

Annex 2.4: Cabinet Procedure Rules

1. Operation of the Cabinet

1.1 Bodies and Persons Authorised to Make Decisions

The Leader of the Executive may make arrangements for the Executive functions to be discharged by:-

- (1) the Cabinet as a whole;
- (2) a Committee of the Cabinet;
- (3) an individual Member of the Cabinet;
- (4) an Officer of the Council;
- (5) an Area Committee;
- (6) Joint Arrangements; or
- (7) another local authority.

1.2 Delegation by the Leader or Cabinet

1.2.1 The Proper Officer will maintain a written record of the current delegations made by the Leader or Cabinet, which shall be included in Annex 1 to this Constitution.

1.2.2 Annex 1 will contain the following information about Executive functions:-

- (1) the names of the Members appointed to the Cabinet;
- (2) the extent of any authority delegated to Cabinet Members individually, including details of the limitation on their authority;
- (3) the terms of reference and constitution of such committees of the Cabinet as the Cabinet appoints and the names of Cabinet Members appointed to them;
- (4) the nature and extent of any delegation of Executive functions to any Area Committees, any other authority or any joint arrangements and the names of those Cabinet Members appointed to any joint committee; and
- (5) the nature and extent of any delegation of Executive functions to officers of the Council with details of any limitations on those delegations, and the title of the officer to whom the delegation is made.

1.3 Sub-delegation of Cabinet Functions

- 1.3.1 Where the Cabinet, a committee of the Cabinet or an individual Member of the Cabinet is responsible for an Executive function, they may delegate further to an area committee, joint arrangements or to an officer.
- 1.3.2 For the avoidance of doubt, in cases where Executive functions have been delegated, that fact does not prevent the discharge of delegated functions by the body or person who granted the delegation.

1.4 **The Council's Scheme of Delegation Relating to Executive Functions**

- 1.4.1 Following the Annual Meeting of the Council, the Leader will re-affirm (or otherwise amend) the Scheme of Delegation relating to the Executive functions as set out in Annex 1.6 to this Constitution.
- 1.4.2 The Leader may amend the Scheme of Delegation relating to Executive functions at any time during the year.
- 1.4.3 Following a decision of the Leader to do so, the Proper Officer will, as soon as reasonably practicable, inform the person, body or committee concerned in writing.
- 1.4.4 The Proper Officer will then present a report to the next ordinary meeting of the Council setting out the changes made by the Leader.
- 1.4.5 Where the Leader seeks to withdraw a delegation from a committee, that withdrawal will be deemed to take effect when the Proper Officer has informed the Chair of that Committee in writing.

1.5 **Conflicts of Interest**

- 1.5.1 If the exercise of an Executive function has been delegated to a committee of the Cabinet, or to an individual Member then, should a conflict of interest arise, the function will be exercised in the first instance by the person or body by whom the delegation was made and otherwise as set out in the Council's Code of Conduct for Members in Annex 3.2 to this Constitution.
- 1.5.2 *Decisions relating to the specific activities of the Local Authority Trading Company, Rosherville Limited, may give rise to a conflict of interest for individual Cabinet Members. Should a conflict of interest arise, the function will be exercised in the first instance by the person or body by whom the delegation was made and otherwise as set out in the Council's Code of Conduct for Members in Annex 3.1 to this Constitution.*

1.6 **Meetings of the Cabinet: Time and Place**

- 1.6.1 The Cabinet will meet at least 10 times per year at times to be agreed by the Cabinet.
- 1.6.2 Meetings of the Cabinet will be held at the Civic Centre, Windmill Street, Gravesend or (in the event that these premises are unavailable [or if other circumstances make it desirable to meet elsewhere]) at another location to be agreed by the Leader of the Executive.

1.7 Meetings of the Cabinet: Public or Private

1.7.1 Meetings of the Cabinet at which decisions are to be taken will be held in public except when:-

- (1) confidential or exempt information is to be discussed; or
- (2) the Leader of the Executive considers it would be in the public interest to meet in private, in which case s/he will state the reasons for doing so.

1.7.2 Meetings held solely for the purpose of briefing Members of the Cabinet will be held in private.

1.8 Quorum

The quorum for a meeting of the Cabinet, or a committee of it, shall be three Members of the Cabinet (including the Leader).

1.9 Decision taking by the Cabinet

1.9.1 Cabinet decisions taken by the Cabinet as a whole will be made at a meeting convened in accordance with the Access to Information Procedure Rules set out in Annex 2.2 to this Constitution.

1.9.2 Where Cabinet decisions are delegated to a committee of the Cabinet, the Procedure Rules applying to Cabinet decisions taken by the committee will be the same as those applying to decisions taken by the Cabinet as a whole.

2. The Conduct of Cabinet Meetings

2.1 Chair

If the Leader of the Executive is present at any meeting of the Cabinet or its committees s/he will preside. In his/her absence, then the Deputy Leader will preside. In the absence of the Deputy Leader, the meeting will be chaired by a person appointed to do so by those Members of the Cabinet present.

2.2 Attendance

The Rules governing who may attend meetings of the Cabinet are set out in the Access to Information Procedure Rules in Annex 2.2 to this Constitution.

2.3 Business to be carried out

2.3.1 At each meeting of the Cabinet the following business will be conducted:-

- (1) signature of the minutes of the last meeting;
- (2) declarations of interest, if any;

- (3) matters referred to the Cabinet (whether by a Scrutiny Committee or by the Council) for reconsideration by the Cabinet in accordance with:-
 - (a) the Scrutiny Procedure Rules set out in Annex 2.5 to this Constitution; or
 - (b) the Policy Framework and Budget Procedure Rules set out in Annex 2.3 to this Constitution.
- (4) consideration of reports from Scrutiny Committees; and
- (5) matters set out in the agenda for the meeting.

2.3.2 Matters set out in the agenda shall indicate those items of business that are Key Decisions and which are not in accordance with the Access to Information Procedure rules set out in Annex 2.2 to this Constitution.

2.4 Consultation

2.4.1 All reports to the Cabinet from any Member of the Cabinet or an Officer on proposals for changes to the Policy Framework and Budget (other than in accordance with paragraphs 5 [virement] and 6 [in-year changes] of the Policy Framework and Budget Procedure Rules) must contain details of the nature and extent of consultation with:-

- (1) other bodies and groups of people who may be affected by the proposals; and
- (2) the relevant Scrutiny Committee and Cabinet Committee, and the outcome of that consultation.

2.4.2 Reports about other matters will set out the details and outcome of consultation as appropriate. The level of consultation required will be appropriate to the nature of the matter under consideration.

2.5 Placing Items on the Cabinet Agenda

2.5.1 By the Leader of the Executive

The Leader of the Executive may put on the agenda for meetings of the Cabinet any matter which s/he wishes, whether or not authority has been delegated to the Cabinet, a committee of it or to any Member or officer in respect of that matter. The Proper Officer will comply with the Leader's requests in this respect.

2.5.2 By the full Council or by a Scrutiny Committee

The Proper Officer will make sure that an item is placed on the agenda of the next available meeting of the Cabinet where either the full Council or a relevant Scrutiny Committee has resolved that an item be considered by the Cabinet.

2.5.3 By individual Members of the Council

Any Member of the Council may ask the Leader of the Executive to put an item on the agenda of a meeting of the Cabinet for consideration and, if the Leader agrees, that item will be considered at the next available meeting of the Cabinet. The notice of the meeting will give the name of the Councillor who asked for the item to be considered, who will be invited to attend the meeting whilst that item is discussed, whether or not it is a public meeting.

2.5.4 By the Statutory Officers

- (1) the Monitoring Officer and/or the Chief Financial Officer may include an item for consideration on the agenda of a meeting of the Cabinet and may require the Proper Officer to call such a meeting in pursuance of their statutory duties.
- (2) in other circumstances, where any two of the Head of Paid Service, Chief Financial Officer and Monitoring Officer are of the opinion that a meeting of the Cabinet needs to be called to consider a matter that requires a decision, they may jointly include an item on the agenda of a meeting of the Cabinet.
- (3) if there is no meeting of the Cabinet soon enough to deal with the issue in question, then the person(s) entitled to include an item on the agenda under paragraph 2.5.5(1) or (2) above may also require that a meeting be convened at which the matter will be considered.

Annex 2.6: Financial Procedure Rules

1. Interpretation

In these Rules:

- (1) References to Committees will include any sub-Committees, Area Committees or joint arrangements with other authorities that are responsible for incurring expenditure.
- (2) References to Budget Manager will include any officer designated as having responsibility for a financial budget.
- (3) References to Chief Officers will include the Chief Executive, Directors, Assistant Directors and Service Managers.
- (4) The Chief Officer Management Team will mean the Chief Officers of the Council collectively.
- (5) The Corporate Management Team will mean the Chief Executive and Directors and the designated Section 151 Officer and Monitoring Officer collectively.
- (6) The Section 151 Officer will mean the Director (Corporate Services), as appointed under Section 151 of the Local Government Act 1972, which requires that "Every local authority will make arrangements for the proper administration of their financial affairs and will secure that one of their officers has responsibility for the administration of those affairs." The Section 151 Officer may delegate in writing certain of his/her responsibilities within these Rules to his/her staff but must retain overall responsibility as the Section 151 officer.
- (7) The Deputy Section 151 Officer will mean the Assistant Director (Corporate Services).
- (8) The Monitoring Officer will mean the existing Chief Legal Officer and Monitoring Officer for Medway Council who is formally designated as the Monitoring Officer for Gravesham Borough Council in accordance with Section 5 of the Local Government and Housing Act 1989 and amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

2. Introduction

- 2.1. These Financial Procedure Rules are made pursuant of the Local Government Act 1972 Section 151(as amended) and the Accounts and Audit Regulations 2015 and all other enabling powers.

- 2.2. The Financial Procedure Rules provide the framework for management of the Council's financial affairs. They apply to every Elected Member and Officer of the Council and anyone acting on behalf of the Council. The rules identify the financial responsibilities of employees and Members and where these responsibilities are delegated, a written record should be maintained of the delegation to whom and any limits that apply.
- 2.3. All Elected Members and Officers of the Council have a responsibility for taking reasonable action to provide the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money for the Council and its community.
- 2.4. The Section 151 Officer is responsible for:
- Maintaining a continuous review of these financial procedure rules and submitting any additions or changes necessary to Full Council for approval.
 - Reporting, where appropriate, breaches of the financial regulations to Full Council.
 - Issuing advice and guidance to underpin the financial regulations which Members, officers and others acting on behalf of the Council are required to follow.
- 2.5. Each Chief Officer is responsible for the accountability and control of staff and the security, custody and control of all assets associated with their area of responsibility. In particular, Chief Officers are responsible for:
- ensuring that all staff in their departments are aware of the existence and content of these Financial Procedure Rules and other internal regulatory documents and that they comply with them.
 - ensuring that responsibility for monitoring and managing each budget head within their area has been assigned to a Budget Manager.
- 2.6. All Elected Members and Officers of the Council have a duty to abide by the highest standards of probity in dealing with financial issues. If there should be any doubt over the application of these Financial Procedure Rules the matter should be referred to the Section 151 Officer.
- 2.7. Any person found to have breached these rules may, after consultation between the Section 151 Officer, Chief Executive and Monitoring Officer, be subject to disciplinary action.

3. Financial Planning

3.1. Strategic Financial Planning

- 3.1.1. The Section 151 Officer is responsible for directing the strategic financial planning arrangements of the Council. This includes the production and publication of the Medium Term Financial Strategy which sets the aims, objectives and principles by which the Council's finances are planned, directed and managed.

3.1.2. Full Council is responsible for approving the Medium Term Financial Strategy as part of the overall Policy Framework of the Council.

3.2. Budget Format

3.2.1. Subject to the Policy Framework and Budget Procedure Rules set out in Annex 2.3 to this Constitution, the detailed form of capital and revenue estimates will be determined by the Section 151 Officer and be consistent with the general directions of the Cabinet and after consultation with the Chief Officer Management Team.

3.3. Budget Setting – General Fund Revenue

3.3.1. The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis by the statutory date required for consideration by the Chief Officer Management Team and Cabinet before submission to Full Council. Full Council may amend the budget before approving it. The approved budget sets the annual cash limit within which the Council is expected to operate.

3.3.2. The Section 151 Officer is responsible for maintaining a Medium Term Financial Plan for the Council, setting out the projected financial position of the Council over a future time period. The Medium Term Financial Plan will form part of the reporting to Members in considering and approving the annual revenue budget for the Council.

3.3.3. Chief Officers are required to participate fully in the budget setting process in accordance with necessary standards and deadlines. They are responsible for ensuring that their financial and service planning activity results in accurate figures and plans being submitted for inclusion in the overall budget.

3.3.4. In accordance with Section 114 of the Local Government Finance Act 1980 the Section 151 Officer is required to report to Full Council, Cabinet and the External Auditor if the authority or one of its officers:-

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

3.4. Business Planning – Housing Revenue Account

3.4.1. The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis regarding the income from rents and other charges in respect of houses and other property, and the expenditure in respect of the repair, maintenance, supervision and management of such property and such other matters connected with the Housing Revenue Account. The budget will be considered by the Chief Officer Management Team and Cabinet before submission to Full Council. Full Council may amend the budget before approving it. The approved budget sets the annual cash limit within which the Council is expected to operate.

- 3.4.2. The Section 151 Officer is responsible for maintaining a Business Plan for the Housing Revenue Account, setting out the projected financial position of the account over a future time period. The Business Plan will form part of the reporting to Members in considering and approving the annual revenue budget for the Housing Revenue Account.
- 3.4.3. Chief Officers are required to participate fully in the budget setting process in accordance with necessary standards and deadlines. They are responsible for ensuring that their financial and service planning activity results in accurate figures and plans being submitted for inclusion in the overall budget.

3.5. Budget Setting – Capital

- 3.5.1. The Section 151 Officer is responsible for ensuring that a programme of capital expenditure is prepared on an annual basis, following the principles established in the Council's Medium Term Financial Strategy. Capital expenditure programmes will cover a three-year period and show projects already approved and those for future consideration. Such programmes will be considered by the Chief Officer Management Team and Cabinet before submission to the Full Council.
- 3.5.2. Upon approval by Full Council of the programme of capital expenditure, the Chief Officer concerned will be authorised to:-
- (1) take steps to enable land required for the purposes of the programme to be acquired in due time; and
 - (2) prepare a scheme and estimate, including associated revenue expenditure, for approval by the Cabinet as required by paragraph 4.3.1 of these Financial Procedure Rules.

3.6. Capital Funding Sources

- 3.6.1. The Section 151 Officer is responsible for ensuring that a register of capital funding sources is maintained. This responsibility is shared with the Director responsible for development management in relation to S106 Agreements, Developer Agreements or other capital funding derived from development management activity.

3.7. Establishment, Use and Maintenance of Financial Reserves

- 3.7.1. The Section 151 Officer is responsible for advising Cabinet and Full Council on the appropriate level of working balances and the establishment of specific financial reserves. As part of the annual budget setting process, the Section 151 Officer will undertake a formal review of working balances and current reserves to ensure that they continue to be relevant and prudent. The findings of the review will be reported to the Corporate Management Team and Cabinet before submission of the proposed annual budget to Full Council.
- 3.7.2. Use of working balances will be in accordance with the arrangements contained within the Medium Term Financial Strategy.

- 3.7.3. Use of reserves will be in accordance with spending patterns notified to the Section 151 Officer as part of the formal review of working balances and current reserves or with approval from the Section 151 Officer in consultation with the Corporate Management Team.

4. Financial Management

4.1. Financial Organisation

- 4.1.1. The Cabinet is responsible for regulating and controlling the finances of the Council, subject to the Policy Framework and Budget Procedure Rules set out in Annex 2.3 of this Constitution.

4.2. Budget management and control

- 4.2.1. Budget management ensures that the financial resources allocated by Members are used for their intended purposes and are properly accounted for. Budgetary control is a continual process enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account Budget Managers responsible for defined elements of the budget.
- 4.2.2. The inclusion of items in approved annual budgets establishes the authority to incur such expenditure, except where the Cabinet or Full Council have placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when, and to the extent that, any such reservation is removed.
- 4.2.3. The Section 151 Officer is responsible for providing appropriate and timely financial information to each Budget Manager to enable budgets for income and expenditure to be effectively monitored.
- 4.2.4. It is the responsibility of Budget Managers to control income and expenditure within their areas of responsibility and to monitor performance, taking account of financial information provided by the Section 151 Officer.
- 4.2.5. Budget Managers are responsible for regularly reviewing the budgets under their responsibility and identifying and explaining variances against budgetary target. By doing this, Budget Managers can identify changes in trends and resource requirements at the earliest opportunity. Budget Managers should take any action necessary to avoid exceeding their overall budget allocation and alert the Section 151 Officer to any problems, making proposals for dealing with each situation.
- 4.2.6. All reports to Full Council, committees, and the Corporate Management Team will contain a financial appraisal setting out the full financial implications arising from the proposal contained in the report and the adequacy or otherwise of financial budget in relation to the item for decision. The financial appraisal (or its absence from a report or reports) must be agreed with the Section 151 Officer.

- 4.2.7. Each Chief Officer will consult the Section 151 Officer in respect of any matter within their areas of responsibility which has the potential to materially affect the finances of the Council. If, after consultation with the Section 151 Officer, the Chief Executive and the Leader of the Executive, the expenditure cannot be contained within the overall budget or through methods set out in paragraph 4.4.5 of these Financial Procedure Rules, the Chief Officer concerned will be required to seek approval for a supplementary budget from Full Council. This will take place before any financial commitment is made and/or before reporting the matter to the Cabinet.
- 4.2.8. Where it appears that the amount of any head of expenditure is likely to vary from that approved, by an amount in excess of £10,000, it will be the duty of the Chief Officer concerned to report this to the Section 151 Officer unless delegated power to authorise virement is exercised as at section 4.4 of these Financial Procedure Rules. Such variances should be reported to Cabinet by the Chief Officer or the Section 151 Officer via either the budget monitoring report or a specific report.
- 4.2.9. The Section 151 Officer will produce a report of the Council's financial position on a quarterly basis for consideration by the Corporate Management Team and Elected Members in accordance with the responsibilities for monitoring and regulating the Council's financial performance as set out at Annex 1 to this Constitution.
- 4.2.10. Subject to the provisions of the Policy Framework and Budget Procedure Rules, the Cabinet Procedure Rules and the Scrutiny Procedure Rules set out in Annexes 2.3, 2.4, and 2.5 to this Constitution:-
- 4.2.10.1. Neither the Cabinet nor any Committee nor any Officer of the Council may incur expenditure which:-
- (1) is not legal; or
 - (2) is not related to a function for which responsibility has been delegated to them in accordance with this Constitution; or
 - (3) cannot be met from the amounts provided in the annual revenue and capital estimates.
- 4.2.11. Nothing in these Financial Procedure Rules will prevent the commitment by Chief Officers of expenditure which is essential in meeting any immediate needs created by a sudden emergency or which is related to Section 138 of the Local Government Act 1972, subject to such action being reported forthwith to the Cabinet.

4.3. Specific budget monitoring and control arrangements for capital projects

4.3.1. In the case of:-

- (1) any proposal for capital expenditure involving the acquisition of land or the undertaking of building or other constructional works in excess of £100,000; or
- (2) any proposal for capital expenditure which might entail the Council taking on significant potential liabilities,

a full report giving an estimate of total expenditure and any on-going revenue or other financial implications will be made submitted to the Cabinet before any contractual commitment is entered into, save where delegated authority to progress with the transaction has been granted. Any such report will make reference to the adequacy or otherwise of the financial budget contained within the capital programme.

4.3.2. Where a revised estimate is made of expenditure for the acquisition of land or the undertaking of building or other constructional works, and that revised estimate both:-

- (1) exceeds £100,000 in total; and
- (2) exceeds the last reported estimate by an amount equal to 2% (two percent) of the last reported estimate or £10,000, whichever is the lesser figure; then

a report giving full details of the revised estimate of total expenditure and revenue and other financial implications will be made to the Cabinet before any contractual commitment is entered into.

4.4. Virements

- 4.4.1. A scheme of virement exists to enable the management of budgets with a degree of flexibility to optimise the use of resources within the overall Policy Framework and Budget Procedure Rules set out in Annex 2.3 to this Constitution.
- 4.4.2. Virements between the Housing Revenue Account and the General Fund must be approved by Full Council.
- 4.4.3. Directors and Assistant Directors may, after consultation with the Section 151 Officer, vire up to £10,000 between any heads of expenditure or income within the approved revenue or capital budget for which they are responsible.
- 4.4.4. The Corporate Management Team may, after consultation with the Section 151 Officer, vire up to £50,000 between any heads of expenditure or income within the approved revenue or capital budget for which they are responsible.
- 4.4.5. Cabinet Members may, after consultation with the Section 151 Officer, vire up to £100,000 between any heads of income or expenditure within the approved budgets within their respective portfolio.

4.4.6. The Cabinet may incur, without Council's prior approval, expenditure not within the approved budget provided that the following criteria apply:

- (1) The cost is to be met from external funding, a contingency or reserve set up for the purpose; or
- (2) It is to be met from proven savings elsewhere in the revenue budget and does not exceed £100,000; or
- (3) It is to be met from proven savings in that financial year in the Capital programme and does not exceed £100,000 per project; or
- (4) The new project (whether revenue or capital) is fully funded by a grant or external contribution and resources already contained within the Councils' budgets provided that the cost of the project does not exceed £100,000, and
- (5) The expenditure is in line with the delivery of existing Council policy or furtherance of the Council's Corporate Objectives.

4.4.7. Any proposal to vire which is not covered in 4.4.5 must be approved by Full Council.

4.5. Treatment of Year-end balances

4.5.1. Chief Officers can request to carry forward unspent budget for specific purposes. Requests to carry forward unspent budget must be made to the Section 151 Officer specifying the relevant budget head, the budget amount to be carried forward and the reason for the carry forward request.

4.5.2. Such requests will be considered and approved by the Corporate Management Team once the year-end position is finalised; the ability to carry-forward unspent budget is dependent on the overall financial position of the Council.

4.6. Accounting policies

4.6.1. The Section 151 Officer is responsible for maintaining the accounting policies adopted by the Council, ensuring that they are in accordance with proper practice and applied consistently.

4.7. Accounting Arrangements and Duties

4.7.1. The Section 151 Officer is responsible for maintaining satisfactory accounting arrangements for the financial transactions of the Council. Where such procedures and records are maintained in a department other than that of the Section 151 Officer, these will be held in accordance with instructions to staff in the form of manuals, guidance notes and procedure notes.

4.7.2. The following principles will be observed in the allocation of accounting duties:-

- (1) the duties of providing information regarding the sums due to or from the Council and of calculating, checking and recording these sums will be separated from the duty of collecting or disbursing such sums;
- (2) officers charged with the duty of examining and checking the accounts of cash transactions will not themselves be engaged in any of these transactions.

4.8. Annual Statement of Accounts

- 4.8.1. The Section 151 Officer is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with proper practice, currently recognised as the Code of Practice on Local Authority Accounting in the United Kingdom.
- 4.8.2. Full Council has delegated responsibility for approving the Annual Statement of Accounts to the Finance and Audit Committee.

4.9. Public Access

- 4.9.1. In accordance with statutory requirements, the Section 151 Officer will make arrangements each year to allow persons to inspect related documents associated with the Annual Statement of Accounts.

5. Governance, Risk Management & Control of Resources

5.1. Corporate Governance

- 5.1.1. The Council has in place a Code of Corporate Governance which sets out the procedures and processes put in place to deliver the Council's Corporate Objectives.
- 5.1.2. The Council will review its governance arrangements on an annual basis and reported the findings of the review in the Annual Governance Statement.

5.2. Risk Management

- 5.2.1. The Cabinet is responsible for approving the Council's Risk Management Strategy and Corporate Risk Register prior to adoption by Full Council. The Finance & Audit Committee are responsible for monitoring the effective development and operation of risk management arrangements.
- 5.2.2. Chief Officers are responsible for embedding risk management into the daily operations of the Council.
- 5.2.3. The Council will consider risk in most of its activities and decisions. Reports to the council's Management Team and Members require risks associated with the decision being taken to be considered. The council's project management approach also recognises the need to identify, manage and monitor risks as a contributing factor to effective project management.

5.3. Internal Control

- 5.3.1. Internal control refers to the framework of policies and procedures and systems of control devised by management intended to direct the activity of the Council and ensure transparency in decision making. An effective system of internal control helps ensure that the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 5.3.2. The Section 151 Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 5.3.3. It is the responsibility of all Chief Officers 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 and other performance targets.
- 5.3.4. Each Chief Officer will ensure the same officer is not responsible for receiving or paying money and creating accounts or issuing receipts for the same.
- 5.3.5. All Members and Officers of the Council are required to declare any financial and other interest in any outside bodies or organisations which could be considered or perceived as having an influence on their actions on behalf of the Council.
- 5.3.6. The Council operates a Policy for Improving Performance which incorporates the Council's disciplinary procedure, which applies to all employees. The Council has established a Standards Committee to deal with matters relating to the Member's Code of Conduct.

5.4. Internal Audit

- 5.4.1. The Accounts & Audit Regulations 2015 require local authorities to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. This is the responsibility of the Section 151 Officer, albeit the delivery of a compliant internal audit service has been delegated to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities.
- 5.4.2. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The work of Internal Audit should be carried out in accordance with proper practice, currently recognised as the Public Sector Internal Audit Standards. The Chief Audit Executive has the ability to report in their own right to the Chief Executive and the Chair of the Finance & Audit Committee.

5.4.3. Internal Audit Staff have the authority to:-

- (1) enter at all times any Council premises or land or location from which Council services are provided;
- (2) have access to all property, records, documents and correspondence relating to all activities of the Council;
- (3) require and receive explanations concerning any matter; and
- (4) require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.

5.4.4. Chief Officers are responsible for ensuring that appropriate adequate internal controls exist, without regard to audit activity. It is for management to decide whether or not to accept and implement audit findings and recommendations, subject to adherence to Council Policy and Financial Procedure Rules. Implementation of internal audit recommendations will be monitored by the Corporate Management Team.

5.5. External Audit

5.5.1. The Local Audit & Accountability Act 2014 requires local authorities to have an annual external audit of its accounting records and Statement of Accounts and governs the process for the appointment of the external auditor for this purpose.

5.5.2. The Section 151 Officer will ensure that the appointed External Auditor is given access at all times to premises, personnel, documents and assets that he/she considers necessary for the purposes of their work. The Section 151 Officer will also ensure there is effective liaison between external and internal audit and other departments of the Council.

5.6. Counter Fraud & Irregularities

5.6.1. The Council recognises the importance of managing the risk of fraud and putting in place adequate arrangements to prevent, detect and investigate fraudulent activity committed against the Council. The Section 151 Officer of Medway Council has responsibility for the delivery of counter fraud services to the Council through the Shared Service to both authorities. The team also acts as the Single Point of Contact between the Council and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud.

5.6.2. Chief Officers are responsible for informing the Section 151 Officer of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council as soon as they become aware or suspect any such activity is taking place. The Council will then conduct any further activity deemed necessary in accordance with the formal procedure for conducting such investigations.

5.6.3. Chief Officers are expected to co-operate and support fraud detection activity such as the National Fraud Initiative and other data-matching.

5.7. Value for Money

- 5.7.1. Chief Officers are responsible for ensuring that proper arrangements are in place to secure economy, efficiency and effective in the use of Council resources within their respective areas of responsibility.
- 5.7.2. The External Auditor is required by Section 21 of the Local Audit & Accountability Act 2014 to satisfy themselves that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

5.8. Contracts

- 5.8.1. All contracts issued on behalf of the Council should have due regard to the Contract Procedure Rules contained within the Constitution.
- 5.8.2. Chief Officers are responsible for ensuring that the Section 151 Officer is informed as soon as possible of all contracts, agreements, awards or other instruments involving the payment or receipt of money on behalf of the Council.
- 5.8.3. Before any contract for the supply of goods and services is entered into, the appropriate Chief Officer should ensure that an evaluation is carried out on the financial competence of the prospective contractor. This can be provided on request by the Exchequer function within the Financial Services Team.
- 5.8.4. The appropriate Chief Officer must ensure that adequate insurances and bonds are in place where deemed necessary prior to any contract being entered into. Advice on this can be provided by the Legal Shared Service and by the Exchequer function within the Financial Services Team.
- 5.8.5. The Council is required to publish details on all contracts with an annual value that exceeds £5,000. The appropriate Chief Officer is responsible for providing details of any such contracts awarded by the Council to the Section 151 Officer. The Section 151 Officer will make arrangements to maintain a register of contracts with an annual value that exceeds £5,000 showing:-
 - (1) the purpose and nature of the contract;
 - (2) the contractor selected to provide the supply or service;
 - (3) the annual value of the contractor;
 - (4) contract start, end and review dates;
 - (5) procurement route for securing contract;
 - (6) whether the supplier is a small or medium sized enterprise or a voluntary or community sector organisation.

- 5.8.6. Payments to contractors on account will be made only where a certificate of payment is authorised by the relevant Chief Officer (or private architect, engineer or consultant where engaged by the Council) as appropriate, or by any other officer nominated by the Chief Officer in writing for the purpose. The certificate of payment should show the total amount of the contract, the value of work executed to date, retention money, amount paid to date and the amount now certified.
- 5.8.7. No payment will be made in advance on a contract unless specifically authorised by the Director responsible for that contract, or his nominated representative, after consultation with the Section 151 Officer.
- 5.9. Specific control arrangements for the acquisition and disposal of investment, non-investment and housing assets**
- 5.9.1. The arrangements for the acquisition and disposal of commercial investment property assets by the Council will be as set out in the approved Property Acquisition Strategy.
- 5.9.2. The arrangements for the acquisition and disposal of dwellings and other HRA property assets will be as set out in the approved Housing Development Strategy.
- 5.9.3. The arrangements for the acquisition and disposal of other property and land assets of the Council will be as set out in the approved Property Strategy.
- 5.10. Specific control arrangements for procuring other assets on behalf of the Council**
- 5.10.1. Directors will be responsible for determining whether an asset will be leased or financed by an alternative means, in conjunction with the Section 151 Officer. Before entering into any contract hire, finance or operating lease, or lease-rental agreement, Directors will consult the Section 151 Officer to ensure that the arrangement is financially advantageous to the Council and the proper accounting treatment can be determined. Any resultant legal agreement must be approved by the Monitoring Officer.
- 5.10.2. Directors will be responsible for undertaking the selection of the supplier of an asset to be leased following the normal rules for procurement.
- 5.10.3. The Section 151 Officer will sign leasing agreements and any extensions thereof.
- 5.11. Specific control arrangements for construction and building works projects**
- 5.11.1. Subject to the provisions of the contract in each case, every variation will, unless otherwise evidenced to the Chief Officer's satisfaction, be authorised in writing by the relevant Chief Officer (or private architect, engineer or consultant where engaged by the Council) as appropriate, or by any other officer nominated by the Chief Officer in writing for the purpose. Any such variation which affects the scope of works or value of the original contract must be referred to the Monitoring Officer and Section 151 Officer, with consideration made of the reporting requirements to Cabinet set out in Section 4.3 of these Finance Procedure Rules.

5.11.2. Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the Monitoring Officer for consideration of the authority's legal liability and, where necessary, to the Section 151 Officer for financial consideration before a settlement is reached.

5.11.3. Where completion of a contract is unreasonably delayed, it will be the duty of the Chief Officer concerned to take appropriate action in respect of any claim for liquidated damages.

5.12. Insurance

5.12.1. The Section 151 Officer will put in place insurance cover relating to Council activity and negotiate all claims and maintain all necessary records, in consultation with other officers where appropriate. **This will include the provision of indemnity insurance for both officers and Members of the council, who undertake an official Director role on the Boards on the Local Authority trading Company and/or its subsidiaries.**

5.12.2. Chief Officers will give prompt notification to the Section 151 Officer of the nature and extent of all risks to be insured and of any changes to council activity that may give rise to insurable risks within their area of responsibility.

5.12.3. Chief Officers will immediately notify the Section 151 Officer in writing of any loss, liability or damage or any event likely to lead to a claim in connection with their area of responsibility.

5.12.4. All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance.

5.12.5. The Section 151 Officer will, at least annually, review all insurances in consultation with Chief Officers as appropriate.

5.12.6. Chief Officers will not issue any indemnity which the Council is requested to give before consulting the Section 151 Officer and the Monitoring Officer.

5.13. Trading Accounts/Business Units

5.13.1. It is the responsibility of Chief Officers to seek advice from the Section 151 Officer on the establishment and operation of trading accounts and business units.

5.14. Stocks and Stores

5.14.1. The appropriate Chief Officer will be accountable for the security and custody of stores items in their area of responsibility.

5.14.2. Stores will not be held in excess of reasonable requirements except where agreed between the Chief Officer concerned and the Section 151 Officer.

5.14.3. Stores records will be kept in a form approved by the Section 151 Officer.

5.14.4. The Section 151 Officer will be entitled to check stores and be supplied with such information relating thereto as may be required for the accounting, costing and financial records of the Council.

5.14.5. The relevant Chief Officer will be responsible for ensuring at least annual stock checking is carried out as at 31 March. Adjustments to write-off deficiencies, or to bring surpluses into charge, will be subject to the approval of the Section 151 Officer. They will be submitted to the Section 151 Officer on schedules certified by the appropriate Chief Officer.

5.14.6. Surplus stores will be disposed of by means set out in Section 5.17 of these Financial Procedure Rules unless the Chief Officer and Section 151 Officer determine otherwise.

5.15. Asset Management (including Inventories)

5.15.1. Chief Officers should ensure that records of assets with a value more than £500 are properly maintained and securely held. Each Chief Officer will be responsible for maintaining an annual check of all items on any such inventory and will give prompt notification to the Section 151 Officer of any surpluses or deficiencies.

5.15.2. The Section 151 Officer will issue instruction and ensure the maintenance of an Asset Register for all fixed assets with a value in excess of £12,000. The Section 151 Officer will ensure assets are valued in accordance with the Code of Practice on Local Authority Accounting.

5.15.3. The Director with responsibility for Housing will maintain a record of all properties owned by the Council in a form approved by the Section 151 Officer.

5.15.4. Directors should ensure that 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.

5.15.5. The Council's property will not be removed except in accordance with the ordinary course of the Council's business nor used for any purposes other than the Council's business, except in accordance with specific directions issued by the Chief Officer concerned.

5.15.6. Chief Officers are responsible for ensuring that any appropriations, disposals or material changes to assets are promptly notified to the Section 151 Officer and are administered in accordance with the provisions at Section 5.17 and Section 5.19 of these Financial Procedure Rules.

5.15.7. The Monitoring Officer will be responsible for ensuring that all title deeds are held in a secure manner.

5.16. Land & Property Terrier

5.16.1. The Director responsible for Estates Management will be responsible for maintaining a terrier database of all Council land and property recording the purpose for which held, including details of any appropriations, location, extent and plan reference, purchase details, rents receivable and payable.

5.16.2. The Section 151 Officer will make arrangements for the Asset Register to be reconciled to the Land and Property Terrier as appropriate.

5.17. Miscellaneous Sales

5.17.1. Disposal of all ICT (Information and Communications Technology) equipment must be in accordance with the ICT Disposal Policy.

5.17.2. Chief Officers are authorised to arrange the sale/disposal of non ICT surplus materials or assets, without offers, when expected income is not greater than £1,000.

5.17.3. Chief Officers are authorised to arrange the sale/disposal of non ICT surplus materials or assets, without offers, when expected income is not greater than £5,000 provided they have first sought evidence of the appropriate value of the item to be sold.

5.17.4. When expected income is greater than £5,000, offers for the item must be invited and the terms of disposal will be agreed between the Section 151 Officer and the Chief Officer concerned.

5.17.5. The sale/disposal of non ICT surplus materials or assets where the estimated proceeds exceed £10,000 will be approved in advance by the appropriate Cabinet Member.

5.17.6. Payment must be made before the goods are released, unless the Section 151 Officer has agreed otherwise.

5.17.7. Chief Officers must maintain complete records of items sold, including details of the item(s), serial numbers or unique references, the customer and the actual sale income generated. Chief Officers will be responsible for issuing receipts for monies received in respect of miscellaneous sales.

5.17.8. Any items sold should be notified to the Section 151 Officer to enable items to be removed from the Council's insurance inventory where appropriate.

5.18. Intellectual Property

5.18.1. The Monitoring Officer in conjunction with the Section 151 Officer will determine the policy and procedure guidance relating to intellectual property of the Council. Intellectual property of the Council may include, for example, inventions, writings and computer software. If these are created by members of staff during their employment they will generally belong to the Council and not the employee. Certain software development may be patentable.

5.19. Banking Arrangements

5.19.1. The Section 151 Officer will be responsible for establishing and operating the banking arrangements of the Council as considered necessary. No officer will be permitted to open bank accounts for the purpose of transacting Council - related business.

5.19.2. Bank accounts operated on behalf of the Council will be in the name of "Gravesham Borough Council".

- 5.19.3. All payments will be made directly by BACS (Bankers Automated Clearing System) unless the Section 151 Officer determines use of the Clearing House Automated Payments System (CHAPS) or the Faster Payments Service is more appropriate.
- 5.19.4. Payments made, irrespective of value, should be supported by a Purchase Order unless deviation from this arrangement is explicitly set out in paragraph 6.5.1 of these Financial Procedure Rules or authorised by the S151 Officer. In such cases, payments should be supported by an invoice or payment authorisation form. Purchase Orders, invoices and payment authorisation forms must be signed by the Officer responsible for producing the payment and approved by an authorised signatory. Such signatures may be electronic in form.
- 5.19.5. No officer will make arrangements for recurrent payments to be made by Direct Debit or Standing Order without the prior approval of the Section 151 Officer.
- 5.19.6. In the limited instances where a cheque is required to be drawn manually on behalf of the Council, the cheque will be signed by the Section 151 Officer or other authorised signatories for the bank account in question. Manually prepared cheques for £5,000 or more will require the signatures of two authorised signatories for the bank account in question.
- 5.19.7. Payment of individual invoiced amounts exceeding £25,000 will require the signatures of two authorised signatories.
- 5.19.8. Third-party cheques may not be accepted in payment by any officer of the Council except where authorised to do so by the Section 151 Officer.
- 5.19.9. No cheques may be cashed from the Council's money by any officer of the Council except where authorised to do so by the Section 151 Officer.
- 5.19.10. The Section 151 Officer is responsible for making arrangement to periodically reconcile the Council's bank accounts with the cash book and ledger.

5.20. Corporate Credit Card Arrangements

- 5.20.1. The issue of Credit Cards or Procurement Cards to certain members of Council staff will be approved by the relevant Director and receive final approval by the Section 151 Officer and will normally be restricted to members of staff who are authorised to sign official orders.

5.21. Treasury Management

- 5.21.1. The Council has adopted the Code for Treasury Management in Local Authorities published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 5.21.2. The Council has delegated responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for the execution and administration of treasury management decisions to the Section 151 Officer who will act in accordance with CIPFA's Standard of Professional Practice on Treasury Management.

- 5.21.3. The Section 151 Officer is responsible for creating and maintaining:-
- (1) a treasury management policy statement, stating the policies and objectives of its treasury management activities;
 - (2) suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- 5.21.4. The Section 151 Officer will prepare a proposed Treasury Management Strategy and associated Statements for the forthcoming year. This will be considered by the Finance & Audit Committee before being presented to Full Council for approval.
- 5.21.5. The Section 151 Officer has delegated responsibility for implementing the Treasury Management Strategy, including decisions on borrowing, investing and financing.
- 5.21.6. The Finance and Audit Committee will receive reports on the Council's treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close and before 30 September of the following financial year.

5.22. Investments & Borrowing

- 5.22.1. All investment of money under its control will be made in the name of the Council or in the name of nominees approved by the Cabinet. Bearer securities will be excepted from this requirement, but any purchase of such securities will be reported to the Cabinet.
- 5.22.2. All securities other than land, the property of or in the name of the Council or its nominees will be held in custody of the Section 151 Officer, Monitoring Officer or the Council's bankers.
- 5.22.3. All borrowings will be in the name of the Council.
- 5.22.4. The Section 151 Officer will be the Council's registrar of bonds and bills and will maintain records of all investments and borrowings of money by the Council.
- 5.22.5. All trust fund investments will, wherever possible, be in the name of the Council.
- 5.22.6. All officers acting as trustees by virtue of their official position will deposit all securities, etc., relating to the trust with the Section 151 Officer or the Council's bankers, unless the trust deed provides otherwise.

5.23. Staffing

- 5.23.1. The Chief Executive is responsible for determining how officer support for Cabinet roles and non-Cabinet roles within the Council will be organised, providing overall management of staff and ensuring that there is proper evaluation for determining the remuneration relative to individual job roles.

- 5.23.2. Directors are responsible for controlling total staff numbers by:
- (1) advising the Section 151 Officer on the budget necessary in any given year to cover estimated staffing levels, as part of the annual budget setting process;
 - (2) adjusting the staffing to a level that can be funded within approved budget provision;
 - (3) ensuring the proper use of appointment procedures.
- 5.23.3. Chief Officers are required to formally advise the Corporate Management Team of any changes to the staffing establishment.
- 5.23.4. The Section 151 Officer will provide periodic information to the Corporate Management Team and Members on the employee expenditure budget and spend to date.

5.24. Security

- 5.24.1. Each Director is responsible for ensuring that reasonable arrangements exist for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and advances, under their control in accordance with guidance provided by the Section 151 Officer. They will consult the Section 151 Officer in any case where security is thought to be defective or where it is considered that special arrangements may be needed.
- 5.24.2. Maximum limits for cash holdings will be agreed with the Section 151 Officer and will not be exceeded without express permission from the Section 151 Officer.
- 5.24.3. Keys, combinations or access codes to safes and similar receptacles are to be carried, where possible, on the persons of those responsible at all times. Where this is not possible, suitable alternative arrangements must be made. The loss of any such access tools must be reported to Section 151 Officer immediately.

5.25. Register of Interests

- 5.25.1. The Monitoring Officer is responsible for agreeing the procedures for registering Members' and officer interests.
- 5.25.2. The Section 151 Officer is responsible for holding and maintaining records of officer interests.

5.26. Gifts and Hospitality Registers

- 5.26.1. Officers and Members are required to formally declare any gifts or hospitality offered, whether accepted or not.
- 5.26.2. The Section 151 Officer is responsible for holding the Gifts and Hospitality Register.

6. Systems and Procedures

6.1. General

- 6.1.1. The Section 151 Officer will carry out periodic reviews to ensure that instructions and guidance issued in relation to corporate financial systems and procedures are in place and operating as intended.

6.2. External Funding

- 6.2.1. Chief Officers are required to notify the Section 151 Officer of any new bids for grant applications and provide copies of grant applications and letters of acceptance to the Section 151 Officer. Chief Officers should ensure that all grants and external funding income is promptly claimed and proper records and working papers are retained to justify claims.
- 6.2.2. For bids under £50,000 where any partnership/match funding can be met from within existing budgets, approval to make the bid should be agreed with the relevant Chief Officer and notified to the Section 151 Officer.
- 6.2.3. All bids between £50,000 and £100,000 should be approved by the relevant Cabinet Member and notified to the Section 151 Officer. Bids over £100,000 require Cabinet approval and should also be notified to and agreed by the Section 151 Officer.
- 6.2.4. For each bid made, a report should be prepared and submitted to the relevant Chief Officer, Cabinet Member or to full Cabinet seeking formal approval to proceed with the bid and should contain:
 - (1) Details of the funding opportunity/scheme;
 - (2) Details of the bid's objectives, and how these contribute to the Council's priorities;
 - (3) Financial implications including grant request (capital or revenue);
 - (4) Match funding required from Councils or other sources, any links to existing projects financial or otherwise, VAT implications;
 - (5) How the project will be managed;
 - (6) Thorough risk assessment;
 - (7) Exit Strategy and Evaluation and Monitoring plans including thorough consideration of any revenue implications for the Councils once funding ceases, mainstreaming etc.;
 - (8) Partner involvement, including where the Council may be required to act as Accountable Body and any associated implications;

- (9) Timetable including deadline for submission, expected date of notification, anticipated start date and duration of the project;
- (10) Any legal or financial implications arising from Accountable Body status, shared indemnity etc.

6.2.5. Chief Officers will ensure that all claims for funds are made by the due date.

6.2.6. The Section 151 Officer will maintain a central grants register which will be used to record grants held and when grants are utilised.

6.3. **Income Collection**

6.3.1. Arrangements for the collection of money due to the Council must be approved by the Section 151 Officer prior to their implementation.

6.3.2. Chief Officers should ensure that, wherever possible, payment is received in advance of delivery of the service.

6.3.3. Chief Officers are responsible for maintaining sufficient information regarding the work done, goods supplied or services rendered in order to record correctly all sums due to the Council and ensure the prompt recovery of income due.

6.3.4. Chief Officers must promptly notify the Section 151 Officer of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.

6.3.5. The Section 151 Officer will determine which items are to be treated as controlled stationery and will control the custody and issue of such items.

6.3.6. All money received by an officer on behalf of the Council must be paid into the Council's banking accounts without delay. No deductions should be made from such money unless specifically authorised in advance by the Section 151 Officer. Banking of money received on behalf of the Council will be as per the process determined by the Section 151 Officer.

6.3.7. Every transfer of council money from one officer to another must be recorded by the department releasing the money through the signature of the receiving officer.

6.3.8. Chief Officers are responsible for ensuring that debtor's invoices are raised promptly for their own service area and for providing information as necessary to representatives of the Section 151 Officer in the recovery of such debt.

6.4. **Write-off of debts and losses**

6.4.1. The Council has a duty to maximise revenue collection. The writing-off of monies owed to the council is viewed as a last resort and should not be actioned until all other possible avenues for recovery have been explored. The Council has a documented corporate write-off process and the scheme of write-off set out below exists to enable the effective management of debt:

6.4.1.1. Service Managers have authority to write-off individual debts or losses of up to £10.

- 6.4.1.2. Directors and Assistant Directors have authority to write-off individual debts or losses of up to £1,000.
- 6.4.1.3. The Section 151 Officer and Deputy Section 151 Officer have authority to write-off individual debts or losses of up to £10,000.
- 6.4.1.4. The Section 151 Officer and Deputy Section 151 Officer have authority to write-off individual debts or losses of up to £15,000, in consultation with the relative Cabinet Portfolio holder.
- 6.4.1.5. The Cabinet will authorise the write-off of individual debts or losses exceeding £15,000.

6.5. Purchase Orders for Goods, Works and Services

- 6.5.1. Official orders will be issued for all goods, works and services to be supplied to the Council except for rents, payments for continuing liabilities, purchases on corporate credit cards, council tax, business rates and small cash purchases properly paid for out of petty cash. Other specific exceptions must be agreed by the relevant Director and the Section 151 Officer.
- 6.5.2. Official orders will be in a form approved by the Section 151 Officer and are to be authorised only by officers approved to do so.
- 6.5.3. Orders should be placed through the on-line ordering system and have due regard to the thresholds stated within the Contract Procedure Rules regarding seeking quotations and tenders.
- 6.5.4. An oral order will be given only by or under the authority of an officer authorised to sign the relevant order and will be confirmed as soon as possible by the issue of an official order.
- 6.5.5. No order for goods, works or services except for goods being taken into a store will be issued unless the cost is covered by the approved annual estimates, virement or by supplementary estimate.
- 6.5.6. Official orders will only be used for fulfilling Council purposes and no personal acquisitions will be made using official orders.

6.6. Payment of Accounts (Invoices and Payment requests)

- 6.6.1. Chief Officers authorising official orders will be responsible for making proper arrangements for the examination, verification and authorisation of accounts relating to the purchase of goods, works and services within their respective areas of responsibility.
- 6.6.2. Certification of an account for payment will mean confirming that:
 - (1) the goods have been received, examined and approved as to quality and quantity, that works or services have been completed satisfactorily, and that this is in line with the order;
 - (2) the account is a proper liability of the Council;

- (3) the expenditure is within the estimate or is covered by special financial provision and has been incurred in accordance with the Council's Contract Procedure Rules;
- (4) the prices (including value added tax) are arithmetically correct, accurately reflect any discounts or other credits or allowances to be applied and have been properly allocated to budget codes;
- (5) the account has not been previously certified for payment;
- (6) the proper entries have been made in the inventories or stores records, where appropriate.

6.6.3. The Section 151 Officer will maintain a record of authorised signatories for this purpose which will include the financial limit for transactions. Chief Officers are responsible for notifying the Section 151 Officer of any change.

6.6.4. Authorised accounts for payment should be passed to the Section 151 Officer without undue delay, especially where discounts are involved.

6.6.5. The Section 151 Officer will examine, so far as considered necessary, certified accounts passed for payment, and is entitled to receive such information and explanations as may be required before payment is released.

6.6.6. The Section 151 Officer will make arrangements to pay promptly all accounts which are deemed to be in order. Apart from petty cash and other payments from advance accounts, the normal payment of money due from the Council will be by BACS or other instrument drawn on the Council's banking accounts by the Section 151 Officer

6.6.7. After 31 March each year, the Section 151 Officer will provide Chief Officers with a certified schedule of accounts outstanding relating to their department for the previous financial year.

6.7. **Late Payment Rules**

6.7.1. The council is legally obliged to settle undisputed commercial invoices within 30 days.

6.8. **Imprest Accounts (Petty Cash, Advances and Cash Floats)**

6.8.1. The Section 151 Officer will determine the need for imprest accounts, intended for purpose of paying petty cash, meeting expenses or for providing change.

6.8.2. Alternative procurement options must be explored before purchasing through petty cash. Petty cash should only be used for small transactions where it is quicker and more efficient to buy goods locally rather than by official order or use of Corporate Purchase Cards.

6.8.3. No income received on behalf of the Council may be paid into an advance account. Income must be banked or paid to the Council as provided elsewhere in these Rules.

6.8.4. Officers operating imprest accounts are responsible for ensuring that:

- (1) Adequate arrangements are made for the safe custody of the account
- (2) Vouchers are provided and retained to support each payment from the imprest account, including where appropriate an official receipted VAT invoice.
- (3) They are able to produce upon demand by the Section 151 Officer cash and all vouchers to the total value of the imprest amount
- (4) Account transactions are recorded promptly and charged to the appropriate budget.
- (5) Each account is reconciled and balanced at least monthly, with reconciliation sheets signed and returned to the Section 151 Officer.
- (6) They provide, upon request, the Section 151 Officer with a certificate of the value of the account held at 31 March each year, detailing the breakdown between cash at bank, cash in hand, petty cash floats advanced and vouchers.
- (7) The account 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.
- (8) They account to the Section 151 Officer for the amount advanced to them on leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance.

6.9. **Payments to Employees and Members**

6.9.1. The Director (Communities) is responsible for putting in place the arrangements for preparing the payrolls for all salaries, gratuities, allowances (including Members Allowances) or other emoluments of employees or former employees from timesheets and other authorised documentation certified by authorised officers of the departments. Medway Council are responsible for the operational delivery of the payroll service under a formal Service Level Agreement.

6.9.2. The interpretation and application of pay scales, conditions of service and other related matters will be the responsibility of the Director (Communities) with whom the other Directors will confer, as necessary, in connection with their application to employees in the departments.

6.9.3. Appointments of all employees will be made in accordance with the law and the policies of the Council.

- 6.9.4. The Director (Communities) will consult with the Monitoring Officer and the Section 151 Officer about the necessary level of information and certification to be contained in timesheets and other payroll documentation.
- 6.9.5. The method of payment of employees, former employees or Members is by Banking Automated Clearing Services (BACS.). Utilisation of any other payment method will only take place with the authorisation of the Section 151 Officer.
- 6.9.6. Chief Officers will notify in writing to the Section 151 Officer and Human Resources Manager as early as possible of all matters affecting the payment of such emoluments, including:
- (1) appointments, dismissals, resignations or suspensions;
 - (2) absences from duty (other than for annual, discretionary, or sick leave);
 - (3) transfers or secondments;
 - (4) proposed changes of employee remuneration, other than normal increments and pay awards, compensation and agreements of general application.

together with such other information as is necessary to maintain adequate personnel records, maintain record for superannuation, income tax, national insurance and other deductibles and enable effective payroll administration.

- 6.9.7. The arrangements for maintaining proper national insurance, income tax and other statutory pay records will be the responsibility of the Director (Communities). Chief Officers are responsible for ensuring that:
- (1) all persons employed by the authority are added to the authority's payroll.
 - (2) all payments to staff (other than those for which a dispensation is held) are made via the Council's payroll system;
 - (3) confirmation is sought from suppliers of labour other than employees (e.g. "consultants") that they are not liable to deduction of tax and national insurance as if they were an employee, i.e. by obtaining evidence of Schedule D employment of CIS status.

6.10. **Travel and Subsistence Allowances**

- 6.10.1. Any claim for business mileage, post-entry training expenses, subsistence allowances or other incidental expenses should be duly evidenced, certified and submitted through the payroll system or to the Director (Communities).
- 6.10.2. All claims should be submitted within three months of the activity associated with the claim taking place.

6.11. **Taxation**

- 6.11.1. Chief Officers are responsible for seeking advice from the Section 151 Officer on all taxation issues that affect the Council. The Section 151 Officer is responsible for providing such advice as is requested, in the light of guidance by appropriate bodies and relevant legislation as it applies.
- 6.11.2. Chief Officers are responsible for ensuring that VAT can be correctly and accurately accounted for within the Council's accounts in accordance with HM Customers and Excise Regulations. This will include:-
- (1) establishing the correct VAT liability for services or goods supplied thus ensuring that VAT is charged and paid over;
 - (2) ensuring tax liabilities under the Construction Industry Scheme and any other schemes can be identified and applied;
 - (3) ensuring that VAT on income is declared / accounted for in the correct accounting period;
 - (4) obtaining VAT invoices / VAT authenticated receipts in respect of all payments, which include a VAT charge;
 - (5) taking advice on all property and land transactions, which could impact upon the Council's ability to fully recover VAT.
- 6.11.3. The Section 151 Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 6.11.4. The Section 151 Officer or his authorised representative will be responsible for liaising with HM Revenue and Customs on all VAT related matters and for submitting and signing the necessary returns/claims in a timely manner.
- 6.11.5. In all circumstances where any one transaction exceeds £50,000, the Chief Officer will be responsible for obtaining the specific confirmation of the Section 151 Officer or his authorised representative that any VAT liability has been properly assessed. Such confirmation should, if possible, be obtained prior to entering into any contractual agreement.

6.12. **Commercial Operations/Alternative Business Structures**

- 6.12.1. Chief Officers are responsible for consulting the Section 151 Officer and Monitoring Officer in the consideration of commercialisation of any non-statutory activity undertaken by the council.

6.13. **Fees and Charges**

- 6.13.1. Chief Officers will ensure that all rents, fees and charges are reviewed at least annually in accordance with the Council's budget setting framework and Charging Strategy.

- 6.13.2. Where it is proposed to introduce, revise or discontinue a discretionary scale of fees and charges, the Section 151 Officer should be consulted before the proposal is progressed. Any such action will also need approval from the relevant Cabinet Member.

7. External Arrangements

7.1. Partnerships and shared working arrangements

- 7.1.1. The Council has defined a partnership as an “agreement between the Council and one or more independent bodies to work together to achieve one or more objectives”. A shared working arrangement is one whereby the Council chooses to work with another local authority to deliver a service or function of the council.
- 7.1.2. Chief Officers are required to give due consideration to the council’s Working in Partnership Framework in setting up, managing or ending partnership arrangements and/or shared working arrangements between the Council and other organisations.
- 7.1.3. Directors are responsible for ensuring that the requirements of the Working in Partnership Framework are met for all partnerships and shared working arrangements in which their departments are involved.
- 7.1.4. The Monitoring Officer and the Section 151 Officer are responsible for ensuring sound advice is given in relation to legal and financial aspects of the partnerships and shared service arrangements either in place or being proposed.
- 7.1.5. Cabinet Portfolio Holders, in consultation with the Leader of the Executive, have overall responsibility for overseeing and reviewing the partnerships and shared working arrangements in which the council participates.

8. Local Authority Trading Company Accounting

- 8.1 The Cabinet will be responsible for the allocation of funding to Rosherville Limited and/or its subsidiaries, subject to there being sufficient budgetary provision which has been approved by Full Council.
- 8.2 Officers will be responsible for:
- a) ensuring annual accounts are produced in a timely manner and presented for external audit review.
 - b) as necessary, ensuring the Company is registered for VAT and that this is levied at the appropriate rate.
 - c) providing budgetary support to Rosherville Limited and/or its subsidiaries to enable the company to manage its financial affairs accordingly.
- 8.3 These services will be provided to Rosherville Limited and/or its subsidiaries through a formal service level agreement.

9. Review of these Rules

- 9.1. From time to time, and at least every three years, these rules will be reviewed with recommendations made for any changes considered necessary and desirable to ensure that the Council maintains robust supervision and control of the financial arrangements of the Council.
- 9.2. Any amendment to add to, vary or revoke these Financial Procedure Rules will be considered and adopted by Full Council.

Annex 2.8: Officer Employment Procedure Rules

1. Definitions

- 1.1 In these Officer Employment Procedure Rules, the terms “Director” and “Chief Officer” shall, solely for the purposes of the Local Authorities (Standing Orders) (England) Regulations 2001, be treated as though they refer to “Chief Officer” and “Deputy Chief Officer” respectively.
- 1.2 For the avoidance of doubt, the term “Chief Officer” shall not mean or imply “Deputy Chief Officer” in any context other than that specified in sub-paragraph 1.1 above.

2. Recruitment and Appointment

2.1 Declarations

- 2.1.1 The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing councillor or officer of the Council; or of the partner of such persons.
- 2.1.2 No candidate so related to a councillor or an officer will be appointed without the authority of the relevant Director or Chief Officer or an officer nominated by him/her.

2.2 Seeking Support for Appointment

- 2.2.1 Subject to sub-paragraph 2.2.2 below:-
 - (1) the Council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information;
 - (2) no councillor will seek support for any person for any appointment with the Council.
- 2.2.2 Nothing in sub-paragraphs 2.2.1(1) and (2) above will preclude a councillor from giving a written reference for a candidate for submission with an application for appointment with another authority or organisation.

3. Recruitment of Head of Paid Service, Directors and Chief Officers

- 3.1 Where the Council proposes to appoint a Director or Chief Officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Director (Housing & Operations) will:
 - (1) draw up a statement specifying:-

- (a) the duties of the officer concerned; and
 - (b) any qualifications or qualities to be sought in the person to be appointed;
 - (2) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
 - (3) make arrangements for a copy of the statement mentioned in subparagraph 3.1(1) above to be sent to any person on request.
- 3.2 Where no qualified person has applied, the Director (Communities) shall make further arrangements for advertisement in accordance with subparagraph 3.1 above.

4. Appointment of Head of Paid Service

The full Council will approve the appointment of the Head of Paid Service following the recommendation of such an appointment by the Appointments Board of the Council or the relevant Appointment Panel constituted from within the membership of the Appointments Board in accordance with Article 12.04 of this Constitution.

An offer of employment as Head of the Paid Service shall only be made where no material or well-founded objection has been received from the Leader of the Executive on behalf of the Cabinet within a period specified by the Proper Officer.

5. Appointment of Directors and Chief Officers

- 5.1 The Appointments Board or the relevant Appointment Panel constituted from within the membership of the Appointments Board in accordance with Article 12.04 of this Constitution will appoint Directors and Chief Officers of the Council.
- 5.2 An offer of employment as a Director or Chief Officer shall only be made where no material or well-founded objection has been received from the Leader of the Executive on behalf of the Cabinet within a period specified by the Proper Officer.

6. Other Appointments

6.1 Officers below Chief Officer Level

The appointment of officers below Chief Officer level (other than assistants to political groups) is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by councillors.

6.2 Assistants to Political Groups

In the event that the Council authorises the appointment of political assistants, then such appointments shall be made in accordance with the wishes of the Leader of the relevant political group in each case.

6.3. Appointments to Local Authority Trading Company Boards

In establishing the Local Authority Trading Company and/or any subsidiaries, the Cabinet will be responsible for the appointment of Directors to the company Boards.

6.4. Requirement of officers to work on behalf of the Local Authority Trading Company and/to its subsidiaries

Whilst employed by Gravesham Borough Council, officers may be required to provide assistance to Rosherville Limited and/or its subsidiaries to deliver services to the public. Any such arrangements will be delivered through a formal agreement; Gravesham Borough Council will continue to be the employing body.

7. Disciplinary Action

7.1 Statutory Officers

- 7.1.1 The Chief Finance Officer, Head of the Council's Paid Service or Monitoring Officer may not be dismissed by an authority unless the procedure set out in the following paragraphs is complied with.
- 7.1.2 The Council must invite Relevant Independent Persons to be considered for appointment to a committee appointed by the authority under section 102(4) of the Local Government Act 1972(3) for the purposes of advising the Council on matters relating to the dismissal of relevant officers of the Council ("the Panel"), with a view to appointing at least two such persons to the Panel. "Relevant Independent Person" means any Independent Person who has been appointed by the Council or, where there are fewer than two such persons, such Independent Persons as have been appointed by another authority or authorities as the Council considers appropriate.
- 7.1.3 Subject to paragraph 7.1.4, the Council must appoint to the Panel such Relevant Independent Persons who have accepted an invitation in accordance with the following priority order:-
- (a) a Relevant Independent Person who has been appointed by the Council and who is a local government elector;
 - (b) any other Relevant Independent Person who has been appointed by the Council;
 - (c) a Relevant Independent Person who has been appointed by another authority or authorities.
- 7.1.4 The Council is not required to appoint more than two Relevant Independent Persons in accordance with paragraph 5 but may do so. The Council must appoint any Panel at least 20 working days before the relevant meeting.
- 7.1.5 Before the taking of a vote at the relevant meeting on whether or not to approve such a dismissal, the Council must take into account, in particular:-
- (a) any advice, views, or recommendations of the Panel;

- (b) the conclusions of any investigation into the proposed dismissal; and
- (c) any representations from the relevant officer.

7.2 Any remuneration, allowances or fees paid by the Council to an Independent Person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that Independent Person in respect of that person's role as Independent Person under the Localism Act 2011.

7.3 Officers below Chief Officer Level

7.3.1 Directors and Chief Officers will be responsible for dealing with all disciplinary matters in respect of all officers below Chief Officer level.

7.3.2 All such disciplinary action shall be taken in accordance with these Officer Employment Procedure Rules and the Council's Disciplinary Code for Officers as may be adopted from time to time, and the requirements of natural justice.

7.4 Involvement of Councillors

7.4.1 Except as provided in paragraphs 7.1.1 (discipline of Statutory Officers), 8.3, 8.4 and 8.5 (appeals against dismissal) of these Officer Employment Procedure Rules councillors will not be involved in determining the disciplinary action to be taken against any officer of the Council.

7.4.2 However, councillors may be involved in an investigation or inquiry into matters which may be the subject of disciplinary action.

8. Dismissal

8.1 No Officer of the Council shall be dismissed other than in accordance with the requirements of the law, the Council's Disciplinary Code as adopted from time to time, and these Officer Employment Procedural Rules.

8.2 No notice of dismissal of a Head of Paid Service, Chief Finance Officer, Monitoring Officer, Chief Officer or political assistant shall be issued unless, within a period specified by the Proper Officer, no material or well-founded objection has been received from the Leader of the Executive on behalf of the Cabinet.

8.3 The Head of Paid Service, the Monitoring Officer and the Chief Finance Officer shall each have a right of appeal to the full Council against a decision of a Disciplinary Panel to dismiss him/her. Any such request shall be made in writing to the Service Manager (Communities) within seven days of a dismissal decision being issued by a Disciplinary Panel, and shall state the grounds for appeal. The Service Manager (Communities) shall then summon a meeting of the Council to be held within 14 days of any such request being made.

8.4 All other officers shall have a right of appeal against dismissal to an Appeals Panel appointed by the Council. The Appeals Panel shall comply with the political proportionality rules and shall comprise a minimum of three councillors.

8.5 In the event that an officer exercises his/her right of appeal to Members under paragraph 8.4 above, no Member who has taken part in any investigation or inquiry into allegations or matters which subsequently form all or part of the evidence on which the dismissal decision was based may sit on the Appeals Panel established to hear the appeal.

9. Contracts of Employment

All contracts of employment for officers of the Council shall include provisions giving effect to these Officer Employment Procedure Rules as they apply to the particular post concerned.