

# Bristol City Council Financial Regulations



Effective from 2018

# Financial Regulations

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# Financial Regulations

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## 1 Introduction

### 1.1 Status of Financial Regulations

Financial Regulations provide the framework for managing the authority's financial affairs. They apply to every Member and officer of the authority and anyone acting on its behalf. The Regulations will be supplemented by [detailed financial procedures](#) and will be reviewed annually. Breach of these regulations or procedures will constitute a disciplinary offence.

Executive and Service 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.

All Members and staff have a general responsibility for taking reasonable action to provide for the security of all council assets, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

These regulations specifically identify the financial responsibilities of:

- The Full Council
- The Mayor and Executive Members

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- Overview and Scrutiny Committees
- Head of Paid Service (S4 Local Government and Housing Act 1989)
- Service Director, Legal and Democratic Services, Monitoring Officer (S5 Local Government and Housing Act 1989)
- S151 Officer, Officer responsible for financial administration (S151 Local Government Act 1972)
- Executive and Service Directors

The Financial Regulations are divided into the following sections:

- Financial Roles and Responsibilities
- Financial Planning
- Financial Management
- Risk Management and Internal Control
- Systems and Procedures
- External Arrangements

The Financial Regulations apply to all services of the Council. Whilst Schools with delegated budgets, under the Scheme for Financing Schools, have their own Financial Regulations for Schools with Delegated Budgets, these should not be contrary to the Council's own Financial Regulations and any exceptions from it should be reported to the S151 Officer.

The S151 Officer is responsible for maintaining a continuous overview of the Financial Regulations and for updating them, as necessary, for Full Council to approve.

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## 2 Financial Roles and Responsibilities

### 2.1 Introduction

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

### 2.2 Full Council

The Full Council has responsibility for adopting the budget and policy framework.

- The policy framework is made up of overarching plans and strategies as set out in the Constitution. Additional corporate strategies may become part of the policy framework once adopted by full Council.
- The budget includes the allocation of financial resources to corporate priorities services and projects, proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the council's borrowing, investments, capital expenditure, determining the authority's minimum revenue provision and the setting of virement limits.

### 2.3 The Mayor

The Mayor is responsible for all of the Council's executive functions which are not the responsibility of any other part of the Council, whether by law or under the Constitution. The Mayor will also:

- Recommend to Full Council the Policy Framework and Council Budget for approval and any subsequent amendments;
- Make all executive decisions within and in furtherance of the agreed Policy Framework and Budget;
- Recommend to Full Council the making of bye-laws;

### 2.4 Committees and Statutory Officers

#### 2.4.1 Overview and Scrutiny Management Board

The overview and scrutiny Management Board is appointed by the Full Council.

They have delegated roles and responsibilities according to their [terms of reference](#)

#### 2.4.2 Audit Committee

The Audit Committee is an advisory body, independent of the executive and scrutiny functions, that provides assurance, or otherwise, to Full Council in relation to the adequacy of the Council's governance, risk management and internal control arrangements. Its full functions are set out in the [Constitution](#) and the Committee's [terms of reference](#)

The Statutory Officers:

#### 2.4.3 Head of Paid Service

The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. The functions of the Head of Paid Service are explained fully in the Council's [Constitution](#).

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## 2.4.4 Monitoring Officer

The functions and responsibilities of the Monitoring Officer are carried out by the Service Director, Legal and Democratic Services.

The functions of the Monitoring are explained fully in the Council's [Constitution](#). However, the functions that are pertinent in the context of the Financial Regulations include:

- After consulting with the Head of Paid Service and S151 Officer, ensuring lawfulness and fairness of decision making;
- Advising whether executive decisions are within the budget and policy framework

## 2.4.5 S151 Officer

The S151 Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations (as amended)
- The Local Authorities Goods and Services Act 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011

The S151 Officer is responsible for:

- the proper administration of the authority's financial affairs
- 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
- Reporting to members on the overall budget performance and recommending corrective action where appropriate
- providing financial information
- preparing the revenue budget and capital programme and reporting to Full Council on the robustness of the estimates and the adequacy of reserves
- Prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the statutory timetable and arrangements specified by law.
- Treasury management arrangements.
- Internal audit

Section 114 of the Local Government Finance Act 1988 requires the S151 Officer after consulting the Head of Paid Service and Monitoring Officer to report to the Mayor, Members and external auditor if the authority or one of its officers:

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

## 2.5 Executive Directors

The S151 Officer has overall responsibility for the finances of the Council however Executive Directors have delegated responsibility for the management of the finances of their services. As such they should

- put in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- promote appropriate financial management standards within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the, S151 Officer and ensuring that relevant training is provided to those staff with financial management responsibilities.
- promote sound financial practices in relation to the standards, performance and development of staff in their services.
- Advise the Mayor and Executive Members and the S151 Officer of the financial implications of all proposals.
- Seek approval, in conjunction with the, S151 Officer on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Consult with, and obtaining the approval of, the S151 Officer before making any changes to accounting records or procedures.
- comply with the following principles when allocating accounting duties:
- Separating the duties of providing information about sums due to or from the Council and calculating, checking (including reconciling the accounts) and recording these sums from the duty of collecting or disbursing them.
- Ensuring that employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- Ensuring that claims for funds (including grants and 'match funding') are made, in accordance with accounting instructions issued by the S151 Officer and the conditions defined by the grant awarding body, by the due date and that appropriate records are maintained.
- Ensuring debts are collectable and that systems are in place for the effective recovery of sums due.
- Contributing to the development of performance plans in line with statutory requirements.



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- Contributing to the development of corporate and service targets and objectives and performance information.

## 2.6 Internal Audit

Internal Audit independently reviews, appraise and report upon the whole control framework including risk management, internal control and governance arrangements. In relation to financial controls, their focus is to review and report on:

- The extent of compliance with, and effectiveness of, relevant financial policies, plans and procedures.
- The adequacy and application of financial and other related management controls.
- The suitability of financial and other related management data.
- The extent to which the Council assets and interests are accounted for and safeguarded from loss of any kind from:
  - Fraud and other offences.
  - Waste, extravagance and inefficient administration.
  - Inefficient value for money or other causes.

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## 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 Mayor. In terms of financial planning, the key elements are:

- Medium Term Financial Plan (MTFP)
- Revenue Budget
- Capital Programme and Strategy
- Treasury Management Strategy, prudential indicators and Minimum Revenue Provision policy

### 3.2 Finance Scheme of Delegation to Officers

The Finance Scheme of Delegation details the power that officers have to make decisions on spending and other finance issues, across the council. The Scheme sets out the approved financial limits within which authorised officers may conduct the Council's business. Changes to limits/values contained within it may only be made with the approval of the S151 Officer. The Scheme includes general limits on spending money, capital expenditure, Treasury Management, virement and supplementary estimates. Guidance for managers and staff on how to use Schemes of Delegation is available on the intranet. Details of finance functions delegated to officers can be found here [Finance Scheme of Delegation](#)

### 3.3 Revenue Budget

#### 3.3.1 Budget format

The Council is required to set an annual balanced budget presenting how its financial resources, are to be allocated and utilised; thus showing the Council's financial plan for the coming year with regard to statutory services as well as local key priorities and objectives.

The general format of the budget will be approved by the Full Council and proposed by the Elected Mayor on the advice of the S151 Officer.

The S151 Officer, as the Council's Chief Finance Officer, must report to Council (as required by the Local Government Act 2003) that the spending plans identified in its Medium Term Financial Plan and the council tax calculation for the budget year are robust estimates that:

- Direct resources towards Council priorities in a way that is achievable
- Reflect the best estimate of pay and price increases available at this time
- Consider and recognise the major financial risks facing the Council
- Contain proposals for increased income or reduced expenditure that are achievable.

The S151 Officer must also confirm that the level of Council reserves is sufficient to meet the known financial risks facing the Council over the medium term.

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## 3.3.2 Budget preparation

The Council operates within an annual cash limit, approved when the annual budget is set. The S151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Mayor and Cabinet, before submission to the Full Council. Full Council may amend the budget or ask the executive to reconsider it before approving it.

S151 Officer, in consultation with the Deputy Mayor for Finance, Governance and Performance, will issue detailed guidance and a timetable for production of the budget. The guidelines will take account of:

- legal requirements;
- medium-term planning prospects;
- available resources;
- spending pressures;
- best value and other relevant Government guidelines;
- other internal policy documents; and
- cross-cutting issues (where relevant).

Executive Directors must prepare detailed draft revenue and capital budgets, in consultation with the S151 Officer and the Deputy Mayor for Finance, Governance and Performance, and in accordance with the laid-down guidance and timetable, for consideration by the Mayor and Cabinet.

It is the responsibility of Service Directors to ensure that budget estimates reflecting the Corporate Strategy are submitted to the Mayor and Cabinet and that these estimates are prepared in line with guidance issued by the S151 Officer.

## 3.3.3 Maintenance of Reserves and Balances

Reserves are maintained to enable the Council to cope with unpredictable financial pressures, and to plan for future spending commitments. A general strategic reserve is maintained to cover unforeseen strategic, operational and financial risks whilst earmarked reserves are held for identified spending commitments. The S151 Officer will ensure that there are clear protocols for the establishment and use of reserves.

The creation of, or addition to, any reserve will be subject to the approval of the S151 Officer. For each reserve established, the purpose, usage (including the timeframe for usage) and basis of transactions will be clearly articulated.

The withdrawal of funds from a reserve will require the approval of the S151 Officer. In the case of balances held by schools, the appropriate Board of Governors are responsible for giving authorisation.

The Level of reserves will be reviewed annually by the S151 Officer who will advise upon prudent levels of reserves and balances for the Council. In developing a reserve strategy the S151 Officer will ensure;

- The level of reserves should be sufficient to ensure that the Council can comply with its statutory financial duties of setting a balanced budget.

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- The level of reserves should take into account the known risks over the life of the current financial plan.
- The level of reserves should be capable of covering the estimated financial risk of the Council including contingent liabilities and insurance exposure risks.

Under section 114 of the Local Government Finance Act 1988 the S151 Officer must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

## 3.4 Capital Budgets

### 3.4.1 Capital Expenditure

Capital expenditure involves the acquisition and enhancement of assets which provide a long term benefit to the Council, such as buildings and highways. Capital assets are integral to how services are delivered and create long term financial revenue commitments in the form of life cycle costs and financing costs if funded by borrowing.

Any capital project with a total cost of more than £500k or is a decision which is likely to significantly impact on communities is a “key decision” and will require Cabinet approval.

The S151 Officer and Executive Directors have clear responsibilities along with a schedule of key controls to provide a framework to ensure resources are applied effectively to meet the goals of the authority and that the delivery of new capital projects including significant changes are reported accordingly.

Schemes can only be approved if they are in the Capital Programme. Finance functions delegated to officers, including general spending limits in respect of capital expenditure can be found in the [Finance Scheme of Delegation](#)

### 3.4.2 Capital programme

The S151 Officer is responsible for ensuring that a capital programme is prepared, with the associated financial implications set out in the revenue budget, on an annual basis for consideration by the Cabinet before submission to the Full Council.

Capital schemes will normally only be added to the capital programme as part of the annual budget setting process.

## 3.5 Asset Leasing

Leasing arrangements, including rental agreements and hire purchase arrangements will only be entered into with the prior approval of the S151 Officer. This approval is required to ensure that leases that constitute credit arrangements are taken into account when the Council determines its borrowing limits and to ensure such arrangements represent best value for money and are accounted for appropriately.

## 3.6 Treasury Management

Treasury management activities are those associated with the management of the Council's cash flows borrowings and investments, and the effective control of the risks associated with these activities.

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The authority is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (2011) which requires the following:

- Annual Treasury Management Strategy including investment and borrowing strategies, a set of prudential indicators and a policy for making revenue provision for the repayment of debt (Minimum Revenue Provision) approved by Full Council. These will be consistent with the Council's revenue budget and capital programme proposals.
- Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management arrangements.
- Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives
- A Mid-year and outturn Treasury Management Report to provide an update including any revisions to policies or strategies.
- To nominate a committee to keep under review the treasury management arrangements. Under the current constitution this is undertaken by the Audit Committee.

In addition the S151 Officer and Executive Directors have clear responsibilities along with detailed requirements to ensure borrowing and lending activity is carried out in accordance with limits and criteria approved by Full Council including the Ethical Investment policy.

### 3.7 Income and Charging Policy

All new fees and amendments to existing charges will be reviewed by the relevant Executive Directors and are subject to formal approval by Cabinet following consultation with the relevant Executive Member, Executive Director and Section 151 Officer. Officers do not have the power to make changes to policies relating to fees and charges or give concessions to fees and charges.

All fees and charges must be reviewed annually, and will generally be increased in line with inflation. Where it is proposed that the charges should be increased either materially above or below inflation the proposal must be submitted to the relevant Executive Member and will require Full Council approval.

### 3.8 Pay Policy Statement

Officer's remuneration must be set in accordance with the Council's [Pay Policy](#).

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## 4 Financial Management

### 4.1 Budget monitoring and control

The S151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The S151 Officer is responsible for monitoring and controlling overall expenditure and income against budget allocations and must report to the Cabinet on the overall position on a regular basis.

Once the budget is approved by Full Council, Executive Directors will be required to sign off their annual budgets and are authorised to incur expenditure in accordance with the approved budget, subject to the limits in the Constitution and the [Finance Scheme of Delegation](#).

It is the responsibility of Executive Directors to control income and expenditure within their area and within the cash limited budget allocation delegated to them. They should monitor and report on variances within their own areas and take any action necessary to avoid exceeding their budget allocation and alert the S151 Officer to any problems. Where there are budget pressures mitigating actions must be identified.

Executive Directors must ensure that no commitments are made that would result in an approved budget being exceeded. Prior approval must be obtained to increase the budget either by virement or by a supplementary estimate (see below.)

### 4.2 Virement

Service Directors have a responsibility to ensure spending remains within the services overall cash limit. It is, in some instances, permissible to transfer a budget either between directorates or between services or budget headings within a directorate, subject to approved service plans and Council priorities. This change of purpose of a budget is known as a virement. Budget virements must follow the Finance Scheme of Delegation. Details can be found at [Finance Scheme of Delegation](#).

### 4.3 Supplementary Estimates

In the event that it is not possible to transfer resources between budget headings to meet a liability, or no other mitigating actions can be taken, a request may be made for additional funding from the general balance, an earmarked reserve or from a contingency for unforeseen costs. These are referred to as supplementary estimates.

Supplementary estimates can only be requested for one off purposes. Where additional funding is required on an on-going basis, the full year effect must be addressed through the revenue budget setting process.

Following consultation with the S151 Officer, who will advise on the source(s) of supplementary funding, approval must follow the Finance Scheme of Delegation. All supplementary estimates must be approved by Cabinet or Full Council.

The S151 Officer will withdraw supplementary funding if it becomes apparent that the funding is not being used for the agreed purpose, or is no longer required and can be returned to the reserve from which it was allocated.

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## 4.4 Capital monitoring and spend

Once the capital programme or a scheme is approved, Executive Directors are, subject to rules in the Constitution and the Finance Scheme of Delegation, authorised to progress capital projects that have:

- (i) An approved start date in the current or prior financial year
- (ii) Adequate scheme and payments approval in the Capital Programme to finance these projects

The principles and framework for managing the revenue budget apply equally with regards to the monitoring and management of individual capital projects within their scheme and payment approvals.

## 4.5 Accounting Records and Financial Systems

### 4.5.1 Accounting Records

The S151 Officer is responsible for determining the accounting procedures and records for the Council and for the completion of all accounts and accounting records.

The Council's accounting records are maintained within its General Ledger. A standard coding convention is maintained that enables actual and budgeted income and expenditure to be analysed in a variety of ways (management and statutory reporting requirements). The integrity of the Council's financial reporting is then dependent on transactions being correctly coded at source.

All financial records must be retained in line with the Council's [Document Retention Schedule](#).

### 4.5.2 Annual Statement of Accounts

The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year, and is responsible for approval and publishing those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations.

The S151 Officer is responsible for selecting suitable accounting policies, and for applying them consistently, to ensure that the Council's annual Statement of Accounts is prepared in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and other relevant accounting standards and practices. In addition, the S151 Officer will ensure that the Statement of Accounts is compiled, approved and published in accordance with the statutory timetable specified within the Accounts and Audit Regulations.

The S151 Officer will issue accounting instructions on the closure of accounts, including a timetable annually. All budget holders must comply with these accounting instructions and supply the information requested by the dates specified.

The S151 Officer must sign and date the Statement of Accounts, thereby confirming they give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.

The S151 Officer is responsible for making proper arrangements for audit of the Council's accounts.

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### 4.5.3 Transparency Requirements

The Council must publish on its website details of all expenditure on goods and services over £500. Similarly it must also publish on its website details of contracts awarded over a value of £5,000. The S151 Officer is responsible for ensuring these arrangements are met.

### 4.6 Financial Systems

The S151 Officer is responsible for the provision of a corporate system for the preparation of the Council's accounts and for monitoring expenditure and income. This is currently provided by means of the Council's financial system.

Executive Directors are responsible for ensuring that the financial system accurately records the financial transactions of their functions, and for complying with any guidance issued by the S151 Officer. Executive Directors shall ensure that all income and expenditure, regardless of source must be processed through the financial system and that all transactions are recorded in a manner that complies with proper accounting practices, enables returns to be made to taxation authorities and complies with other legal requirements. The S151 Officer shall give whatever guidance is necessary to enable this obligation to be fulfilled.

Executive Directors shall use the financial system as the prime means of monitoring expenditure and income in their services and for comparing spending against budget. Executive Directors shall keep such subsidiary information and records as are necessary to effectively monitor expenditure, income and commitments, and to support any required returns.

Executive Directors shall provide all relevant information deemed necessary to compile the Council's annual accounts in accordance with guidance issued by the S151 Officer.



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## 5 Risk Management and Internal Control

### 5.1 Introduction

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

### 5.2 Risk Management

The Council operates a Risk Management Policy that details its approach and methodology for risk identification, assessment and management. The policy promotes operating with active risk awareness rather than risk aversion and requires operation at the highest risk levels to be escalated, reported and accepted via a directorate/corporate risk registers.

The Audit Committee is responsible for approving the authority's risk management policy statement and approach and provides independent assurance to the Council on the effectiveness of risk management and internal control.

Elected Members and officers alike are required to assist in, and take responsibility for, identifying, and controlling risk and opportunities (and better use of resources) in all their activities and areas of responsibility. A full description of roles and responsibilities is in section 5 of the Risk Management Policy.

### 5.3 Internal Control

The system of internal control is a significant part of the Council's overall governance framework. The Council will compile an Annual Governance Statement each year which is supported by statements from management across the Council providing assurance that governance principles are embedded into everyday management. The [Council's Code of Corporate Governance](#) and the Annual Governance Statement will be compiled with reference to proper practices in relation to governance (*principally the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'*) and reflect the governance arrangements, financial and other, in place during the year.

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 and properly accounted for. These arrangements also need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.

The S151 Officer is responsible for assisting the Council to put in place effective systems of internal financial control and to ensure a robust control environment. However, it is for managers across the Council to ensure that the system of internal control is operating effectively in their areas of service delivery.

Internal Audit will undertake a programme of independent reviews to establish the strength of control frameworks operated. Where improvement to internal control, risk management and governance arrangements is required, recommendations will be made by Internal Audit and timeframes for implementation agreed with service management.

It is the responsibility of service management to ensure that such improvements are made in a timely manner in line with that agreed. Any non-implementation of recommendations will be escalated through the management structure and reported to the Audit Committee

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## 5.4 Audit Requirements

### 5.4.1 External Audit/Inspection

The duties of the external auditor include reviewing and reporting upon:

- (i) The financial aspects of the Council's corporate governance arrangements.
- (ii) The Council's financial statements; the external auditor must be satisfied that the Statement of Accounts give a 'true and fair view' of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

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

The External Auditors and other statutory inspectors must be given reasonable access to premises, personnel, documents and assets that it is considered necessary for the purposes of their work. Regard must be given to the Council's GDPR policy though, and if there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the Monitoring Officer.

### 5.4.2 Internal Audit

The Accounts and Audit Regulations require the Council to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS).

Internal audit is an independent and objective appraisal function, established by the Council for reviewing the systems of internal control, risk management and governance arrangements across the Council. It assists the Council's stakeholders by providing an opinion on the effectiveness of those arrangements related to the main risks faced by the Council.

Internal Audit adhere to proper practices in relation to internal control; specifically the PSIAS. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The Internal Auditors / Investigators have the authority to:

- (i) Access any Council premises, assets, records, documents and correspondence, and control systems.
- (ii) Receive any information and explanation related to any matter under consideration.
- (iii) Require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under his or her control.
- (iv) Access records belonging to third parties (e.g. Contractors) when required.
- (v) Directly access the Head of Paid Service, the Audit Committee, Executive and other elected members.

Managers must respond to Internal Audit reports in writing, within a timescale agreed as part of the internal audit methodology detailing the action intended, responsible officer, timescale for implementation and whether the action will require additional resources, to address all

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agreed recommendations. The relevant manager must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion. This is validated by the follow-up process undertaken by Internal Audit and reported to Audit Committee.

Any recommendations not agreed by the responsible officer must be reported to Audit Committee, with an explanation as to why the recommendation has not been accepted.

The Head of Internal Audit will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets prior to live implementation.

### 5.5 Preventing Fraud and Corruption

The diverse nature of services provided by the Council mean that there are many areas where we could be a target for fraud. The Council is committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour.

They recognise that fraud against the Council harms the citizens and taxpayers of Bristol and for that reason, fraud, bribery and corruption against the council will not be tolerated and all such occurrences will be investigated.

In accordance with the Council's [Anti-fraud, bribery and corruption strategy](#), all suspected irregularities must be reported to the Head of Internal Audit. The Head of Internal Audit will maintain a record of all such reports and will ensure a proportionate investigation is completed. Significant matters will be reported to the Head of Paid Service, Cabinet and the Audit Committee as appropriate.

The Council operates a [whistle-blowing policy](#) which provides further guidance on how employees can raise issues or concerns about other inappropriate behaviour. Additionally, the Codes of Conduct for both Members and Officers set out the standards of behaviour expected regarding personal interests in professional matters and acceptance of gifts and hospitality. Declarations of interest, gifts and hospitality are required by these codes to ensure open and transparent transactions.

The Council also has a legal duty under the Money Laundering Regulations 2007 to ensure staff are aware of the risks and report any suspected money laundering activity. The [Anti-Money Laundering Policy and Guidance Notes](#) provides details of the reporting procedure and guidance on recognising potential money laundering activity and the areas of operation most likely to be affected. Management in those areas are responsible for ensuring their staff understand their obligations so they can recognise and report suspicious activity. To mitigate the risks of the Council in respect of money laundering, cash payments in excess of **£10,000** will not be accepted except with the prior approval of the S151 Officer.

### 5.6 Insurance

The S151 Officer is responsible for arranging insurance cover on behalf of the Council, excluding any insurance under contracts which is the responsibility of the contractor.

The S151 Officer will hold in safe custody all insurance policies of the Council, arrange for payment of premiums by the due date, and manage the Council's own Insurance Fund.

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Procedures for dealing with claims on the Council's own Insurance Fund will be prescribed by the S151 Officer.

With regard to the insurance of property, other than buildings, and any other insurable risks appropriate to the Council's services, it is the duty of all Executive Directors to:

- periodically review the valuation of insurable assets.
- Inform the S151 Officer promptly of any additions, disposals or revaluations of assets, so that appropriate changes in cover can be effected.
- Inform the S151 Officer promptly of any circumstances which necessitate the submission of a claim to an external insurer, or on the Council's Insurance Fund.

With regard to the insurance of assets, it is the duty of all Executive Directors to inform the S151 Officer promptly of any changes in the fabric, use or contents of any assets which may affect its valuation for insurance purposes.

It is the duty of the S151 Officer to periodically undertake a general revaluation of Council buildings so that appropriate amendments to insurance cover can be arranged.

The S151 Officer is responsible, in consultation with the appropriate Executive Directors, for submitting and agreeing insurance claims with external insurers and agreeing amounts to be met from the Council's Insurance Fund.

Insurance records relating to liability policies and related correspondence must be retained indefinitely. Documents relating to other policies and internal funding arrangements must be retained in accordance with the Council's [Document Retention Schedule](#).

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## 6 Financial Systems and Procedures

### 6.1 Introduction

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

The S151 Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Executive Directors to the existing financial systems or the establishment of new systems must be approved by the S151 Officer. However, Executive Directors are responsible for the proper operation of financial processes in their own departments.

Any changes to agreed procedures by Executive Directors to meet their own specific service needs should be agreed with the S151 Officer.

Executive Directors should ensure that their staff receive relevant financial training that has been approved by the S151 Officer.

Executive Directors must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Executive Directors must ensure that staff are aware of their responsibilities under freedom of information legislation.

### 6.2 Income

The S151 Officer will agree the arrangements for the collection of income due to the Council and approve the procedures, systems and documentation for its collection and associated debt recovery. It is the responsibility of Executive Directors to ensure that a proper scheme of delegation has been established within their area and is operating effectively.

The S151 Officer and Executive Directors will be responsible for:

- (i) Administering all invoicing, credit notes, income collection and debt recovery.
- (ii) Ensuring that claims for Government grants and other monies are made properly and promptly and properly.
- (iii) Ensuring that all monies received are properly receipted and recorded and banked promptly.
- (iv) Administering the process for writing off irrecoverable debts and monitoring and reporting on write off levels
- (v) Recommending and implementing the Council's debt management policy.

#### 6.2.1 Writing Off Irrecoverable Income

The procedure for writing off irrecoverable income is as follows:

- (i) Amounts up to £500 to be written off on the authority of the Finance Operations Manager, when in their opinion, further legal processes to recover the amount would be fruitless. The total amount written off to be reported at least annually to Cabinet.
- (ii) Amounts from £500 up to £5,000 to be written off on the authority of the Finance Operations Manager and a team leader from Legal Services, when in their opinion, further legal processes to recover the amount would be fruitless. The total amount written off to be reported at least annually to Cabinet.

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- (iii) Amounts from £5,000 up to £20,000 to be written off on the authority of the Head of Finance and the Service Manager – Legal Services, when, in their opinion, further legal processes to recover the amount would be fruitless. The total amount written off to be reported at least annually to Cabinet.
- (iv) Amounts between £20,000 and £500,000 to be written off on the authority of the S151 Officer and the Monitoring Officer when, in their opinion, further legal processes to recover the amount would be fruitless; amounts so written off to be categorised and reported to Cabinet at least annually. Amounts between £50,001 and £500,000 will be subject to consultation with the relevant Executive Member.
- (v) Amounts in excess of £500,000, excluding bankruptcies and liquidation, to require the specific approval of Cabinet to write-off. Bankruptcies and liquidation will be written off in accordance with (iii) above.

The Finance Operations Manager will categorise the amounts so written off, and report annually to Cabinet.

At the end of each financial year, each Executive Director will be required to supply the Finance Operations Manager with lists of outstanding debts to be brought into account in the Final Accounts of the year.

Where debt is not on the general debtors ledger, and there is no separate local policy in place regarding recovery and write off of debt, efforts commensurate with the amount owed should be made to recover the debt. The procedure for writing off irrecoverable income will be as follows:

- (i) Amounts up to £500 to be written off on the authority of the Team Manager with due regard to the details of the debt and the processes undertaken to attempt recovery.
- (ii) Amounts of £501 to £5,000 to be written off on the authority of the Head of Service and Senior Solicitor, when in their opinion, further legal processes to recover the amount would be fruitless.
- (iii) Amounts above £5,000 to follow the standard general debtors requirements detailed above.

### 6.3 Payment for Goods, Works and Services

Expenditure may only be incurred where budgetary provision is available and must comply with the Council's procurement rules and approved payment processes. All supplier invoices must be supported by a valid purchase order, otherwise this is likely to cause delay in payment. For more details go to the [policy](#)

### 6.4 Banking and Cash Handling

The S151 Officer is responsible for,

- The opening, operating and closing of bank accounts in the name of the Council.
- Ensuring there are satisfactory arrangements in place for the ordering, storage and control of all cheques drawn on the Council's main bank accounts.
- Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council

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- Approving the operation of imprest (petty cash) accounts.

Executive Directors are responsible for the proper administration of any imprest (petty cash) accounts including record keeping, document retention and the paying in of income.

## 6.5 Imprest Accounts

Imprest (petty cash) accounts can only be established in exceptional circumstances, where there is no other practicable means of meeting minor expenditure on behalf of the Council. S151 Officer approval is required before establishing an imprest account. Service Directors are responsible for ensuring the imprest account is regularly reviewed and reconciled and must provide the S151 Officer with a certificate of the value of the account held at 31 March each year.

## 6.6 Purchase Cards

Purchase cards should only be used where it is not possible to go through the formal ordering process. Any request for a purchase card requires S151 Officer authorisation. Purchase cards can only be used in line with the Council's Purchase Card Policy.

## 6.7 Procurement

Officers responsible for the purchase or commissioning of goods, services or works must ensure the appropriate procurement procedures are followed. These procedures are different depending on what it is being procured and how much is being spent. The rules are governed by European law, UK law, and the council's own rules and regulations. Full details of the Council's procurement rules, along with associated guidance can be found at [procurement and commissioning](#)

## 6.8 Assets

The Council holds many different assets including property, land, vehicles, works of art and cash. These assets must be safeguarded and used efficiently in service delivery. Executive Directors must ensure that assets are properly maintained, securely held and appropriately documented. 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. Executive Directors are responsible for ensuring intellectual property rights are protected.

## 6.9 Land and Property Transactions

The Council will enter into a variety of property agreements. These transactions will have a financial consequence for the Council. Approval is therefore required to authorise such property transactions for completion, and to declare properties surplus to requirements.

[The Property Scheme of Authorisation](#) sets out the authority of officers within that area to take land decisions and is signed by the Executive Director. The term "land" means real estate of whatever nature including land, buildings or structures, plus any rights over, under or through the land.

Prior to any disposal of Council property, the asset must first be declared surplus to requirements.

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## 6.10 Stocks and Stores

Service Directors must make appropriate arrangements for the care and custody of stocks and stores held by their services and maintain inventory records that document the purchase and usage of these items. Stock levels should be subject to a regular independent check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

## 6.11 Taxation

The S151 Officer is responsible for advising Executive 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 S151 Officer 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. This includes National Insurance, VAT and the necessary Construction Industry Tax Deduction Scheme requirements.

The S151 Officer will ensure that VAT incurred in relation to "exempt" business income is not at risk of exceeding the partial exemption limit in any financial year, and undertake the annual calculation after year-end.

Executive Directors have the responsibility to check the VAT status of any new type of income with Finance. Ensure all new schemes, in particular involving capital expenditure or changes to current arrangements that in service areas which involve VAT exempt income, are notified to Finance at the earliest opportunity. Executive Directors should liaise with Finance if there is any type of query concerning VAT or if it is believed that an error may have occurred.

## 6.12 Staffing

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

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

Executive 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 approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
- The proper use of appointment procedures.
- Ensuring the recruitment of agency staff, interim managers and consultants is in line with the Council's policy for [recruiting non-permanent staff](#) and take into consideration Intermediaries Legislation (known as IR35)



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## 6.13 Payments to Employees and Members

The Director of HR, Workforce and Organisational Design is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

## 6.14 Expenses and Allowances

The Director of HR, Workforce and Organisational Design is responsible for the payment of certified expense claims submitted by employees that are made in accordance with the Council's [Expenses, Benefits and Travel Policy](#). Certification of travel and subsistence claims is taken to mean that journeys were authorised and expenses properly and necessarily incurred for business purposes, and the allowances are properly payable by the Council. Further guidance is provided in the Expenses, Benefits and Travel Policy.

The S151 Officer will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs. Details of any employee benefits in kind must be notified to the S151 Officer to enable full and complete reporting within the income tax self-assessment system.

Member's allowances and expenses are covered by part 6 of the [Constitution](#).

## 6.15 Declarations of Interests, Gifts and Hospitality

The public is entitled to expect conduct of the highest standard from both local government Members and employees. Both a register of interests and a register for gifts and hospitality are maintained for both Members and employees and are examined by both Internal and External Audit. Full details of the requirements and guidance can be found in the following

[Code of Conduct Employee Declaration](#)

[Code of Conduct for Members](#)

It is the S151 Officers responsibility to ensure that suspected irregularities are reported to the Chief Internal Auditor and, where appropriate the Head of Paid Service and the Executive. Executive Directors must ensure staff are properly informed of the requirements and guidelines laid down in the Councils Code of Conduct, and also of relevant service-specific issues.

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## 7 External Arrangements

### 7.1 Introduction

The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

All partnership and joint working arrangements with outside bodies must be properly evaluated for risk before being entered into, and be supported by clear governance, accounting and audit arrangements.

### 7.2 Partnerships

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

The Mayor can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the authority's constitution. Where functions are delegated, the Executive remains accountable for them to the Full Council.

The Head of Paid Service represents the authority on partnership and external bodies, in accordance with the scheme of delegation.

The Monitoring Officer 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 S151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. The S151 Officer must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

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

### 7.3 External Funding

#### 7.3.1 Funding Conditions

External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that:

- (i) They are compatible with the aims and objectives of the Council;
- (ii) The requirements of the funding body are clearly understood and necessary procedures are in place to meet funding conditions and reporting requirements; and
- (iii) Appropriate budget provision is available if 'match funding' is required.

#### 7.3.2 Accounting for external funding.

The S151 Officer, in conjunction with Executive Directors must, as appropriate, will ensure:

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- Any match funding requirements are considered prior to entering into any agreement, that future budgets reflect these requirements, and that any long term sustainability costs have been properly assessed.
- That all funding awarded or committed by external bodies is received and properly recorded in the Council's accounts. This will include ensuring that claims for funding are made by the due date, and in accordance with the funding conditions.
- That a central register of external funding and grant arrangements is maintained
- All audit requirements are met

### 7.3.3 External Funding Claims

The S151 Officer and Executive Directors must, as appropriate, satisfy audit requirements in respect of external funding claims. This includes maintaining appropriate records that accord with the funding conditions, and making these available to the auditors as required.

### 7.3.4 Third Party Expenditure

Sometimes, grant funding awarded to the Council may be passed to an organisation falling outside of the direct responsibility of the Council. The Council will however remain accountable for the grant funding and, as such, will be responsible for ensuring that all of the terms of the grant are met.

The Executive Director in receipt of the grant must ensure that effective monitoring and reporting procedures are in place to provide assurances over the eligibility of expenditure incurred by the third party and the delivery of outcomes. Upon audit, if the eligibility of third party expenditure cannot be proven by the Council, the Council will itself usually be required to return the grant funding to the awarding body.

## 7.4 Work for Third Parties

### 7.4.1 Approval to contractual arrangements

Work can only be undertaken for third parties where the Council has the legal powers to undertake the work. Before progress is started the advice of the Service Director Legal Services must be sought as to whether this is within the Council's legal powers. Where such legal powers exist, Executive Directors are responsible for:

- (i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- (ii) Ensuring that the appropriate expertise exists to fulfil the contract.
- (iii) Ensuring that no contract adversely impacts upon the services provided by the Council.

### 7.4.2 Financial aspects of third party contracts

With regard to the financial aspects of third party contracts, Executive Directors will:

- (i) comply with any guidance issued by the S151 Officer and will ensure that the appropriate insurance arrangements are made.
- (ii) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.

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- (iii) Ensure that the Council is not exposed to the risk of bad debts.

### 7.4.3 Documenting and recording contracts

A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement. Executive Directors will provide information on the contractual arrangements to the S151 Officer as requested, in order that the appropriate disclosures can be made within the Council's annual statement of accounts.

### 7.5 Council Owned or Controlled Entities

The Council recognises that a mix of different service delivery and business models are necessary to improve services and maximise value for money. Different service delivery models are available to the Council including the establishment of trading companies.

No such entities are to be established by the Council other than with the approval of Cabinet. Reports seeking approval for the establishment of such an arrangement must clearly set out:

- Both short and long term financial implications
- Comprehensive risk assessments
- How the proposed arrangement contributes to agreed priorities
- The legal basis for establishing the arrangement
- Exit strategies

No grants, loans, credit or other form of assistance, financial or otherwise, shall be provided to any owned or controlled entities outside the approved business plan other than with the prior agreement of the S151 Officer and where the transaction represents a key decision, the approval of the Cabinet. Regard must always be had in relation to such proposals to any State Aid implications that might arise as a result of the provision of such benefits.

Where the Council owns shares, or in some cases the share, in an external entity a shareholder representative will ordinarily be appointed. Currently the power to appoint the shareholder representative rests with the Mayor.

The principal responsibility for the financial management of Council owned and controlled entities is of the finance director, board of directors and other staff and officers of the entities. However, given the requirement for the Council to prepare and publish consolidated accounts referencing such entities and the responsibilities of the S151 Officer as to proper accounting practices and protection of the Council's financial position, the S151 Officer is authorised to exercise such control as is appropriate and lawful in relation to the proper financial management of such entities. This includes recommending to such entities the embedding of and compliance with appropriate accounting arrangements and the adoption of appropriate Financial Regulations and Procedure Rules.

The Council's Shareholder Group has been established to provide an oversight function for the Council's corporate portfolio