

Contact for further information

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Doc. Ref
Risk Management Strategy 14-15

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BRACKNELL FOREST BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

The Framework for Managing Opportunity and Risk

VERSION	DATE	APPROVED BY
Version 1	29/11/2011	Governance and Audit Committee
Version 2	1/4/2014	

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BACKGROUND

The Council has developed its Vision "To make Bracknell Forest a place where all people can thrive; living, learning and working in a clean, safe and healthy environment." To reflect local needs based on the Borough's population demographic, the following six Priorities for delivering this Vision have been identified:

Priority 1: A Town Centre fit for the 21st Century

Priority 2 : Protecting and enhancing our environment

Priority 3 :Promoting health and achievement:

Priority 4:Create a Borough where people are, and feel, safe

Priority 5: Provide Value for Money

Priority 6: Sustain economic prosperity

The Council recognises that we live in an uncertain world, where the people, environment and communities of Bracknell Forest may be at risk: To help deliver our corporate and future objectives we must ensure that the management of risk is embedded in the day to day operation of the Council.

RISK MANAGEMENT

Risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. The event may be foreseeable but one over which the Council has little or no control other than to manage or mitigate its impacts. It can be a positive (an opportunity) or negative (a threat). The Council recognises that as an organisation accountable to the public we have a duty to manage risks. Risk Management is a framework by which the Council can view, manage and respond to risk, both threats and opportunities, in a robust, systematic and documented way. It is about making the most of opportunities by making the right decisions and about achieving objectives once those decisions are made through

controlling, transferring and living with risks.

AIMS AND OBJECTIVES OF THE RISK MANAGEMENT STRATEGY

The Risk Management Strategy provides focus by clarifying the Council's policy, priorities and approach to identifying and minimising those risks that might hinder the Council in meeting its Vision.

Staff, residents and partners will be better informed about the role of the Council, the direction of travel and the sought after outcomes. This will help the Council and partners deliver a better service to residents, and increase the ability of residents to be involved in the work of the Council.

BENEFITS OF RISK MANAGEMENT

Effective risk management improves strategic, operational and financial management, continuity of knowledge and information management processes, improved statutory compliance, meeting best practice and ultimately improving the services we deliver.

Successful implementation of Risk Management will produce many benefits for the Council if it becomes a living tool. Figure 1 below sets out just a few of the benefits to be gained:

FIGURE 1. BENEFITS OF EFFECTIVE RISK MANAGEMENT



RISK MANAGEMENT POLICY STATEMENT

The Council is committed to adopting best practices in the identification, evaluation and control of risks in order to:

- strengthen the ability of the Council in achieving its vision, priorities, underlying principles and objectives and enhance the value of the services it provides;
- enable Members and senior management to make the best informed decisions based on full knowledge of all known threats and opportunities;
- heighten the understanding of all the positive risks (opportunities) as well as negative risks (threats) that the Council faces;
- help enable the Council to be less risk adverse
- integrate and embed proactive risk management into the culture of the Council;
- manage risks cost-effectively and to an acceptable level;
- reduce the risk of injury and damage;
- protect the Council's reputation;
- help secure value for money;
- enhance partnership and project working; and
- raise awareness of the need for risk management.

In terms of the basic principles which underpin our approach to risk management, it is the Council's policy to ensure that:

- There is a single corporate approach to risk management which is adopted consistently by services, projects and partnerships;
- The roles and responsibilities for risk management are

clearly defined, communicated and understood by all staff;

- Risk assessments are undertaken as part of all strategic decision-making;
- Risk assessment is an integral part of the corporate and service planning process;
- Risks are identified, evaluated and recorded;
- Risks the Council faces are managed by implementing measures to avoid, reduce and control them to within the Council's risk tolerance level;
- Actions plans to address risks are documented and fit for purpose;
- Collaborative arrangements are subject to risk assessments
- Projects and programmes manage risk throughout their life cycles in line with the corporate programme and project management approaches.

The Council's Strategic Risk Management Group is responsible for the implementation of a unified risk management strategy, the promotion of risk awareness and the monitoring of the effectiveness of risk management measures undertaken.

This policy requires officers and all elected Members to take responsibility for the identification, control and mitigation of risk to minimise the possibility and impact of losses or disruption. Risk management is a continuous process that demands awareness and action. It is the responsibility of each Service Area to comply with the Council's Risk Management Policy and the corporate approach to risk management. Senior Managers are accountable for managing risks to which their area is exposed whilst all employees have duty to support the Council's initiative by managing risks within their control.

Figure 2



RISK MANAGEMENT FRAMEWORK

The Civil Contingencies Act 2004 places a duty on local authorities to assess the risk of emergencies occurring and use this to inform contingency planning.

In addition, the Accounts and Audit Regulations 2011 place a wider statutory duty on local authorities to have “a sound system of internal control which facilitates the effective exercise of the body’s functions and which includes arrangements for management of risk. The Council recognises that risk and risk management is a wider issue and in response to this has put in place a range of measures which feed into an overarching framework for managing threats and opportunities. The key elements of the risk management framework are shown in Figure 2.

KEY ELEMENTS OF THE RISK MANAGEMENT FRAMEWORK

Strategic Risk Management

Strategic risks are those risks that could potentially have a fundamental impact for the Council and its objectives and hence need to be owned and managed by the Corporate Management Team (CMT) and overseen by Members. These risks are included in the Strategic Risk Register. This Register is maintained by the Head of Audit and Risk Management and is reviewed and updated quarterly by the Strategic Risk Management Group (SRMG), twice a year by CMT and annually by the Executive and Governance and Audit Committee.

Update of the Strategic Risk Register is informed by the other risk registers in place across the Council as it is recognised that some service, project and collaborative arrangement risks may have the potential to impact on corporate objectives.

Operational Risk Management

Risks that are more appropriate to management at service level should be included in Directorate Risk Registers. These should be maintained within each directorate and reviewed on a regular basis, ideally once a quarter, by the Departmental Management Team (DMT) and should be made available to the Head of Audit and Risk Management to inform the Strategic Risk Register.

Project Risk Management

Project Managers should ensure that risk registers are in place for all major projects. These should be reviewed on

a regular basis throughout the lifecycle of the project as part of the project management process and should be made available to the Head of Audit and Risk Management to inform the Strategic Risk Register.

Collaborative Arrangements

In local government collaborative arrangements including, for example: contracts, strategic delivery partnerships, Joint Ventures, shared service arrangements and so on. Whilst such arrangements can bring significant benefits, they also bring threats and opportunities that must be managed. Risks should be monitored and reported throughout the life-cycle of the partnership arrangement in accordance with a formal documented approach and timetable agreed by all partners.

Risk Management in Reports for Decision

Reports for decision making should include an assessment of risk. Officers must consider any significant risks relating to the proposals contained in the report and provide details of these in the Strategic Risk Management Issues Section together with any action being taken to mitigate these risks.

Health and Safety

The Corporate Safety Team provides support, assistance and guidance to managers on a wide range of health and safety issues. This is achieved mainly via a programme of audits, development of procedures and best practice, proactive project work, promotion and awareness, attendance at a variety of meetings and accident and incident investigation.

Business Continuity

The Council has a statutory duty under the Civil Contingencies Act 2004 to have business continuity plans and ensure they are maintained, exercised and reviewed.

Business continuity management is a process that helps manage risks and ensures the smooth running of an organisation or delivery of a service.

Our plans ensure that we can respond to a significant interruption to key services and continue to provide critical functions. Corporate and departmental plans are now in place for the Council with departmental leads identified to coordinate the planning process and in the event of need.

In order to be successful, business continuity must be regarded as an integral part of our organisation's normal ongoing management processes therefore ownership and responsibility for ensuring effectiveness of the process rests with the Strategic Risk Management Group and is administered in Emergency Planning.

Emergency Planning

The Civil Contingencies Act 2004 requires each local authority to work with other agencies in order to plan, prepare, respond to and recover from emergencies in the community.

The objectives of Emergency Planning, as defined by the Bracknell Forest Council Emergency Planning framework, are to:

- save life
- prevent escalation of an emergency.
- relieve suffering.
- safeguard the environment.
- protect property.
- continue to maintain services at an appropriate level.
- inform the public.
- promote self help and recovery.

- restore normality as soon as possible.
- evaluate the response and identify lessons to be learned.
- facilitate criminal investigations or other inquiries.

The emergency planning function identifies the procedures and organisation necessary to ensure the provision, mobilisation and co-ordination of Bracknell Forest Council services and resources when dealing with an emergency. This is achieved through a program of training and exercising so that staff are prepared.

Public Health

Responsibility for improving health and minimising the risk and impact of illness in the local population was transferred to the Council with effect from 1 April 2013 under the Health and Social Care Act 2012. The Act also placed responsibility on the Council to provide public health advice and intelligence to the local Clinical Commissioning Groups and NHS England for the commissioning of health services to meet local needs.

Insurance

The purpose of insurance is to provide financial protection against specified contingencies such as injury, damage, or loss. However, the availability of insurance is no substitute for good risk management. By managing risk effectively, service managers can minimise the number and severity of losses and subsequent insurance claims.

The Insurance Section provides specialist expertise in all areas of insurance practice, assisted by external insurance brokers and consultants. This includes:

- Identification of risks to be covered by the purchase of insurance from an external provider
- The maintenance of all insurance databases, including detailed

information in respect of claims and losses, together with the production of appropriate reports to service managers and the Strategic Risk Management Group.

- Giving information and advice to the Council's service managers on insurance matters, including potential risks and liabilities which may need to be considered.
- The processing of insurance claims made on behalf of or brought against the Council, including working with the Council's Insurance Brokers, insurance companies, loss adjusters or solicitors, as appropriate.
- Advise on a funding strategy and management of internal insurance schemes.
- Providing a range of dedicated insurance covers and services for schools.

Reserves and Balances

Reserves and balances provide a financial safety net enabling the Council's services to be maintained following an unexplained event. The level of reserves and balances is linked directly to risk. In short, the greater the unmitigated risks, the more the Council needs to retain in reserves and balances.

Internal Audit of Controls

The responsibility for putting in place satisfactory internal controls to protect assets and maintain effective stewardship of public monies rests with managers.

The Council is required under the Accounts and Audit (Amendment)(England) Regulations to maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control. Internal audit is an assurance function that feeds into the

risk management framework in providing an independent and objective opinion to the organisation on the adequacy of the control environment. Internal Audit identifies weaknesses in controls and patterns of non-compliance and raises recommendations for improvement in action plans agreed with management.

External Audit and Inspections

External audit provides further assurance on the Council's stewardship of public monies by reporting on the arrangements put in place to ensure the proper conduct of the Council's financial affairs.

The Council's schools and services are subject to inspections by external bodies such as OFSTED and the Care Quality Commission. External inspections provide independent assurance on the effectiveness of risk management, particularly the safeguarding of children and vulnerable adults.

RISK MANAGEMENT PROCESSES

The Council has in place a methodology for evaluating risks using a five by five scoring system as set out in Figure 3. These are then analysed as low risk to the Council (shaded green) where no action is required and medium risks (shaded amber) and high risks (shaded red) both of which need to be managed and monitored. Greatest effort needs to be focussed on the red risk which have a higher likelihood of materialising and a greater impact should this arise.

Figure 3

Likelihood	5						LIKELIHOOD: 5 Very High 4 High 3 Significant 2 Low 1 Almost Imp
	4						
	3						
	2						
	1						
		1	2	3	4	5	
	Impact					IMPACT: 5 Catastrophic 4 Critical 3 Major 2 Marginal 1 Negligible	

Detailed guidance on identifying and scoring risks in line with the methodology is set out in a separate Risk Management Toolkit.

RISK APPETITE AND TOLERANCE

Whilst our scoring methodology enables the Council to highlight the key risks to the achievement of its objectives, the Institute of Risk Management (IRM) has sought to refine its guidance on assessing capacity for risk to enable organisations to determine the nature and extent of risk it is willing to take. The IRM considers risk in terms of:

Risk Universe

The full range of risk that could impact, either positively or negatively, on the ability of an organisation to achieve its long term objectives.

Risk Appetite

Risk appetite is about the pursuit of risk. It is the amount of risk that an organisation is willing to seek or accepts in order to meet its long term objectives.

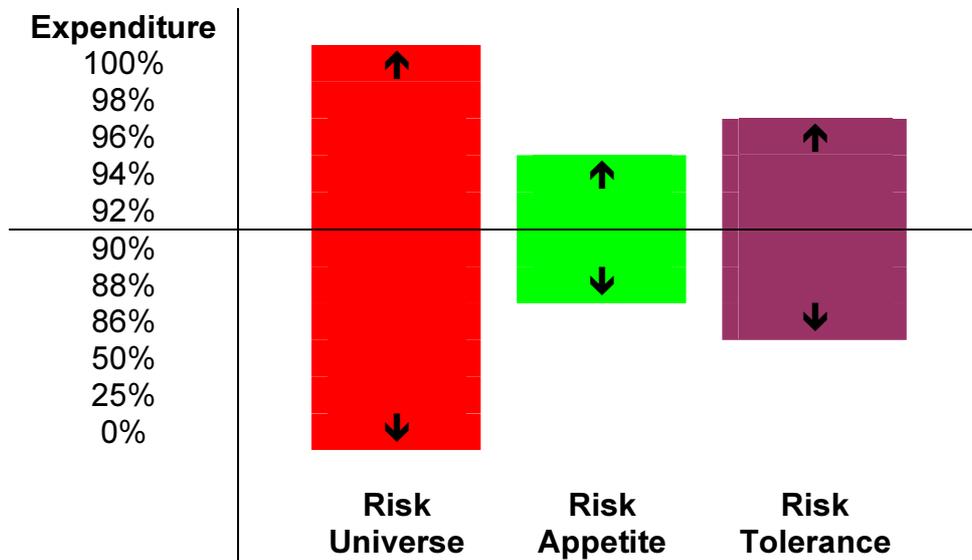
Risk Tolerance

This is the maximum amount of risk that an organisation can deal with and is generally greater than the risk appetite. In many cases an organisation can, if necessary, cope with more risk than it considers prudent to pursue.

The example below in Figure 2 illustrates below.

For example, NE Borough Council has a target of responding to all correspondence within 5 days. Figure 2 shows that depending on resources allocated, the range of performance against the target could be anything from 100% to 0%. This range is deemed the risk universe. The Council is aiming to dedicate enough resources to ensure the target is achieved at any point in the range 88% to 94% of cases. This is the Council’s risk appetite. However, if pressure on resources requires it, the Council is prepared to let performance fall to as low as 86% and is potentially able to re-allocate enough resources to achieve the target in up to 96% of cases. This is the risk tolerance.

Figure 2



The IRM notes that each risk would have its own appetite and tolerance levels. The ongoing financial pressures in local government have led to councils reviewing the means by which they deliver services such as increased use of collaborative arrangements. Given this factor, it would be beneficial to refine our risking to identify the risk appetite and risk tolerance for our major risks to better inform our decision making processes.

RISK MANAGEMENT PRIORITIES FOR 2014/15

The following four key priorities for 2014/15

1.	To review the risk appetite and risk tolerance for strategic risks
2	To update the Risk Management Toolkit and re-launch across the Council.
3.	To identify the key potential fraud risks and mitigating controls across all directorates and assess adequacy of controls and residual risk
4.	To carry out a test exercise on the Disaster Recovery Plan.

RISK MANAGEMENT ROLES AND RESPONSIBILITIES

APPENDIX 1

Executive

- The Executive will be presented with an updated Strategic Risk Register at least once a year for consideration and approval;
- Significant changes to strategic risks and key progress on actions to address them will be summarised in the quarterly Corporate Performance Overview Report (CPOR) considered by the Executive;
- Members will be expected to attend any appropriate training to ensure they have a sound understanding of the risk management process within the Council and adequate knowledge of risk management to perform their various roles; and
- Risk management considerations should be assessed on each report presented to Members, in the same way as financial and legal implications.

Lead Member for Risk Management

- A Member "Lead" for risk management will be nominated by the Leader;
- The role of Lead Member will include promoting the application of risk management and related training to Members;
- The Lead Member will promote robust risk management in decision making by Members;
- The use of risk assessments within reports for decision making will be encouraged by the Lead Member; and
- The Lead Member will promote robust risk management reporting

- to the Executive and Governance and Audit Committee.

Members

- Take reasonable steps to consider the risks involved in the decisions taken by them
- Have an understanding of the risks facing the Council and the Borough.

Governance and Audit Committee

- Changes identified as part of CMT's annual review of the Risk Management Strategy and Guidance incorporating the Risk Management Policy will be considered by the Governance and Audit Committee;
- The Governance and Audit Committee will be responsible for monitoring the adequacy of the governance arrangements, including risk management processes, to ensure that the Council is complying with its statutory and regulatory obligations;
- On an annual basis the Governance and Audit Committee will review and approve the Annual Governance Statement (AGS). The AGS is an assessment of the effectiveness of the Council's governance arrangements during the previous financial year which includes review of risk management arrangements as an integral part of good governance;
- The Governance and Audit Committee will receive updates on risk management prepared by the Head of Audit and Risk Management;
- The Governance and Audit Committee will seek assurance

that officers are developing and progressing Action Plans to address risks;

- Members will be expected to attend any appropriate training to ensure they have sufficient knowledge of risk management to perform their role on the Governance and Audit Committee.

Chief Executive

The Chief Executive takes overall responsibility for risk management as head of paid service.

Borough Treasurer

- Acts as the Lead Officer for risk management;
- Chairs the Strategic Risk Management Group;
- Provides assurance to the Governance and Audit Committee and Governance Working Group on the adequacy of risk management arrangements
- Ensures there is adequate staff resource in place to maintain the Strategic Risk Register and provide central risk management support and advice;
- Promotes the application of risk management to CMT; and
- Ensure that a programme of training for officers is developed to facilitate the embedding of risk management throughout the organisation.

Corporate Management Team (CMT)

- The Risk Management Strategy and Guidance incorporating the Risk Management Policy will be reviewed annually by CMT;
- Risk management arrangements and initiatives proposed by the Head of Audit and Risk Management will be considered by and agreed with CMT;
- CMT will review the Strategic Risk Register twice a year;
- CMT will seek assurance that strategic and directorate

operational risks and actions to mitigate risk are identified and documented;

- Adequacy and progress of actions to address strategic risks will be overseen by CMT and recommendations made to relevant Directors where appropriate to address gaps in assurance;
- Recommendations will be made by CMT to the Head of Audit and Risk management where operational risks need to be escalated to the Strategic Risk Register;
- CMT will recommend any risk management issues to be reported to the Governance and Audit Committee; and
- CMT members will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their various roles

Directors/Chief Officers

- All Directors will promote risk management in their Departments and ensure that risks are properly assessed and managed at all levels in all their services;
- Each Director will ensure that there are adequate actions in place to mitigate strategic risks for which they are the risk owner;
- Directors will ensure that their directorates risk register is a complete and up to date record of all significant risks within their directorate consistent with the methodology in the Toolkit, that appropriate actions are identified to address these risks and that the register is reviewed quarterly by their DMT, updated to address changes in risks and progress in actions and copied to the Head of Audit and Risk Management;
- Each Director will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;

- Each Director will ensure that his/her representative on the Strategic Risk Management Group is at the appropriate level (i.e. an officer who sits on the directorate's DMT) and that they contribute actively to the Group's activities and within the Department on all risk management issues;
- Directors will ensure that reports for decision making include an assessment of risk; and
- Risk management performance will be reflected in the competency frameworks.
- Each director will be trained and be an active member of the Council's Emergency Management Team (EMT) in order to effectively respond to an emergency situation or business disruption
- Directors will ensure the Corporate Health and Safety Policy and any guidance/procedures are implemented and managed effectively within their areas of responsibility

Strategic Risk Management Group (SRMG)

- The SRMG acts as a "Strategic Risk Board," taking the lead in updating the Strategy, reviewing the Strategic Risk Register and reporting to CMT and Members on progress on risk management;
- SRMG will oversee all aspects of risk affecting the Council including but not limited to the Strategic Risk Register, Health and Safety and Emergency Planning;
- The SRMG will seek to research good practice in risk management and to adopt appropriate good practice in the Council;
- SRMG members must act as the risk management champions in their own Departments and raise awareness of risk management;
- Terms of reference for SRMG are attached at Appendix 1.

Head of Audit and Risk Management

- The Head of Audit and Risk Management has a key role in ensuring that the Strategic Risk Register is up to date/comprehensive and that actions are being taken to address strategic risks;
- The Head of Audit and Risk Management also plays an important part in ensuring Departments have processes in place to identify and address significant operational and project risks;
- The Head of Audit and Risk Management will provide assurance on the risk management process and highlight necessary improvements;
- The risk management arrangements will be reviewed as required under the Internal Audit Plan;
- Internal Audit Plans must be risk-based, with strategic risks being prioritised when reviewing systems;
- Internal Audit reports must identify the perceived risks clearly and make SMART recommendations for mitigating or eliminating those risks.

Emergency Planning Manager:-

- To update and maintain the Council's Civil Emergency Plan and to provide the framework and coordinating role to its Business Continuity planning process to ensure the Council is able to respond at corporate level in the event of an emergency or critical incident;
- To report to SRMG quarterly on business continuity strategies, plans and procedures to ensure the organisation can respond to a business critical incident;
- To ensure coordination and training across all departments of

the Council to ensure the ability to implement plans;

- To ensure adequate liaison with all other appropriate agencies and neighbouring authorities in respect of their emergency response plans and the interaction with this Council; and
- To facilitate periodic training and testing of the plans.

Corporate Health and Safety Manager

- To advise and assist line managers throughout the Council's operation on matters relating to their duties and obligations under the provisions of the Health and Safety at Work etc Act 1974 and related legislation;
- To liaise with managers in investigating accidents and in carrying out risk analysis and safety audits and to produce reports as required;
- To provide a lead role in the production and maintenance of the Council's safety policy;
- To develop and implement action plans to reduce health and safety risks identified by risk assessments and inspections; and
- To report to SRMG on a six monthly basis on health and safety inspection visits and incidents reported and investigated.

The Chief Officer: Information Services

- The Chief Officer: Information Services advises CMT and SRMG on the risks associated with information technology and information security.

Insurance Officer

- Provide advice and guidance with regard to insurance requirements, indemnities and liabilities and ensure adequate insurance is put in place
- Work with the Council's insurer and provide claims management

and investigation services for claims made by and against the Council under its insurance policies.

- Manage the day to day use of the internal insurance fund for payment of self-insured losses

Legal Services

- To support officers in ensuring the Council meets its legal responsibilities by advising on statutory obligations;
- To provide legal advice on potential liabilities; and
- To advise on legal responsibilities connected with collaborative arrangements such as contracted out services and partnership agreements.

Public Health Team

- To promote health awareness and preventative measures to minimise the risk and impact of illness;
- -To work with Emergency planning in responding to consequences arising from public health emergencies such as infectious diseases, mass casualties or disruption to medical supplies.
- To provide advice and intelligence to the local Clinical Commissioning Group (CCG) who commission local NHS services to meet local health needs.

Heads of Service/Cost Centre Managers/Project Managers

- These managers are the experts on their services and projects and they must make regular and thorough risk assessments to identify significant strategic risks and mitigation where appropriate;
- Significant risks must be included in Directorate Risk Registers, Project Risk Logs and in any key decision report, report requesting budget provision or proposing

savings, changes to service levels etc.

- Risks must be monitored regularly and significant new or changed risks recorded ;
- Risk management topics should be on the agenda for team meetings regularly and at least quarterly. Project teams would expect to consider risk management at most, if not all, of their team meetings;
- Managers will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;
- Managers will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be included in competency frameworks.

Partnership Leads

- Partnerships Leads should ensure that partnerships comply with the Partnership Governance Toolkit which incorporates risk management responsibilities;
- Arrangements for risk management for each partnership must be agreed with the partners;
- There should be processes in place to review partnership risks and progress on risk action plans at least twice a year; and
- Procedures must be put in place for identifying partnership risks that have a Council wide impact and for reporting these to the Head of Audit and Risk Management

All Staff

- Staff will carry out risk assessments as appropriate;
- Draw to management's attention any risks to the achievement of day-to-day objectives that have not been identified previously so that these can be recorded and

action take to mitigate them where required;

- Will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be reflected in competency frameworks

Partners and Contractors

The Council expects third parties upon which it relies (including contractors, partners, associates and commissioned independents) to

- work safely, comply with all relevant health and safety legislation and have in place appropriate sources of health and safety advice and training; and
- Provide and evidence all Business Continuity procedures that relate to services provided and additional support that has been agreed

APPENDIX 2

STRATEGIC RISK MANAGEMENT GROUP TERMS OF REFERENCE

1. Object and Functions

The Strategic Risk Management Group shall make recommendations to CMT, the Governance and Audit Committee or any other committee of the Council on matters affecting or likely to affect the organisation's exposure to significant risk. The Strategic Risk Management Group shall:

- I. Be responsible for risk assessment matters that relate to Bracknell Forest Council's services, programmes, projects and/or to employees and all other people who may be affected by the Council's activities;
- II. Receive reports in respect of Health and Safety and Emergency and Business Continuity Planning,
- III. Receive and review updates of the Strategic Risk Register, receive reports on risk management and monitor the effectiveness of risk management policies and procedures;
- IV. Ensure that risk management becomes embedded across the Council; and
- V. Report quarterly to the Corporate Management Team (CMT).

2. Membership

The membership of the Strategic Risk Management Group shall be determined by CMT and shall include

- I. The Borough Treasurer;
- II. Representatives from each Directorate's DMT;
- III. The Council's Emergency Planning Officer;
- IV. The Corporate Health and Safety Manager;
- V. The Head of Audit and Risk Management;
- VI. The Chief Officer: Information Services; and
- VII. The Information Security Officer.

3. Chairman

The Group shall be chaired by the Borough Treasurer.

4. Meetings

The Group shall meet at least four times a year but a special meeting may be called if 24 hours notice is given in the case of emergency. All meetings shall be convened during normal working hours. Additional meetings shall be arranged if necessary as agreed by the Chairman.

5. Agendas

- I. All items should be submitted to the Secretary of the Group at least ten working days before the meeting for inclusion on the agenda.
- II. Each Member of the Group shall receive a copy of the agenda and papers at least three working days before the meeting.

6. Reporting

- I. Minutes of the meetings of the Group shall be documented as soon as possible after the meeting.
- II. Copies of minutes shall be circulated to all members of the Group
- III. The Borough Treasurer will ensure that the Strategic Risk Register considered by SRMG is reviewed by CMT at least twice a year.
- IV. The Borough Treasurer will ensure that regular updates on risk management are provided to the Executive and the Governance and Audit Committee.

TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014

**PROGRESS ON THE RECOMMENDATIONS OF THE INDEPENDENT REVIEW OF
TELEPHONE USAGE BY THE LEADER
Director of Corporate Services**

1 PURPOSE OF REPORT

- 1.1 An independent review was commissioned by the Borough Solicitor into the use of the Leader's mobile phone following a complaint from a member of the public. The outcomes were endorsed by the Governance and Audit Committee at their meeting on 28 January 2014 and a report was requested at the next meeting of the Committee of the progress being made on the implementation of those recommendations.

2 RECOMMENDATION

- 2.1 **That the Committee endorses the progress being made on the recommendations as set out in Section 5 of this report.**

3 REASONS FOR RECOMMENDATION

- 3.1 A report was requested on the progress of implementation of the recommendations for the next meeting of the Committee on 1 April 2014.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not applicable.

5 SUPPORTING INFORMATION

- 5.1 Following the January Committee meeting, the Director of Corporate Services, the Chief Officer: ICT and the Head of Democratic and Registration Services have been working to complete the implementation of the recommendations of the independent reviewer's report.

Guidance on usage of mobile phones for Members

- 5.2 *Recommendation 1 The current arrangements in place to give guidance; Bracknell Forest to review Mobile Phone Do's and Don'ts which should become part of the Telephony Standards and issued to all existing Council mobile phone users.*

The Mobile phone Dos and Don'ts have been reviewed and incorporated into the Telephony Usage Standards. This document has been revised to provide clear advice to officers and members on the usage of devices and has been reissued to all mobile phone users in March.

- 5.3 *Recommendation 2 It is recommended that the Council's IT Acceptable Usage Policy is reviewed to also contain acceptable mobile phone usage, to give clarity and transparency.*

This is complete and up to date on Boris. The key elements of this are also included in the Telephony Usage Standards.

- 5.4 *Recommendation 3 Members should be required to declare their understanding of the policy once circulated.*
This is in progress.

Authorisation process for the current checking procedure for Members' mobile phone bills

- 5.5 *Recommendation 4 It is recommended that the Council decide on and document the procedure for the checking and processing personal mobile phone calls for Members when they appear on the Council quarterly phone bills, to give clarity and transparency to the process. There may be different ways for different Members, though this should be documented.*

This is complete. The Council has documented two different procedures for members and these are managed by Democratic Services; one involves specifying particular personal numbers as private use. The other requires the councillor to scrutinise each bill and reimburse the Council for all personal calls.

Frequency of the review of Members mobile telephone usage and cost to the Council

- 5.6 *Recommendation 5 It is recommended that the Council consider whether there are any additional Officers or Members deemed as high users who should be transferred to a different contract, leading to increased savings.*

The Council has reviewed all users and does not believe there are any which are using voice and text for work purposes to the same extent evidenced in the review. The current tariff provides a cost effective method of providing email on the move to the vast majority of Council users and also provides cost effective voice receipt which is also the requirement of the majority of council users. The Council's corporate contract is with Vodaphone who will not agree to any other users being transferred to a different tariff.

- 5.7 *Recommendation 6 It is recommended that the Council improve its policy for the regular review of the cost of mobile phone usage to pick up individual Member high users, in order to give clarity and demonstrate transparency.*

This monitoring will be carried out quarterly by ICT Services and members' usage will be reviewed by the Head of Democratic and Registration Services.

- 5.8 The implementation of the recommendations is now substantially completed.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 Nothing to add to report.

Equalities Impact Assessment

6.3 Not required.

Strategic Risk Management Issues

6.4 Compliance with the Telephony Usage Standards reduces any risk to the Council from inappropriate use of telephony. The monitoring arrangements established ensure that the Council is making best and appropriate use of its resources.

7 CONSULTATION

Principal Groups Consulted

7.1 Not required.

Method of Consultation

7.2 Not required.

Representations Received

7.3 Not required.

Background Papers

Report to Governance and Audit Committee 28 January 2104

Contact for further information

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**TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014**

REVIEW OF FINANCIAL REGULATIONS Borough Treasurer and Borough Solicitor

1 PURPOSE OF REPORT

- 1.1 To review the Council's Financial Regulations and approve amendments to them.

2 RECOMMENDATION

- 2.1 That the revised Financial Regulations attached at Appendix 1 be approved.**

3 REASONS FOR RECOMMENDATION

- 3.1 The Financial Regulations are an important component of the Council's Constitution, setting out in some detail the way in which the Council will conduct its financial affairs. They are regularly reviewed to ensure they remain current and up to date.
- 3.2 Following receipt of the final report from the Working Group of the Overview and Scrutiny Commission entitled "A Review of Delegated Authorities", the Executive has agreed that some amendments should be made to Financial Regulations.
- 3.3 The revised Financial Regulations attached at Appendix 1 take account of both of the above.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not revising the Financial Regulations would mean that they are not up to date and do not take account of the recommendations contained in "A Review of Delegated Authorities".

5 SUPPORTING INFORMATION

- 5.1 Part 4 of the Council's Constitution entitled "The Way in Which the Council Operates" includes, at Section 10, the Council's Financial Regulations. They provide the framework for managing the Council's financial affairs, requiring officers to carry out their financial responsibilities in an open and transparent manner.
- 5.2 Financial Regulations are reviewed on a regular basis to ensure they remain fit for purpose. In addition to this the Working Group of the Overview and Scrutiny Commission has recently published its report entitled "A Review of Delegated Authorities" which has made one significant recommendation around the capital virement rules which the Executive have subsequently accepted.
- 5.3 Proposed changes to Financial Regulations are set out in Appendix 1. Most are of a housekeeping nature, reflecting current best practice or providing clarification where this has been felt necessary. Housekeeping changes include:

Unrestricted

- Emphasising that Financial Regulations apply to schools, although Head Teachers are not regarded as Directors for the purposes of Financial Regulations.
- Reflecting staffing changes and responsibilities e.g. that the Chief Accountant or Chief Technical Accountant now fulfil the role of deputy Section 151 Officer.
- Revisions to accounting standards, codes of practice and the Accounts and Audit Regulations.
- Updates to reflect the Council's current approach to service planning and performance reporting.
- The need for budget managers to be trained sufficiently
- Reflecting that the preferred method of paying suppliers is now BACS rather than cheques.
- Introducing the concept of category strategies and the need for purchasing decisions to be made in accordance with any approved category strategies.

5.4 More substantial changes have been made to Financial Regulation 2.5 Capital Programmes. These include:

- Changes to the capital virement rules to make them consistent with the revenue virement rules.
- The need to include details of all schemes estimated to cost more than £50,000 within the published capital programme, and
- Delegated authority to the Borough Treasurer to approve virements of up to £250,000 in consultation with the Children, Young People and Learning Capital Programme Board, within the overall capital budget for schools (as recommended by the Working Group of the Overview and Scrutiny Commission).
- The inclusion of officer and Member responsibilities with regard to the allocation of resources within an approved rolling capital programme and approving expenditure above the scheme estimate. This reflects delegations included elsewhere within the Constitution. They have now been included in Financial Regulations to provide clarity and ensure consistency.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Incorporated within the report and appendix

Borough Treasurer

6.2 Incorporated within the report and appendix.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 Up to date Financial Regulations provide the framework for managing the Council's financial affairs, ensuring that decisions are taken in an open and transparent manner, thereby minimising the risk of financial impropriety.

7 CONSULTATION

Principal Groups Consulted

- 7.1 Council officers

Method of Consultation

- 7.2 Circulation of proposed amendments to Financial Regulations.

Representations Received

- 7.3 Incorporated within revised Financial Regulations.

Background Papers

None

Contact for further information

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SECTION 10 – FINANCIAL REGULATIONS

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1 INTRODUCTION

- 1.1 Financial regulations provide the framework for managing the authority's financial affairs. This framework requires all Officers to carry out their responsibilities in an open and consistent manner. They have been designed to promote and maintain the high standards expected of the public sector in dealing with the Council's finances:
- a) placing clear authority and accountability with Officers appointed to manage resources;
 - b) establishing key principles and processes, supported by detailed operating arrangements, that must be approved by the Borough Treasurer;
 - c) providing for a continuous internal audit to provide assurance to the Members and senior management of the Council on the compliance with the approved procedures and standards.
- 1.3 In accordance with their relevant codes of conduct, Members and Officers have a general responsibility for taking reasonable actions to provide for the security of the assets under their control, and for ensuring that the use of Council resources is lawful, is properly authorised and provides value for money.
- 1.4 The Borough Treasurer is responsible for reporting, where appropriate, breaches of the financial regulations to the Chief Executive, Monitoring Officer, Council and/or to the Executive Members.
- 1.5 Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them.
- 1.6 The Borough Treasurer is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the authority are required to follow. Any Officer requiring advice or assistance in interpreting, or operating, these regulations should contact their Departmental Accountant in the first instance. In their absence other staff within Corporate Services Finance are available to assist.
- 1.7 Delegations of a Director's responsibilities set out in the Financial Regulations and Financial Procedures should be set out in the Departmental Scheme of Delegation. Where such responsibilities have been delegated or devolved to another responsible officer, references to the Director in the regulations should be read as referring to them.
- 1.8 These Regulations shall not apply in the following circumstances:
- a) Where the Council has agreed that separate constitutional arrangements, incorporating different Financial Regulations, shall apply;
 - b) Where the Council undertakes work as Agent for another public body, under an agreement which requires compliance with different procedures.

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Last updated: June 2012 – Part 4: Section 10

1.9 These Regulations, as supplemented by the Scheme for Financing Schools (which sets out the roles of Head Teachers), shall apply to schools.

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1.10 There are five topic areas covered by the financial regulations as follows:

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- Financial Management
- Financial Planning
- Risk Management and Control of Resources
- Systems and Procedures
- External Arrangements.

1.11 The authority's detailed financial procedures, setting out how the regulations will be implemented, are contained in Appendices A to E, attached to the financial regulations. These are set out in a consistent form identifying for each of the topic areas the following information:

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- Why is this important?
- Key Controls
- Responsibilities of the Borough Treasurer
- Responsibilities of Directors.

1.12 Various terms are used in these Regulations and Procedures and these are defined as follows:

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Borough Treasurer	the S.151 Officer as defined in the Local Government Act 1972
Director	an Officer who is Head of a Department,
Consultant:	any person, or Company, engaged by the Council in a capacity to advise on, or manage, any works or services commissioned by the Council or to provide services of a professional nature to the Council.
Cost Centre Manager	any single Officer who is responsible for the management of a budget.
Executive Members	the Executive, a Committee of the Executive or an individual Member of the Executive, depending upon the Scheme of Delegation for Executive Functions determined by the Leader of the Council.

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FINANCIAL REGULATIONS

2 FINANCIAL MANAGEMENT

2.1 Introduction

Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget. Explanation of the respective roles of each of the decision making bodies or individuals is set out in the following paragraphs.

2.2 The Full Council

The Full Council has the ultimate responsibility for the decisions and actions of the Council. It is responsible for adopting the authority's constitution and Members' code of conduct and for approving the policy framework and budget within which the Executive operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution.

2.3 The Executive

The Executive 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.

In taking a decision an individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

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2.4 Governance and Audit Committee

The Governance and Audit Committee's primary role is to maintain an overview of the Corporate Governance of the Council. It also approves the Council's Final Accounts and Annual Governance Statement. The committee is responsible for reviewing the internal auditor's assurance report, external auditor's reports and the annual audit letter.

2.5 THE STATUTORY OFFICERS

2.5.1 Head of Paid Service, (Chief Executive)

The Chief Executive is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information for the Executive, the Full Council, the Overview and Scrutiny Commission, and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

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2.5.2 Monitoring Officer (Borough Solicitor)

The Borough Solicitor is responsible for providing advice and guidance on measures designed to maintain high standards of conduct and therefore provides support to the Standards Committee, Governance and Audit Committee, the Executive and Full

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Council. The [Borough Solicitor](#) is also responsible for reporting any actual or potential breaches of the law to the Full Council and/or to the Executive.

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The [Borough Solicitor](#) (together with the Borough Treasurer) is responsible for advising the Executive or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. The [Borough Solicitor](#) is also responsible for reporting any findings of maladministration by a Local Government Ombudsman to the Executive and/or the Council.

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2.5.3 [Section 151 Officer \(Borough Treasurer\)](#)

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The Borough Treasurer has statutory duties in relation to the financial administration and stewardship of the authority.

The Borough Treasurer is responsible for:

- the proper administration of the authority's financial affairs
- the setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management.

In accordance with Section 114 of the 1988 Act the Borough Treasurer nominates a properly qualified member of staff (currently [either the Chief Accountant or Chief Technical Accountant](#)) to deputise should he or she be unable to perform the required duties as the Section 151 Officer.

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2.5.4 [Statutory Scrutiny Officer \(Director of Corporate Services\)](#)

The Scrutiny Officer is responsible for:

- promotion of the role of the Council's Overview & Scrutiny function
- providing support to that function
- providing support and guidance to members on scrutiny matters

2.5.5 DIRECTORS

Directors are responsible for:

- ensuring that Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Borough Treasurer

- signing contracts on behalf of the authority (other than those required to be sealed by the affixing of the Council's Common Seal).

Where a matter arises in any Department, which could materially affect the Council's finances, other than a matter already approved, the Director shall consult the Borough Treasurer. This consultation must be before any expenditure is incurred or any commitment given.

2.6 OTHER FINANCIAL ACCOUNTABILITIES

2.6.1 Virement

The Full Council is responsible for agreeing procedures for virement of expenditure between budget headings.

The Executive and Directors are responsible for agreeing in-year virements within delegated limits, in consultation with the Borough Treasurer where required. They must notify the Borough Treasurer of all virements who will then maintain an updated budget reflecting these decisions.

2.6.2 Treatment of year-end balances

The Full Council is responsible for agreeing procedures for budget carry forwards on budget headings.

The Executive and Directors are responsible for agreeing budget carry forwards within the delegated limits, in consultation with the Borough Treasurer where required.

2.6.3 Accounting policies

The Borough Treasurer is responsible for selecting accounting policies and ensuring that they are applied consistently.

2.6.4 Accounting records and returns

The Borough Treasurer is responsible for determining the accounting procedures and records for the authority.

2.6.5 The annual financial statements

The Borough Treasurer is responsible for ensuring that the annual financial statements are prepared in accordance with all relevant accounting standards and accounting codes of practice. These have to be approved by the Governance and Audit Committee before the end of September, following the completion of the annual external audit.

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FINANCIAL REGULATIONS

3 FINANCIAL PLANNING

3.1 Introduction

The Full Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:

- [Medium Term Objectives and Key Actions](#),
- Service plan
- Revenue budget
- Capital programme.

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3.2 Policy Framework

The Full Council is responsible for approving the policy framework and budget. The policy framework is described in Section [3 Part 2](#) of the Constitution. [Procedures for the formulation and adoption of the Budget and the Policy Framework are set out in Section 6 Part 4 of the Constitution \(Budget and Policy Framework Procedure Rules\).](#)

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The Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.

The Full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another (virement). The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

3.3 Preparation of the [Medium Term Objectives, Key Actions](#) and Service Plans

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The Chief Executive [and Directors are](#) responsible for proposing the [medium term objectives, key actions](#) and service plans to the Executive for consideration before [their](#) submission to the Full Council for approval.

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3.4 BUDGETING

3.4.1 Budget format

The general format of the budget will be approved by the Full Council and proposed by the Executive following the advice from the Corporate Management Team. The draft budget should include allocation to different services and projects, proposed taxation levels, risk assessment and contingency funds.

3.4.2 Budget preparation

The Borough Treasurer is responsible for ensuring that an annual revenue budget and a medium term financial plan covering the next three years are prepared for consideration by the Executive, before submission to the Full Council. The Full Council may amend the budget or ask the Executive to reconsider it before approving it.

Guidelines on budget preparation are issued to Members and Directors by the Executive following agreement with the Borough Treasurer. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the [medium term objectives, key actions](#) and service plans
- available resources
- spending pressures
- [value for money](#) and other relevant government guidelines
- other internal policy documents.

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It is the responsibility of Directors to ensure that budget estimates reflect agreed service plans, demand and demographic changes and other socio-economic factors, and are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive.

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3.4.3 Budget monitoring and control

The Borough Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the Corporate Management Team on the overall position on a regular basis.

It is the responsibility of Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Borough Treasurer. They should report on variances within their own areas monthly to the Borough Treasurer. They should also take any action necessary to avoid exceeding their budget allocation and alert the Borough Treasurer to any problems. The Borough Treasurer will, on the basis of those returns, prepare a report for the Corporate Management Team. Each Director will report on progress against budgets in their [Quarterly Service](#) Report.

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Performance Monitoring

3.4.4 Preparation of the capital programme

The Borough Treasurer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Full Council.

Last updated: June 2012 – Part 4: Section 10

3.5 **MAINTENANCE OF RESERVES AND BALANCES**

It is the responsibility of the Borough Treasurer to advise the Executive and/or the Full Council on prudent levels of reserves and balances for the authority taking into account cash flow requirements and financial risks.

Last updated: June 2012 – Part 4: Section 10

FINANCIAL REGULATIONS

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Introduction

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

4.2 Risk Management

The [Governance and Audit Committee](#) is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive is responsible for ensuring that proper insurance exists where appropriate.

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The [Borough Treasurer](#) is responsible for preparing the authority's risk management policy statement [and](#) for promoting [the approved strategy](#) throughout the authority. The Borough Treasurer is responsible for advising the Executive on proper insurance cover where appropriate.

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4.3 Internal Control

Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.

The Borough Treasurer, in conjunction with the Chief Executive, Borough Solicitor and Director of Corporate Services, 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.

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 and effectiveness and for achieving their financial performance targets.

4.4 Audit Requirements

The Accounts and Audit [\(England\)](#) Regulations [2011](#), require every local authority to maintain an adequate and effective internal audit. The provision of this service is delegated to the Borough Treasurer with six monthly assurance statements being reported to the [Governance and](#) Audit Committee.

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The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

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4.5 Preventing Fraud and Corruption

The Borough Treasurer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

4.6 Assets

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.

4.7 Treasury Management

The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

The Full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities. The policy statement is proposed to the Full Council by the Executive. The Borough Treasurer has delegated responsibility for implementing and monitoring the statement.

All money in the hands of the authority is controlled by the Borough Treasurer.

The Borough Treasurer is responsible for reporting to the Executive a proposed treasury management strategy for the coming financial year at or before the start of each financial year.

All Executive decisions on borrowing, investment or financing shall be delegated to the Borough Treasurer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

The Borough Treasurer is responsible for reporting annually to the Executive on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers.

[The Governance and Audit Committee is responsible for reviewing the treasury management policy statement and treasury activities during the year, making recommendations to the Executive and Full Council, as appropriate.](#)

4.8 Staffing

The Full Council is responsible for determining how officer support for Executive and Non-Executive roles within the authority will be organised.

The Chief Executive is responsible for providing overall management to staff.

Directors are responsible for controlling total staff numbers by:

- advising the Executive on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within the devolved staffing budget, varying the provision as necessary within that constraint in order to meet changing operational needs
- the proper use of appointment procedures.

Last updated: June 2012 – Part 4: Section 10

FINANCIAL REGULATIONS

5 SYSTEMS AND PROCEDURES

5.1 Introduction

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

5.2 General

The Borough Treasurer is responsible for the operation of the authority'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 Borough Treasurer. However, Directors are responsible for the proper operation of financial processes in their own departments.

Any changes to agreed procedures by Directors to meet their own specific service needs should be agreed with the Borough Treasurer.

Directors should ensure that their staff receive relevant financial training that has been approved by the Borough Treasurer.

5.3 Income and Expenditure

It is the responsibility of Directors to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Director's behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority.

5.4 Payments to Employees and Members

The Borough Treasurer is responsible for all payments to staff and for payment of allowances to Members.

5.5 Taxation

The Borough Treasurer is 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 authority.

The Borough Treasurer is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

5.6 Trading Accounts/Business Units

It is the responsibility of the Borough Treasurer to advise on the establishment and operation of trading accounts and business units.

FINANCIAL REGULATIONS

6 EXTERNAL ARRANGEMENTS

6.1 Introduction

The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.

6.2 Partnerships

The Council (in respect of non-Executive functions) or the Leader (in respect of Executive functions) are responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

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The Borough Treasurer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the authority. The Borough Treasurer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory.

The Borough Solicitor must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.

Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

6.3 External Funding

The Borough Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

FINANCIAL PROCEDURES

The Council's detailed financial procedures, setting out how the financial regulations will be implemented, are contained in the following appendices.

The following index sets out a detailed list of these appendices

- | | | |
|----------|--|-------------------|
| 1 | Financial Management | <i>Appendix A</i> |
| | 1.1 Financial Management Standards | |
| | 1.2 Preparing reports for Decision | |
| | 1.3 Scheme of Virement | |
| | 1.4 Treatment of Year End Balances | |
| | 1.5 Accounting Policies | |
| | 1.6 Accounting records and returns | |
| | 1.7 The Annual Financial Statements | |
| 2 | Financial Planning | <i>Appendix B</i> |
| | 2.1 Budgeting – Format of the Budget | |
| | 2.2 Revenue Budget preparation, monitoring and control | |
| | 2.3 Budgets and Medium Term Planning | |
| | 2.4 Resource Allocation | |
| | 2.5 Capital Programmes | |
| | 2.6 Maintenance of Reserves | |
| 3 | Risk Management and Control of Resources | <i>Appendix C</i> |
| | 3.1 Risk Management | |
| | 3.2 Internal Controls | |
| | 3.3 Internal Audit | |
| | 3.4 External Audit | |
| | 3.5 Preventing Fraud and Corruption | |
| | 3.6 Assets - Security | |
| | 3.7 Asset Disposal | |
| | 3.8 Treasury Management | |
| | 3.9 Staffing | |
| 4 | Financial Systems and Procedures | <i>Appendix D</i> |
| | 4.1 General | |
| | 4.2 Income | |
| | 4.3 Ordering, paying for work, goods and services | |
| | 4.4 Payments to Employees and Members | |
| | 4.5 Taxation | |
| 5 | External Arrangements | <i>Appendix E</i> |
| | 5.1 Partnerships | |
| | 5.2 External Funding | |
| | 5.3 Work for Third Parties | |

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1.1 FINANCIAL MANAGEMENT STANDARDS

Why is this important?

All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key controls

The key controls and control objectives for financial management standards are:

- (a) their promotion throughout the authority
- (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to Executive Members.

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Responsibilities of the Borough Treasurer

To ensure the proper administration of the financial affairs of the authority.

To set the financial management standards and to monitor compliance with them.

To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.

To advise on the key strategic controls necessary to secure sound financial management.

To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of Directors

To promote the financial management standards set by the Borough Treasurer in their departments and to monitor adherence to the standards and practices, liaising as necessary with the Borough Treasurer.

To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

1.2 PREPARING REPORTS FOR DECISIONS

Why is it important?

All decisions taken by Members or Officers on the basis of reports presented to them by an Officer must take into account all of the key legal and financial issues and implications arising from the recommendations of that report.

Key Controls

All Member and Corporate Management Team decision reports [and reports seeking authorisation for a Key Decision to be made by an officer](#) must include a section within the report for comments from the Borough Treasurer and Borough Solicitor.

It is the responsibility of the report author to ensure that any report contains these comments from the Borough Treasurer and Borough Solicitor prior to publication of the report.

The report author must allow sufficient time (usually five days) [prior to sending for publication](#) for the Borough Treasurer and the Borough Solicitor to enable the appropriate comment to be provided

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Responsibilities of Borough Treasurer and Borough Solicitor

To provide appropriate professional advice on the contents and recommendations of the report within a reasonable time period after receiving copy of report.

If a report is published which, in the opinion of the Borough Treasurer or Borough Solicitor, does not contain appropriate and accurate financial or legal information, [to report to the Chief Executive or Director of Corporate Services who will consider withdrawing the report from the agenda.](#)

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Responsibilities of Directors

All draft reports which require decision by Members [or a Key Decision by an officer](#), except where the Borough Treasurer has otherwise decided, shall contain a section dealing with the financial implications of the matter(s) covered by the report. Officers preparing reports must consult, and satisfy, the Borough Treasurer that the financial information is appropriate and accurate before the report is finalised and published.

All draft reports which require decision by Members [or a Key Decision by an officer](#), except where the Borough Solicitor has otherwise decided, shall contain a section dealing with the legal implications of the matter(s) covered by the report. Officers preparing reports must consult and satisfy the Borough Solicitor that the legal information is appropriate and accurate before the report is finalised and published.

1.3 SCHEME OF VIREMENT

Why is this important?

The scheme of virement is intended to enable the Executive, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Full Council, and therefore to optimise the use of resources.

Key controls

The overall budget is proposed by the Executive and approved by the Full Council. Any addition to the overall budget will require approval by the Full Council. Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a line in the approved and published [cash](#) budget.

Virement does not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. They should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors must plan to fund such commitments from within their own budgets.

Virement is administered by the Borough Treasurer within guidelines approved by the Full Council and these are as follows:

Approval of the [full](#) Executive is required for any virement, of whatever amount, where it is proposed to vire between budgets managed by different Directors or Executive Members. Virement is only allowed where at the time of approving the virement the Directors overall budget is not expected to be overspent. The following authorisation levels apply to all virements between one budget head and another.

Value	Authoriser
Up to and including £25,000	Director
Over £25,000 up to and including £50,000	Executive Member
Over £50,000 up to and including £100,000	Executive
Over £100,000	Full Council

Where virements require Member approval they can only be approved following a joint report by the Borough Treasurer and the Director, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year.

Virement is not allowed between any funds from internal recharges, capital charges, interest, support service recharges to other budget heads without the approval of Full Council.

Deleted: No virement relating to a specific financial year should be made after 31 March in that year. ¶

Virement can only be applied to the Devolved Staffing Budget if the effects are contained within the same financial year.

Last updated: June 2012 – Part 4: Section 10

Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) the amount is used in accordance with the purposes for which it has been established
- (b) the Executive has approved the basis and the terms on which it will be allocated.

Responsibilities of the Borough Treasurer

To administer the scheme of virement.

To prepare jointly with the Director a report to the Executive on proposed virements which are in excess of the delegated limits.

Responsibilities of Directors

A Director may exercise virement on budgets under their control for amounts up to £25,000 on any one budget head during the year, following notification to the Borough Treasurer in accordance with the key controls set out above.

A school's governing body may transfer budget provision between heads of expenditure within the delegated school budget in accordance with the Scheme for Local Management of Schools.

1.4 TREATMENT OF YEAR END BALANCES

Why is this important?

Any revenue budget provision which remains unspent at the end of the financial year is returned to general balances. However, there may, occasionally, be exceptional circumstances which require some unspent provision to be carried forward to the following year. This will only be permitted provided that the carry forward does not result in either the individual budget head, or the Service Budget, overspending its approved budget. For the purposes of this scheme, a budget head is considered to be a line in the approved and published [cash](#) budget.

Key controls

Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

The Officer approval of budget carry forwards can only be made where the whole Council's budget is under spent and the relevant Department's budget is under spent.

Responsibilities of the Borough Treasurer

To administer the scheme of budget carry-forwards within the guidelines approved by the Full Council.

To report all budget carry-forwards to the Corporate Management Team, Executive and Full Council.

Responsibilities of Directors

Any request for a carry forward must be made, in writing, by the relevant Director to the Borough Treasurer who, with the [Chief Executive](#), may authorise the necessary funding to be set aside. In such cases, any carry forward allocation lasts for one year only, at the end of which, any unused funds are automatically returned to General Balances.

Deleted: Director of Corporate Services

All revenue budget lines can be carried forward except for the following:

- Capital Charges
- Inter-Directorate Charges
- Employees
- Income.

Directors can carry forward Capital Budgets for one additional year. For subsequent years, funding may only be rolled forward automatically if work on a project has commenced on-site, otherwise the approval of the Full Council must be obtained.

The Council's Local Management of Schools Scheme of Delegation for Primary, Secondary and Special Schools, includes the statutory requirement for schools to be able to carry forward funds on their delegated Budget. By the same rule, any

overspends are brought forward as a first charge to their next year's Budget. This rule is extended to cover budgets devolved to the Language and Literacy Centres, Pupil Referral Units and Adjustment Centres. Budgets held for the Schools Specific Contingency may also be automatically carried forward.

Last updated: June 2012 – Part 4: Section 10

1.5 ACCOUNTING POLICIES

Why is this important?

The Borough Treasurer is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices as set out in the format required by [all relevant accounting standards and accounting codes of practice](#), for each financial year ending 31 March.

Deleted: the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC),

Key controls

The key controls for accounting policies are:

- (a) systems of internal control are in place that ensure that financial transactions are lawful
- (b) suitable accounting policies are selected and applied consistently
- (c) proper accounting records are maintained
- (d) financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

Responsibilities of the Borough Treasurer

To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:

- (a) separate accounts for capital and revenue transactions
- (b) the basis on which debtors and creditors at year end are included in the accounts
- (c) details on substantial provisions and reserves
- (d) fixed assets
- (e) depreciation
- (f) capital charges
- (g) work in progress
- (h) stocks and stores
- (i) deferred charges
- (j) accounting for value added tax
- (k) government grants

Last updated: June 2012 – Part 4: Section 10

(l) leasing

(m) pensions.

Responsibilities of Directors

To adhere to the accounting policies and guidelines approved by the Borough Treasurer.

Last updated: June 2012 – Part 4: Section 10

1.6 ACCOUNTING RECORDS AND RETURNS

Why is this important?

Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources. The authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

Key controls

The key controls for accounting records and returns are:

- (a) all Executive Members, Finance Staff and Budget Managers operate within the required accounting standards and timetables
- (b) all the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
- (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Borough Treasurer

To determine the accounting procedures and records for the authority. Where these are maintained outside the finance department, the Borough Treasurer should consult the Director concerned.

To arrange for the compilation of all accounts and accounting records under his or her direction.

To comply with the following principles when allocating accounting duties:

- (a) separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
- (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit [\(England\) Regulations 2011](#),

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To ensure that all claims for funds including grants are made by the due date.

To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable and with the requirement for the Full Council to approve the statement of accounts before 30 September [\(delegated to the Governance and Audit Committee\)](#).

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To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of Directors

To consult and obtain the approval of the Borough Treasurer before making any changes to accounting records and procedures.

To comply with the following principles when allocating accounting duties:

- (a) separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
- (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.

To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Borough Treasurer.

1.7 THE ANNUAL FINANCIAL STATEMENTS

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Why is this important?

The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Full Council is responsible for approving the statutory annual financial statements, and this has been delegated to the Governance and Audit Committee.

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Key controls

The key controls for the annual financial statements are:

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- the authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the Borough Treasurer
- the authority's financial statements must be prepared in accordance with proper practices as set out in all relevant accounting standards and accounting codes of practice.

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Deleted: the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC)

Responsibilities of the Borough Treasurer

To select suitable accounting policies and to apply them consistently.

To make judgements and estimates that are reasonable and prudent.

To comply with all relevant accounting standards and accounting codes of practice.

Deleted: the Statement of Recommended Practice(SORP)

To sign and date the financial statements, stating that they present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

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To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Directors

To comply with accounting guidance provided by the Borough Treasurer and to supply the Borough Treasurer with information when required.

2.1 BUDGETING – FORMAT OF THE BUDGET

Why is this important?

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Key controls

The key controls for the budget format are:

- (a) the format complies with all legal requirements
- (b) the format complies with [all relevant accounting standards and accounting codes of practice](#),
- (c) the format reflects the accountabilities of service delivery.

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Deleted: CIPFA's Best Value Accounting - Code of Practice

Responsibilities of the Borough Treasurer

To advise the Executive on the format of the budget that is approved by the Full Council.

Responsibilities of Directors

To comply with accounting guidance provided by the Borough Treasurer.

2.2 REVENUE BUDGET PREPARATION, MONITORING AND CONTROL

Why is this important?

Budget management ensures that once the budget has been approved by the Full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.

For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Director's scheme of delegation.

Key controls

The key controls for managing and controlling the revenue budget are:

- (a) budget managers should be responsible only for income and expenditure that they can influence
- (b) there is a nominated budget manager for each cost centre heading
- (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- (d) budget managers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.
- (g) budget managers have completed sufficient training to enable them to fulfil their role

Responsibilities of the Borough Treasurer

To establish an appropriate framework of budgetary management and control that ensures that:

- (a) budget management is exercised within annual cash limits unless the Full Council agrees otherwise

- (b) each Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) expenditure is committed only against an approved budget head
- (d) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations
- (e) each cost centre has a single named manager, determined by the relevant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- (f) significant variances from approved budgets are investigated and reported by budget managers regularly.

To submit reports to the Executive and to the Full Council, in consultation with the relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under his or her control.

To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a monthly basis to Corporate Management Team based on information provided by Directors.

The Borough Treasurer will have the right to independently monitor budgets and raise any concerns with the relevant Director.

[The Borough Treasurer will facilitate the training of budget managers by ensuring there is suitable and up to date training material available and that appropriate training courses are identified and supported.](#)

Responsibilities of Directors

To maintain budgetary control within their departments and to ensure that all income and expenditure are properly recorded and accounted for.

To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Director (grouped together in a series of cost centres) [and has completed sufficient training to enable them to fulfil their role](#). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

Where there is a need to incur expenditure on any item, without delay, for which no budgetary provision exists, or where the provision is insufficient, a Director may incur such expenditure provided they seek approval through the appropriate Urgent [Decisions Outside the Budget or Policy Framework process](#), set out in the Constitution [\(Part 4 Section 6 – Budget and Policy Framework Procedure Rules\)](#).

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Last updated: June 2012 – Part 4: Section 10

To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.

To prepare and submit in their [Quarterly Service Report](#), a report on the service's projected expenditure compared with its budget, in consultation with the Borough Treasurer.

Deleted: quarterly performance management report (PMR)

To ensure prior approval by the Full Council or Executive (as appropriate) for new proposals, of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce the authority's services.

To ensure compliance with the scheme of virement.

2.3 BUDGETS AND MEDIUM-TERM PLANNING

Why is this important?

The authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the authority's plans and policies.

The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Full Council. Budgets (spending plans) are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.

Medium-term planning (or a three- to five-year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the authority is always preparing for events in advance.

Key controls

The key controls for budgets and medium-term planning are:

- (a) specific budget approval for all expenditure
- (b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Executive for their budgets and the level of service to be delivered
- (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the Borough Treasurer

To prepare and submit reports on budget prospects for the Executive, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.

To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Full Council, and after consultation with the Executive and Directors.

To prepare and submit reports to the Executive on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.

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To advise on the medium-term implications of spending decisions.

To encourage the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency and effectiveness,

and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

To advise the Full Council on Executive proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of Directors

To prepare estimates of income and expenditure, in consultation with the Borough Treasurer, to be submitted to the Executive.

To prepare budgets that are consistent with any relevant cash limits, within the authority's annual budget cycle and within guidelines issued by the Executive. The format should be prescribed by the Borough Treasurer in accordance with the Full Council's general directions.

To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

In consultation with the Borough Treasurer and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by appropriate groups.

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When drawing up draft budget requirements, to have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process
- (b) legal requirements
- (c) policy requirements as defined by the Full Council in the approved policy framework
- (d) initiatives already under way.

2.4 RESOURCE ALLOCATION

Why is this important?

A mismatch often exists between desired outcomes and those resources required to deliver the outcomes. It is therefore imperative that needs/desires are carefully prioritised and that resources are appropriately allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

The key controls for resource allocation are:

- (a) resources are acquired in accordance with the law and using an approved authorisation process
- (b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- (c) resources are securely held for use when required
- (d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Borough Treasurer

To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

To assist in the allocation of resources to budget managers.

Responsibilities of Directors

To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.

To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

2.5 CAPITAL PROGRAMMES

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

Capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources. For the purposes of these Financial Regulations, a scheme or project is defined as a line within the annual Capital Programme Report approved by the Council.

Key controls

The key controls for capital programmes are:

- (a) specific approval by the Full Council for the programme of capital expenditure
- (b) ~~for any~~ scheme estimated to cost £50,000 or more, a detailed project plan, progress targets and associated revenue expenditure
- (c) proposals for improvements and alterations to buildings must be approved by the appropriate Director
- (d) schedules for individual schemes, each estimated to cost less than £50,000, within the overall budget approved by the relevant Executive Member (for example, refurbishment/replacement in leisure sites)
- (e) the development and implementation of asset management plans
- (f) accountability for each proposal is accepted by a named manager
- (g) monitoring of progress in conjunction with expenditure and comparison with approved budget.
- (h) Council to approve a capital strategy which is subject to regular review and updates.

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- (i) Funds can be transferred between schemes, up to the following limits, where the overall schemes for the department are underspending:

Value	Authoriser
Up to and including £25,000	Director
Over £25,000 up to and including £50,000	Executive Member
Over £50,000 up to and including £100,000	Executive
Over £100,000	Full Council

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Specific arrangements apply to the overall school's capital budget.

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Responsibilities of the Borough Treasurer

To prepare capital estimates jointly with Directors and the Chief Executive and to report them to the Executive for approval. The Executive will make recommendations on the capital estimates and on any associated financing requirements to the Full Council.

The definition of 'capital' will be determined by the Borough Treasurer, having regard to government regulations and accounting requirements.

To decide on financing of capital schemes – capitalise revenue budgets where in compliance with regulations and accounting policies and in the Councils overall financial interest

To prepare a quarterly budget monitoring report for CMT on Capital Schemes based on information provided by Directors.

To prepare and maintain the Council's Capital Strategy.

[To review the robustness of the financial estimates and associated risk assessment before recommending to Corporate Management Team the release of funding from the Invest-to-Save budget](#)

[To approve virements of up to £250,000, in consultation with the Children, Young People and Learning Capital Programme Board, within the overall capital budget for schools.](#)

Responsibilities of Directors

To comply with guidance concerning capital schemes and controls issued by the Borough Treasurer.

To ensure that all capital proposals have undergone a project appraisal in accordance with the Capital Strategy.

[To submit to the Borough Treasurer, Invest to Save proposals in accordance with the Capital Strategy.](#)

To prepare quarterly budget monitoring reports for submission to the Borough Treasurer. This quarterly budget monitoring statement to be included in their [Quarterly Service Reports](#).

To ensure that adequate records are maintained for all capital contracts.

To proceed with projects only when there is adequate provision in the capital programme and where the full revenue impact has been provided for within the revenue budget or plans of the Council

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Directors are authorised to incur expenditure up to £25,000 above the estimated sum included for an approved scheme or project in their Department's section of the Capital Programme, subject to the total sum approved by the Council, in their Department's section of the Capital Programme, not being exceeded.

Where expenditure on a scheme is below the approved budget, the responsible Director may use the level of under spend for other schemes within their Department's section of the Capital Programme subject to:

- a) the total sum approved by the Council, in their Department's section of the Capital Programme, not being exceeded,
- b) a maximum of £25,000 can be transferred from or to any one scheme.

[To prepare, in consultation with the Borough Treasurer, any reports seeking agreement to the transfer of more than £25,000 from or to any one scheme.](#)

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To prepare and submit reports to the Executive, of any variation in contract costs greater than the budget and to seek approval from the Full Council for additional funding where necessary.

To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Borough Treasurer.

[To approve the allocation of capital resources within a Council approved rolling programme of up to £400,000.](#)

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Responsibilities of Relevant Directors and Portfolio Holders

[To approve the allocation of capital resources within a Council approved rolling programme of £400,000 or more, but no greater than £1,000,000.](#)

Responsibilities of the Whole Executive

[To approve the allocation of capital resources within a Council approved rolling programme of more than £1,000,000.](#)

[To authorise capital expenditure above the estimated cost of a scheme of more than £25,000, but no more than £50,000.](#)

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2.6 MAINTENANCE OF RESERVES AND BALANCES

Why is this important?

The local authority must decide the level of general reserves and balances that it wishes to maintain before it can decide the level of Council Tax. Reserves and balances are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key controls

To maintain reserves in accordance with [all relevant accounting standards and accounting codes of practice](#).

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For each reserve or balance established, the purpose, usage and basis of transactions should be clearly identified.

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Authorisation and expenditure from reserves approved in accordance with the approved terms for the use of the reserve or balance. These terms to be approved by the Executive.

Responsibilities of the Borough Treasurer

To advise the Executive and/or the Full Council on prudent levels of reserves and balances for the authority, and to take account of the advice of the external auditor in this matter.

Responsibilities of Directors

To ensure that resources provided from reserves or balances are used only for the purposes for which they were intended.

3.1 RISK MANAGEMENT

Why is this important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

It is the overall responsibility of the [Governance and Audit Committee](#), to approve the authority's risk management strategy, and to promote a culture of risk management awareness throughout the authority.

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Key controls

The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority
- (b) a monitoring process is in place to review regularly the effectiveness of risk management.
- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- (d) provision is made for losses that might result from the risks that remain
- (e) procedures are in place to investigate claims within required timescales
- (f) acceptable levels of risk are determined and insured against where appropriate
- (g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Borough Treasurer

To offer insurance cover to schools,

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To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

To prepare and promote the authority's risk management policy statement.

Deleted: Responsibilities of the Director of Corporate Services ¶

To develop risk management controls in conjunction with other Directors.

[To maintain the Council's Strategic Risk Register.](#)

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Responsibilities of Directors

[To notify the Borough Treasurer immediately of any loss, liability or damage that may lead to a claim against the authority. To provide on a timely basis all information or explanations required](#) by the Borough Treasurer or the authority's insurers [to defend claims against the Council.](#)

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To take responsibility for risk management and insurable risks, having regard to advice from the Borough Treasurer and other specialist officers (eg crime prevention, fire prevention, health and safety).

To ensure that there are regular reviews of risk within their departments [and to maintain an up to date and complete departmental risk register documenting all significant operational risks.](#)

To notify the Borough Treasurer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.

To consult the Borough Treasurer and the Borough Solicitor on the terms of any indemnity that the authority is requested to give.

To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

3.2 INTERNAL CONTROLS

Why is this important?

The authority is complex and beyond the direct control of any one individual. It therefore requires internal controls to manage and monitor progress towards strategic objectives.

The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

The authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

The system of internal controls is established in order to provide measurable achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) risk management.

Key controls

The key controls and control objectives for internal control systems are:

- (a) key controls should be reviewed on a regular basis and the [Head of Audit and Risk Management](#) should make a formal statement annually to the effect that [he/she is satisfied that the systems of internal control are operating effectively](#)
- (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) an effective internal audit function that is properly resourced. It should operate in accordance with [statutory obligations and](#) the principles contained [within any regulations or professional guidance](#).

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Responsibilities of the Borough Treasurer

To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Directors

To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the Borough Treasurer. Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective - for example, because of duplication.

To ensure staff have a clear understanding of the consequences of lack of control.

3.3 INTERNAL AUDIT

Why is this important?

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit [\(England\) Regulations 2011](#), more specifically require that a "relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control".

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Accordingly, 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 as a contribution to the proper, economic, efficient and effective use of resources.

Key controls

The key controls for internal audit are:

- (a) that it is independent in its planning and operation
- (b) the Head of Audit and Risk Management has direct access to the Chief Executive, all levels of management and directly to elected Members
- (c) the internal auditors comply with [all relevant regulations and professional guidance](#).

Deleted: the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom

Responsibilities of the Borough Treasurer

To ensure that internal auditors have the authority to:

- (a) access authority premises at reasonable times
- (b) access all assets, records, documents, correspondence and control systems
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the authority to account for cash, stores or any other authority asset under his or her control
- (e) access records belonging to third parties, such as contractors, when required
- (f) directly access the Chief Executive, the Executive and Governance and Audit Committee.

To prepare annual audit plans, which take account of the characteristics and relative risks of the activities involved for approval by the Governance and Audit Committee.

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To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Ensure that any person engaged in internal audit work is aware that they must maintain confidentiality regarding the operations and management information relating to the part of the Council being reviewed or investigated.

Responsibilities of Directors

To ensure that internal auditors are given access at all 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 all information and explanations that they need in the course of their work to enable them to draw appropriate conclusions.

To ensure that Internal Auditors are not misled or provided incorrect information.

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 Borough Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the Director 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 the Head of Audit and Risk Management prior to implementation.

3.4 EXTERNAL AUDIT

Why is this important?

The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.

Key controls

External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Responsibilities of the Borough Treasurer

To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

To ensure there is effective liaison between external and internal audit.

The Chief Executive and Borough Treasurer shall agree with the Council's External Auditors, their plans for audit. Recommendations made [by External Auditors](#), shall be considered by the Borough Treasurer and reported to the Corporate Management Team and then to the Council, [Governance and Audit](#) Committee or the Executive, as appropriate.

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Responsibilities of Directors

To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

To implement any recommendations made by the External Auditors in so far as they are accepted by the Governance and Audit Committee.

To ensure that all records and systems are up to date and available for inspection.

3.5 PREVENTING FRAUD AND CORRUPTION

Why is it this important?

The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.

The authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The authority also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without actions involving fraud and corruption.

Key controls

The key controls regarding the prevention of financial irregularities are that:

- (a) the authority has an effective fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption
- (b) all Members and staff act with integrity and lead by example
- (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt
- (d) the maintenance of a register of interests and hospitality or gifts register
- (e) whistle blowing procedures for staff are in place and operate effectively
- (f) legislation including, [but not limited to](#), the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Borough Treasurer

To monitor and update the fraud and corruption policy and to issue guidance and procedures for officers on the use of the policy.

To maintain adequate and effective internal control arrangements.

To ensure that significant irregularities are reported to the Head of Audit and Risk Management, the Chief Executive, the Monitoring Officer, Executive and the Governance and Audit Committee. The Borough Treasurer shall determine the arrangements for investigating these irregularities. The Borough Treasurer shall ensure that the appropriate persons are informed of the outcome of any investigation.

The Borough Treasurer shall consider, during the course of any investigation or at its conclusion, as they deem appropriate, whether the matter may require investigation by the Police and/or notification to the External Auditor. Where appropriate, the advice of the Borough Solicitor shall be sought. The Chief Officer: Human Resources will be informed in any case where Officers are involved so that the agreed internal disciplinary procedures may be complied with.

At the conclusion of any investigation, or earlier if appropriate, the Borough Treasurer, shall agree with the Director concerned, the steps that should be taken to mitigate any loss and prevent a recurrence of it.

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Responsibilities of Directors

[To maintain, in consultation with Internal Audit, adequate processes in place to identify where fraud may be perpetrated and put in place effective controls to minimise the risk of such fraud from arising.](#)

To ensure that all suspected irregularities are reported to the Borough Treasurer or the Head of Audit and Risk Management.

To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

To ensure that the staff within their Department are aware of their responsibilities within the Fraud and Corruption Policy.

To ensure that where financial impropriety is discovered, the Borough Treasurer is informed

To maintain a departmental register of staff interests

To maintain a departmental register of gifts and hospitality received and provided by staff.

3.6 ASSETS - SECURITY

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Why is this important?

The authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Key controls

The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- (a) resources are used only for the purposes of the authority and are properly accounted for
- (b) resources are available for use when required
- (c) resources no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits
- (d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
- (e) all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's information management policies.

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Responsibilities of the Borough Treasurer

To receive the information required for accounting, costing and financial records from each Director.

To ensure that assets are valued in accordance with all relevant accounting standards and accounting codes of practice

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Responsibilities of Directors

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Each Director is responsible for, and shall make arrangements for, the safe custody and care of all assets in their Department including, where appropriate, exercising proper control over the use of those assets.

Directors shall maintain a database in a form approved by the Borough Treasurer for all properties, plant and machinery and moveable assets currently owned or used within their Department.

Directors are responsible, so far as land and property under their control is concerned, for obtaining the best economic return possible, consistent with Council Policy, and shall ensure that all rents and charges due under property agreements are regularly reviewed.

The [Chief Officer: Property](#) shall maintain a terrier recording details of all land and properties held by the Council.

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To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Officer: Property in consultation with the Borough Solicitor, has been established as appropriate.

To ensure the proper security of all buildings and other assets under their control.

To pass deeds [referring to Council land \(including leases and licences\)](#) to the Borough Solicitor who is responsible for custody of all [such](#) deeds.

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To ensure that no authority asset is subject to personal use by an employee other than that permitted by Council Policies or Procedures.

To ensure that assets [\(including IT assets\)](#) are identified, their location recorded and that they are appropriately marked and insured.

To consult the Borough Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

To ensure cash holdings on premises are kept to limits agreed with the Council's Insurers.

To ensure that keys to safes and similar receptacles are in the custody of those responsible at all times; loss of any such keys must be reported to the Borough Treasurer as soon as possible.

To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Borough Treasurer, the Executive agrees otherwise.

[The Chief Officer: Property](#) will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Borough Treasurer.

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The Director of Children, Young People and Learning and the Director of Adult Social Care, Health and Housing shall be responsible for the safe custody of the private property of residents in Council establishments and shall maintain records of property so held in a format agreed by the Borough Treasurer.

Inventories

To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £1,000 in value and any asset that is attractive, valuable and portable such as computers, cameras and video recorders but not limited to these examples.

To carry out an annual check of all items on the inventory in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive, valuable and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.

To make sure that property is only used in the course of the authority's business, unless the Director concerned has given permission otherwise.

Stocks and Stores

To make arrangements for the care and custody of stocks and stores in the department.

To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

To investigate and remove from the authority's records (ie write off) discrepancies between the inventory and actual assets held.

To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the Borough Treasurer, the Executive decides otherwise in a particular case.

3.7 ASSET DISPOSAL

Why is this important?

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the authority.

Key controls

Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority, and best price or benefit reasonably obtainable is secured, bearing in mind other factors, such as environmental issues, economic conditions and the Medium Term Objectives of the Council. For items of significant value, disposal should normally be by competitive tender or public auction.

Procedures to protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the Borough Treasurer

To issue guidelines representing best practice for disposal of assets.

To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of Chief Officer: Property

To dispose of land and buildings in order to obtain maximum benefit to the Council taking into account current economic and market conditions and the Medium Term Objectives of the Council within the officer delegations for this post set out in the Constitution.

Responsibilities of Directors

To seek advice from purchasing advisors on the disposal of surplus or obsolete assets (other than land and buildings).

To ensure that income received for the disposal of an asset (other than land and buildings) is properly banked and coded.

3.8 TREASURY MANAGEMENT

Why is this important?

Millions of pounds pass through the authority's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the capital sum.

Key controls

That the authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's Treasury Management Strategy Statement.

Responsibilities of Borough Treasurer

Treasury management and banking:

- To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's [Capital Prudential Indicators](#), [Treasury Management Strategy Statement](#) and [Investment Strategy](#).
- To report annually on treasury management activities to the Executive.
- To operate bank and credit card accounts as are considered necessary - opening or closing any bank or credit card account shall require the approval of the Borough Treasurer.
- To regularly review the Council's [Capital Prudential Indicators](#), [Treasury Management Strategy Statement](#) and [Investment Strategy](#) and seek approval for changes from the Full Council.

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Investments and borrowing:

- To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the Full Council.
- To ensure that all securities that are the property of the authority or its nominees and deeds [relating to land](#) in the authority's ownership are held in the custody of the [Borough Solicitor](#).
- To effect all borrowings in the name of the authority.
- To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.
- To authorise loans to third parties in accordance with the Councils budgets.

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Imprest accounts:

- To provide employees of the authority with cash or bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- To reimburse imprest holders as often as necessary to restore the imprests.

Responsibilities of Directors

Treasury management and banking:

- To follow the instructions on banking issued by the Borough Treasurer.

Investments and borrowing:

- To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises.

Trust funds and funds held for third parties:

- To arrange for all trust funds to be held, wherever possible, in the name of the authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Borough Treasurer, unless the deed otherwise provides.
- To arrange for the secure administration of funds are held on behalf of third parties and to maintain written records of all transactions.
- To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Imprest accounts

To ensure that employees operating an imprest account:

- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
- (b) make adequate arrangements for the safe custody of the account
- (c) produce upon demand by the Borough Treasurer cash and all vouchers to the total value of the imprest amount
- (d) record transactions promptly

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- (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- (f) provide the Borough Treasurer with a certificate of the value of the account held at 31 March each year
- (g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (h) on leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Borough Treasurer for the amount advanced to him or her.

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3.9 STAFFING

Why is this important?

In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key controls

The key controls for staffing are:

- (a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
- (b) procedures are in place for forecasting staffing requirements and cost
- (c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority
- (d) checks are undertaken prior to employing new staff to ensure that they are competent, appropriately qualified, experienced and trustworthy
- (e) all staff are to be paid through the payroll unless the Director can demonstrate that the person meets the HM Revenues and Customs criteria for self employed persons.

Responsibilities of the Borough Treasurer

To ensure that budget provision exists for all existing and new employees.

To act as an advisor to Directors on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of Chief Officer: Human Resources

To act as an advisor to Directors to ensure that measures are in place to ensure that the key controls are implemented, monitored and effective.

Responsibilities of Directors

To comply with the Personnel Guide for Managers and to seek advice as appropriate from the Borough Treasurer and Chief Officer: Human Resources on staffing issues.

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To produce an annual staffing budget (Devolved Staffing Budget).

To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

To monitor staff activity to ensure adequate control over all staffing costs including authorised and unauthorised absences.

To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

Use of agency or casual staff may be made in covering posts that are vacant (permanently or temporarily), or to undertake special projects. Directors shall first ensure they have adequate budgetary provision, but shall not contravene any directive or policy in force at the time. Payment of such staff shall be in accordance with the requirements of the Borough Treasurer.

To ensure that checks are undertaken prior to employing new staff to ensure that they are competent, appropriately qualified, experienced and trustworthy.

To ensure that there is a regular review of the employment status of the workforce which is not paid through payroll.

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4.1 FINANCIAL SYSTEMS AND PROCEDURES - GENERAL

Why is this important?

Departments have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Departments are reliant on computers for their financial management information. The information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

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The Borough Treasurer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key controls

The key controls for systems and procedures are:

- (a) basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated
- (b) financial performance is communicated to the appropriate managers on an accurate, complete and timely basis
- (c) early warning is provided of deviations from plans and budgets that require management attention
- (d) financial operating systems and procedures are secure.

Responsibilities of the Borough Treasurer

To make arrangements for the proper administration of the authority's financial affairs, including to:

- (a) issue advice, guidance and procedures for officers and others acting on the authority's behalf
- (b) determine the accounting systems, form of accounts and supporting financial records
- (c) establish arrangements for audit of the authority's financial affairs
- (d) approve any new financial systems to be introduced
- (e) approve any changes to be made to existing financial systems.

Responsibilities of Directors

To ensure that accounting records are properly maintained and held securely.

To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with the Councils [Records Retention and Destruction Schedule/Information Asset Register](#),

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To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

To incorporate appropriate controls to ensure that, where relevant:

- (a) all input is genuine, complete, accurate, timely and not previously processed
- (b) all processing is carried out in an accurate, complete and timely manner
- (c) output from the system is complete, accurate and timely.

To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

To ensure that systems are documented and staff trained in operations.

To consult with the Borough Treasurer before changing any existing system or introducing new systems.

To establish a scheme of delegation in writing identifying officers authorised to act upon the Director's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.

To supply lists of authorised officers, with specimen signatures and delegated limits, to the Borough Treasurer, together with any subsequent variations.

To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

The Director will ensure that only bona fide data is transferred between subsidiary systems and the Financial Management System. Directors shall ensure that there are adequate controls to verify correct transfer of data has taken place and shall ensure that systems under their control are fully, and regularly reconciled.

4.2 INCOME

Why is this important?

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cashflow and also avoids the time and cost of administering debts.

Key controls

The key controls for income are:

- (a) all income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- (b) all fees and charges are subject to at least annual review and approval by the Full Council. In determining charges, the Council, shall have regard to
 - current legislation
 - the need to cover the cost of the service, as a minimum
 - market rates, where a service operates in free market conditions
 - the value of the service to users
 - the cost of collecting the income
 - the advice of the Director and Borough Treasurer
- (c) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
- (d) all money received by an employee on behalf of the authority is paid without delay to the Borough Treasurer or, as he or she directs, to the authority's bank, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- (e) prompt and effective action is taken to pursue non-payment within defined timescales
- (f) formal approval for debt write-off is obtained
- (g) appropriate write-off action is taken within defined timescales
- (h) appropriate accounting adjustments are made following write-off action
- (i) all appropriate income documents are retained and stored for the defined period in accordance with the [Records Retention and Destruction Schedule/Information Asset Register](#),
- (j) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

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Responsibilities of the Borough Treasurer

To set arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.

To provide advice, set the framework, collect and review annually proposals for fees and charges from each Director for submission to the Executive and Full Council for approval.

To approve all debts to be written-off up to £50,000 in consultation with the relevant Director and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit [\(England\) Regulations 2011](#).

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To obtain the approval of the Executive in consultation with the relevant Director for writing off debts in excess of £50,000.

To ensure that appropriate accounting adjustments are made following write-off action.

To approve arrangements for the submission of all claims for grants to Government Departments and other outside bodies.

Responsibilities of Directors

To review annually the fees, charges and concessions including the appropriate charging of VAT in line with the Council's policies.

Where charges are assessed according to ability to pay, the Director may make arrangements for the reduction of charges in accordance with policies approved by the Council or the Executive.

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Directors may make variations to charges which are set in order to cover specified costs, in consultation with the Borough Treasurer.

To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

To establish and initiate appropriate prompt recovery procedures, including legal action where necessary, for debts that are not paid promptly.

To issue official receipts or to maintain other documentation for income collection.

To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

To hold securely receipts, tickets and other records of income for the appropriate period.

To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on

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to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

To ensure income is not used to cash personal cheques or other payments.

To supply the Borough Treasurer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Borough Treasurer to record correctly the sums due to the authority and to ensure accounts are sent out promptly.

Directors have a responsibility to assist the Borough Treasurer and Borough Solicitor in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf.

Ensure that cash held on any Council premise is in accordance with the agreed levels of insurance cover approved by the Borough Treasurer.

To keep a record of every transfer of money between employees of the authority. The receiving officer must sign for the transfer and the transferor must retain a copy.

To recommend to the Borough Treasurer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

To obtain the approval of the Borough Treasurer when writing off debts in excess of the approved limit, and the approval of the Executive where required.

To notify the Borough Treasurer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Borough Treasurer and not later than 30 April.

4.3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Standing Orders and Procurement Manual.

General

Every officer and Member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority.

Official orders must be in a form approved by the Borough Treasurer. Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Borough Treasurer.

Each order must conform [with Contract Standing Orders and any relevant category strategy](#). Standard terms and conditions must not be varied without the prior approval of the Borough Solicitor.

~~The normal method of payment from the authority shall be by BACS.~~

Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Key controls

The key controls for ordering and paying for work, goods and services are:

- (a) all works, goods and services are ordered only by persons [with appropriate delegated authority](#) and are correctly recorded [in accordance with the Procurement Manual](#).
- (b) all works, goods and services shall be ordered in accordance with the authority's [Contract Standing Orders](#).
- (c) works, goods and services received are checked to ensure they are in accordance with the order [or contract](#)
- (d) payments are not made unless [the goods services or works](#) have been received by the authority [in the correct quantity, at the correct quality standards and at the correct price](#). [Payments in advance should only be made in exceptional circumstances](#).
- (e) all invoices are authorised by the relevant cost centre manager and that the authoriser cannot order or receive the goods and services

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- (f) all payments are made to the correct person/[organisation](#), for the correct amount and are properly recorded, regardless of the payment method
- (g) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the [Records Retention and Destruction Schedule/Information Asset Register](#).
- (h) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- (i) ~~that processes~~ are in place to maintain the security and integrity of data for transacting business electronically.

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Responsibilities of the Borough Treasurer

To ensure that all the authority's financial systems and procedures are sound and properly administered.

To approve any changes to existing financial systems and to approve any new systems before they are introduced.

~~To make payments from the authority's funds on a Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.~~

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To approve the form of official orders and associated terms and conditions. ¶

To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

To provide advice on making payments by the most economical means.

To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation.

Responsibilities of the Borough Solicitor

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To approve the form of official orders and associated terms and conditions.

Responsibilities of Directors

To ensure that an Agresso purchase requisition is raised for all goods and services, other than where it has been agreed with the Borough Treasurer that manual orders can be issued.

To ensure that orders are only used for goods and services provided to the Directorate.

To ensure that only those staff authorised by him or her sign orders and to maintain an up- to-date list of such authorised staff identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. [Value for money](#) should

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underpin the authority's approach to purchasing. Value for money should always be achieved.

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To ensure that goods and services are checked on receipt to verify that they are in accordance with the order and are entered into Agresso. This check should be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.

To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:

- (a) receipt of goods or services
- (b) that the invoice has not previously been paid
- (c) that expenditure has been properly incurred and is within budget provision
- (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- (e) correct accounting treatment of tax
- (f) that the invoice is correctly coded or matched with the Agresso order within agreed tolerances
- (g) that discounts have been taken where available
- (h) that appropriate entries will be made in accounting records.

To ensure that at least two authorised members of staff are involved in the ordering, receiving and payment process. A different officer from the person who authorised the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.

To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers and details of the limits of their authority shall be forwarded to the Borough Treasurer.

To encourage suppliers of goods and services to receive payment by the most economical means for the authority. All payments made by direct debit must have the prior approval of the Borough Treasurer.

To secure compliance with the Council's Contract Standing Orders.

To adhere to the procedures established in the Council's various category management strategies and by putting purchases, where appropriate, out to competitive quotation or tender.

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To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Borough Treasurer. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

To notify the Borough Treasurer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Borough Treasurer.

With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Borough Treasurer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

To notify the Borough Treasurer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the [Records Retention and Destruction Schedule/information Asset Register](#).

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4.4 PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Full Council.

Key controls

The key controls for payments to employees and Members are:

- (a) having a scheme of Members Allowances approved in accordance with the relevant statutory procedures
- (b) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancements

and that payments are made on the basis of timesheets or claims

- (c) frequent and regular reconciliation of payroll expenditure against approved budget and bank account
- (d) all appropriate payroll documents are retained and stored for the defined period in accordance with the [Records Retention and Destruction Schedule/information Asset Register](#).
- (e) that HM Revenue and Customs regulations are complied with.

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Responsibilities of the Borough Treasurer

To arrange and control secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.

To record and make arrangements for the accurate and timely payment of statutory payments, superannuation and other deductions.

To make arrangements for payment of all travel and subsistence claims.

To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.

To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis within the terms of the Service Level Agreement with the Pension Fund Managers.

Responsibilities of Chief Officer: Human Resources

The Chief Officer: Human Resources shall maintain a list of authorised permanent posts. This list shall include all relevant details regarding the grade and pay range of the job, the hours contracted (expressed as a percentage of a "full time equivalent"), the post holder and their start date and actual spinal point, plus details of other allowances.

Deleted: Borough Human Resource Manager

To notify the Borough Treasurer following the receipt of the information from Directors of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Borough Treasurer.

Responsibilities of Directors

To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

To notify the Chief Officer: Human Resources of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Officer: Human Resources.

To ensure that adequate and effective systems and procedures are operated, so that:

- payments are only authorised to bona fide employees
- payments are only made where there is a valid entitlement
- conditions and contracts of employment are correctly applied
- employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness

To maintain and regularly update a list of the names of officers authorised to sign records associated with the payment to employees to the Borough Treasurer, together with specimen signatures.

To ensure that payroll transactions are processed only through the payroll system. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Borough Treasurer.

To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be

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given to tax implications and that the Borough Treasurer is informed where appropriate.

To ensure that the Borough Treasurer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the [Records Retention and Destruction Schedule/information Asset Register](#).

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4.5 TAXATION

Why is this important?

Like all organisations, the authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key controls

The key controls for taxation are:

- (a) budget managers are provided with relevant information and kept up to date on tax issues
- (b) budget managers are instructed on required record keeping
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate authorities within the stipulated timescale

Responsibilities of the Borough Treasurer

To complete all HM Revenue and Customs returns regarding PAYE.

To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.

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To provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.

To maintain up-to-date guidance for authority employees on taxation issues.

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Responsibilities of Directors

To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.

To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

To follow the guidance on taxation issued by the Borough Treasurer.

Deleted: in the authority's accounting manual and VAT manual

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5.1 PARTNERSHIPS

Why is this important?

Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others - public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

General

The main reasons for entering into a partnership are:

- (a) the desire to find new ways to share risk
- (b) the ability to access new resources
- (c) to provide new and better ways of delivering services
- (d) to forge new relationships.

A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
- (b) a body whose nature or status give it a right or obligation to support the project.

Or, Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others
- (b) acting as a project funder or part funder
- (c) being the beneficiary group of the activity undertaken in a project.

Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
- (c) be open about any conflict of interests that might arise

- (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project.

Key controls

The key controls for [working with](#) authority partners are:

- (a) [to comply with](#) financial regulations and [Contract Standing Orders, \(if applicable\)](#)
- (b) to ensure that risk management processes are in place to identify and assess all known risks
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

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Responsibilities of the Borough Treasurer

To advise on effective controls that will ensure that resources are not wasted.

To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

To ensure that the accounting arrangements are satisfactory.

Responsibilities of Directors

To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Borough Treasurer.

To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Borough Treasurer.

To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.

To ensure that all agreements and arrangements are properly documented.

To provide appropriate information to the Borough Treasurer to enable a note to be entered into the authority's statement of accounts concerning material items.

To ensure that partnerships are established and operated having regard to the Council's partnership toolkit.

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5.2 EXTERNAL FUNDING

Why is this important?

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from third parties such as the National Lottery or Developers (S106) provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

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Key controls

The key controls for external funding are:

- (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council
- (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Borough Treasurer

To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

To ensure that audit requirements are met.

Responsibilities of Directors

To inform the Borough Treasurer of all claims for funds and that they are made by the due date.

To ensure that the project progresses in accordance with any agreement with the third party and that all expenditure is properly incurred and recorded.

To ensure that future financial commitments arising from external funded schemes are incorporated into the Council's Medium Term Financial Plan.

5.3 WORK FOR THIRD PARTIES

Why is this important?

Current legislation enables the authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

The key controls for working with third parties are:

- (a) to ensure that proposals are costed properly in accordance with guidance provided by the Borough Treasurer
- (b) to ensure the Borough Solicitor is consulted in cases of doubt or difficulty as to the power to undertake the work
- (c) to ensure that contracts are drawn up using guidance provided by the Borough Solicitor and that the formal approvals process is adhered to
- (d) to issue guidance with regard to the financial aspects of third party contracts.

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Responsibilities of Borough Treasurer

To issue guidance with regard to the financial aspects of third party contracts.

Responsibilities of Directors

To ensure that the approval of the Executive is obtained before any negotiations are concluded to work for third parties.

To maintain a register of all contracts entered into with third parties.

To ensure that appropriate insurance arrangements are made.

To ensure that the authority is not put at risk from any bad debts.

To ensure that no contract is subsidised by the authority unless approved by the Executive or the Full Council.

To ensure that, wherever possible, payment is received in advance of the delivery of the service.

To ensure that the department/unit has the appropriate expertise to undertake the contract.

To ensure that such contracts do not impact adversely upon the services provided for the authority.

To ensure that all contracts are properly documented.

To provide appropriate information to the Borough Treasurer to enable a note to be entered into the statement of accounts.

To ensure that the Council has the legal power to enter into the contract by consulting the Borough Solicitor in cases of doubt or difficulty.

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TO: GOVERNANCE AND AUDIT COMMITTEE
1 APRIL 2014

AMENDMENTS TO THE COUNCIL'S CONSTITUTION (Director of Corporate Services – Legal)

1. PURPOSE OF REPORT

- 1.1 This report proposes four amendments to the Council's Constitution. They concern:-
- (a) an amendment to the Standing Orders for Council required in consequence of recent regulations stipulating that there must be a recorded vote on budget motions at full Council.
 - (b) removal of the limitations in the Constitution as to who may discharge specified Executive functions to reflect current legislation relating to Executive Arrangements, and
 - (c) an amendment to the Overview and Scrutiny Procedure Rules to extend the period within which the Commission must meet where an Executive decision has been called in.
 - (d) an amendment to the Committee Procedure Rules as to the time and place of meetings to reflect the analogous provision in the Council Procedure Rules.

2. RECOMMENDATION

- 2.1 That the Committee recommend to Council that the Council's Constitution be amended as proposed in Section 5 of this report.

3. REASONS FOR RECOMMENDATION

As set out in Section 5 of this report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5. SUPPORTING INFORMATION

Budget Votes

- 5.1 On 25 February 2014 the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 ("the Regulations") came into force. The regulations require local authorities to amend their Standing Orders as soon as reasonably practicable to provide that at the budget-setting meeting of the Council there must be a recorded vote on any decision related to the making of those calculations which result in the setting of the Council Tax for the next financial year. It is therefore proposed that Council Standing Orders be amended accordingly.

Restrictions on Executive Decision Making

- 5.2 When Executive Arrangements were first introduced under the Local Government Act 2000 the legislation permitted Councils to specify in their constitution an appropriate tier of decision making authority (full Executive, Executive Committee, Portfolio Holder or officer) for Executive functions. Accordingly, Section 5.3 of Part 2 of the Council's Constitution stipulates:-

"Within the terms of the Constitution, the Leader may further provide for Executive functions to be discharged by:-

- (i) the Executive as a whole
- (ii) a Committee of the Executive
- (iii) an individual Member of the Executive
- (iv) an Officer
- (v) jointly with another local authority
- (vi) another local authority"

A table (a copy of which is shown as Annexe A) at Section 5.5 in Part 2 of the Constitution sets out the limitations prescribed by Council.

- 5.3 The 2000 Act as now amended by the Localism Act 2011 no longer permits the Council to specify tiers of decision making for Executive functions. The legislation now provides that the authority to determine the appropriate level of decision making rests with the Leader. Therefore, Section 5 Part 2 of the Council's Constitution needs to be amended to reflect the up-to-date legislative position; in particular the table within Section 5.5 of Part 2 should be deleted. Although the restrictions on allocation of decision making responsibilities will be omitted from the Constitution it is proposed that they be retained in practice by incorporation into the Leader's scheme of allocation of Executive responsibilities.

Overview and Scrutiny Procedure Rules for Call-In

- 5.4 The Procedure Rules for the Overview and Scrutiny Commission and its Panels are set out in Section 9 of Part 4 of the Constitution. Those rules include provision for call-in of decisions made by the Executive, a Portfolio Holder, an Executive Committee or a Key Decision made by an officer. An exception is provided for in the case of decisions which are required to be taken as a matter of urgency.
- 5.5 The Procedure Rules stipulate that a meeting of the Overview and Scrutiny Commission is convened within seven working days of the decision to call-in. However, the Council's Committee Procedure Rules (reflecting legislative requirement) provide that an agenda be sent out a minimum of five clear working days before the meeting. In practice it is extremely difficult, if not impossible, to satisfy both rules. To allow a more feasible period within which a meeting of the Commission should be held it is proposed that the Overview and Scrutiny Procedure Rules stipulate that the meeting of the Commission be held as soon as reasonably practicable but in any event within fifteen working days of the decision to call in.

Committee Procedure Rules

- 5.6 The Committee Procedure Rules provide that the time and place of Committee meetings will be determined by Council. That contrasts with the Council Procedure Rules which stipulate that the time and place of Council meetings will be determined by the Chief Executive. Recent experience with the Council Chamber being unavailable suggests that the Committee Procedure Rules should be amended to align with the Council Procedure Rules (i.e. time and place of meetings to be determined by the Chief Executive) simply because there may be no scheduled Council meeting to take a decision as to the location of the meeting if the Council Chamber should not be available for a scheduled Committee meeting.

6. ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

Borough Treasurer

- 6.2 There are no financial implications directly arising.

Equalities Impact Assessment

- 6.3 Not required.

Strategic Risk Assessment Issues

- 6.4 None.

Chief Officers

- 6.5 None.

7. CONSULTATION

Principal Groups Consulted

- 7.1 None.

Method of Consultation

- 7.2 Not applicable.

Representations Received

- 7.3 Not applicable

Background Papers

None.

Contact for further information

Alex Jack, Borough Solicitor – (01344) 355679

Alex.Jack@bracknell-forest.gov.uk

Doc. Ref

Aj/f/reports/Governance and Audit Committee – 31 March 2014 – Amendments to Council's Constitution

5.5 Sub-delegation of Executive Functions

- (i) Where the Executive, a Committee of the Executive or an individual Member of the Executive is responsible for an Executive function, they may delegate further to joint arrangements or an Officer.
- (ii) Unless the Council directs otherwise, if the Leader delegates functions to the Executive, then the Executive may delegate further to a Committee of the Executive or to an Officer.
- (iii) Unless the Leader directs otherwise, a Committee of the Executive to whom functions have been delegated by the Leader, may delegate further to an Officer.
- (iv) Even where Executive functions have been delegated, that fact does not prevent the discharge of delegated functions by the person or body who delegated.
- (v) Where Executive functions have been delegated, the person, or body, to whom the functions have been delegated, may, by notice in writing to the Proper Officer, remove the delegation, either generally, or in respect of one, or more, specific matters. In such event, the person or body by whom the functions have been delegated may either discharge the function or, in accordance with paragraphs (i) to (iii) above, and on written notice to the Proper Officer, delegate the function.
- (vi) Where the Executive, a Committee of the Executive, or an individual Member of the Executive is responsible for an Executive Function, they must not delegate such a function to an Executive Support Member.

Delegation of those decisions in Column A of the table below may only be made in accordance with the line relating to such decision in Column B of the Table.

COLUMN A	COLUMN B
Virement within Revenue Budgets £50,000 - £100,000	Whole Executive
Virement between Revenue Budgets up to £100,000	Whole Executive
Responsibility for submitting or recommending Draft Plan and Budgets	Whole Executive
Approval of Capital Expenditure <ul style="list-style-type: none"> • Allocation of resources within a Council approved rolling programme and Contract Awards • < £400,000 • £400,000 - £1m • > £1m 	Relevant Director Relevant Director and Portfolio Holder Whole Executive
<ul style="list-style-type: none"> • Authorisation of Capital Expenditure above estimate Up to £25,000 Above £25,000 - £50,000 	Director Whole Executive
<ul style="list-style-type: none"> • Writing-off Debts Over £50,000 	Whole Executive
Acquisition of Land and Buildings <ul style="list-style-type: none"> • £100,000 to £500,000 	Executive Member

<ul style="list-style-type: none"> Over £500,000 	<p>Whole Executive unless:-</p> <p>(a) certified to be a matter of overriding urgency by both the Leader and the Chief Executive (in which case Executive member)</p> <p>(b) required in connection with the regeneration of Bracknell Town Centre, in which case authorisation may be granted by the Bracknell Town Centre Regeneration Committee.</p>
<p>Disposal of Land and Buildings</p> <ul style="list-style-type: none"> Over 0.5 hectares or above £500,000 	<p>Whole Executive unless:-</p> <p>(a) certified to be a matter of overriding urgency by both the Leader and the Chief Executive (in which case Executive member)</p> <p>(b) required in connection with the regeneration of Bracknell Town Centre, in which case authorisation may be granted by the Bracknell Town Centre Regeneration Committee.</p>
<p>Contract Award – the rules relating to key decisions apply in all cases</p> <ul style="list-style-type: none"> < £400,000 £400,000 - £1m > £1m 	<p>Relevant Director</p> <p>Relevant Director and Portfolio Holder</p> <p>Whole Executive</p>

5.6 Executive Committee Terms of Reference

Committee	Terms of Reference
Executive	<p>The Executive is appointed by the Leader of the Council and may have between 2 and 9 members who will normally be charged with responsibility for specific executive functions - their portfolio.</p> <p>The main functions of the Leader and the Executive are:</p> <ul style="list-style-type: none"> - To develop and propose the policy framework to the Council. - To be responsible for all executive decision-making within the policy framework by the executive as a whole, individual portfolio holders or a committee of the executive. <p>The Executive may appoint non-Executive councillors to assist with policy development.</p>