

Part 4  
Section 3

# Financial Regulations

Approved by the **County Council**  
Regulation, Audit and Accounts  
Committee at its meeting on **22 March**  
**2024** ~~23 July 2018~~ and containing all  
subsequent approved amendments up to  
~~1 March 2022~~

March 2024

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## Part 4 Section 3

### Financial Regulations

#### Financial Regulation A - General

##### 1. General Introduction

- 1.1 The Financial Regulations and Financial Procedures of the County Council are intended to help the County Council exercise its statutory financial responsibilities, safeguard its finances and assets, and ensure the proper record keeping and reporting of its financial accounts. The Financial Regulations form part of the Council's Constitution while the Financial Procedures are held outside of the Constitution. ***The Financial Regulations clarify responsibilities and provide a framework for decision making.***
- 1.2 Any changes to Financial Regulations will be drawn up jointly by the Director of Finance and Support Services and Director of Law and Assurance and approved by the ***County Council Regulation, Audit and Accounts Committee*** in the light of advice from the ***Regulation, Audit and Accounts Governance Committee***.
- 1.3 Any employee who knowingly or by negligence breaches the Financial Regulations may be subject to disciplinary action and in some instances may incur criminal liability.
- 1.4 The regulations also apply to persons who are carrying out the business of the County Council but are employed by any contractor, partner or other organisation ***representing*** acting for the County Council.
- 1.5 The Director of Finance and Support Services, in consultation with the Director of Law and Assurance, may approve a departure from Financial Regulations, where he or she concludes that such action is appropriate to safeguard the interests of the County Council.
- 1.6 It is the responsibility of all Directors and ~~Assistant Directors~~ to make all employees and other persons carrying out Council business aware of ***the*** Financial Regulations.

##### 2. Financial Management

###### 2.1 Introduction

- 2.1.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the Policy Framework, revenue and capital budgets and treasury management.

###### 2.2 The County Council

- 2.2.1 The County Council is responsible for adopting the authority's Constitution and for approving the Policy Framework and budget within which the

Executive operates. ***In terms of financial planning, the key elements are:***

- ***The Medium Term Financial Strategy***
- ***The Annual Revenue Budget***
- ***The Capital Strategy***
- ***The Treasury Management and Investment Strategy***

**2.2.2** It is also responsible for approving and monitoring compliance with the County Council's overall framework of accountability and control, and for monitoring compliance with the agreed policy and related executive decisions. The functions of the County Council are listed in Responsibility for Functions, Part 3 ***of the Constitution***.

## **2.3 The Cabinet**

**2.3.1** The Cabinet is the principal Executive body of the County Council. The Cabinet is responsible for proposing the Policy Framework and budget to the County Council, and for discharging Executive functions in accordance with the Policy Framework and budget including Standing Orders and the Scheme of Delegation. The role of the Cabinet is described in the Description of the Constitution, Part 2, ***Chapter 7*** paragraph 2.06.

**2.3.2** Executive functions can be delegated to the Cabinet, individual ***Cabinet Members***, officers or through joint arrangements with other public bodies. The County Council's Scheme of Delegation is set out in ***Appendices 1 to 4 of*** Part 3 of the Constitution.

## **2.4 Regulation, Audit and Accounts Committee**

**2.4.1** The Regulation, Audit and Accounts Committee's ***purpose is to provide an independent high-level oversight of the Council's systems of governance and risk management and its arrangements for financial control and compliance.***

**2.4.2** ***The Committee*** is responsible for reviewing the external auditor's reports including the Audit Plan and Audit Results Report. Additionally, it is responsible for reviewing internal audit's work plan, ***progress and delivery of audit recommendations to assess the level of assurance it can give over the council's corporate governance arrangements. It*** ~~and~~ ~~progress~~ and can consult directly with internal and external auditors. The Committee also deals with the approval of the statutory Statement of Accounts of the County Council (***and the Pension Fund***) and the review of the Governance Framework including the system of internal control.

## **2.5 Director of Finance and Support Services**

**2.5.1** ***In line with the Local Government Act 1972,*** the Director of Finance and Support Services is responsible for:

- Promoting and maintaining high standards of financial conduct, ***including compliance with the CIPFA Financial Management Code***
- The provision of proactive advice to both Cabinet and the County Council,

informing them of the financial implications of all new policies and changes of policy

- The provision of strategic financial planning and advice to the Executive **and Corporate** Leadership Teams ~~and Leadership Group~~, the Cabinet, other committees and member task groups
- Ensuring proper administration arrangements are in place for the Council's financial affairs
- Reporting to members on the overall budget performance and recommending corrective action
- Ensuring that the council or any officer of the council does not make any unlawful financial transaction or action
- Complying with the relevant accounting and financial procedures and standards in accordance with best accounting practices
- Agreeing and ensuring ~~these~~ locally managed schools and other local financial management arrangements are aligned to these regulations
- Preparing the revenue budget and capital programme
- Securing an effective internal audit function
- Treasury management and banking arrangements
- Maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Regulation, Audit and Accounts Committee
- Issuing advice and guidance to underpin the Financial Regulations that Members, officers and others acting on behalf of the Council are required to follow
- The maintenance of reserves, accounting policies, records and returns and the annual statement of accounts
- ***Advising on prudential indicators required to be set in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities and ensuring that all matters required to be taken into account in setting Prudential Indicators, and monitoring them, are reported to the Cabinet Member for Finance and Property.***

2.5.2 The Director of Finance and Support Services has statutory duties in relation to the financial administration and stewardship of the County Council. 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 Local Government Act 2003
- The Accounts and Audit Regulations 2015
- Local Government Pension Scheme Regulations 2013 and The Local Government Pension scheme (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

2.5.3 Section 114 of the Local Government Finance Act 1988 requires the Director of Finance and Support Services to report to the County Council, the Cabinet and external auditor if the County Council or one of its officers:

- 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 County Council’s accounts.

Section 114 of the 1988 Act also requires:

- The Director of Finance and Support Services to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- The authority to provide the Director of Finance and Support Services with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114.

## 2.6 The Chief Executive and Directors

2.6.1 The Chief Executive and Directors are responsible for:

- Ensuring that **Cabinet Members** are advised of the financial implications of all proposals and that they have been agreed by the Director of Finance and Support Services.
- Consulting the Director of Finance and Support Services and seeking approval on any matter liable to affect the County Council’s finances materially, before any commitments are incurred.

## 3. Other Financial Accountabilities

### 3.1 Budget Transfers Transfer

**3.1.1 Budgets may be transferred between revenue headings provided that they do not involve a new policy or a policy change and do not involve an increasing commitment in future years that cannot be contained within the existing approved budget allocations (see limitations below). Budget transfer limits apply equally to expenditure financed by increased income, including specific grants, and by drawing down of reserves and contingencies, other than when there is a specific delegation.**

**3.1.2** The Cabinet Member for Finance and Property is responsible for agreeing **the rationale** procedures for the transfer of budget between budget headings.

**3.1.3 Revenue Budget Transfers** - Assistant Directors (or Directors if appropriate) are responsible for agreeing in-year **revenue** budget transfers within delegated limits **for their relevant area**, as set out below, in consultation with the Director of Finance and Support Services where required.

<b><i>Delegated Approval</i></b> <b><del>Minimum approval required</del></b>	<b>Limit for budget transfer</b>
Key decision process applies	Over £500,000 <b>and over</b>
Assistant director(s) and Director of Finance and Support Services, <b>in</b>	<b><i>Technical budget transfers (eg, budget transfers to comply with proper accounting practice) – no</i></b>

<b>Delegated Approval</b> <b>Minimum approval required</b>	<b>Limit for budget transfer</b>
<b>accordance with the Finance and Support Services' Scheme of Delegation</b>	<b>financial limit</b> Below £500,000
Director of Finance and Support Services, <b>in accordance with the Finance and Support Services' Scheme of Delegation</b>	<b>Administrative</b> Technical budget transfers ( <b>e.g., already approved by County Council or Schools Forum</b> ) - <b>no financial limit</b> e.g., budget transfers to comply with proper accounting practice)
<b>Assistant Director (or Director as appropriate) and</b> Director of Finance and Support Services, <b>in accordance with the Finance and Support Services' Scheme of Delegation</b>	<b>All other</b> Administrative budget transfers <b>up to £499,999</b> (e.g., already approved by County Council or Schools Forum)

**3.1.4 Capital Programme – Budget Transfers - the overall governance arrangements for capital programme is set out in Section B, paragraphs 2.2 to 2.4 below. The Authority's Capital Strategy also outlines the governance controls and monitoring arrangements for the capital programme. Approvals for amendments to the capital programme including variations to individual projects are outlined in the Constitution's Scheme of Delegation, as set out below:**

<b>Delegated Approval</b>	<b>Limit for new projects, project variations or budget transfers</b>
<b>Key decision process applies</b>	<b>£500,000 and over</b>
<b>Director of Place Services in consultation with the Director of Finance and Support Services and the Cabinet Member, in accordance with the Constitution's Scheme of Delegation</b>	<b>Where the level of investment or variation (including transfers within or across portfolios) is no greater than £500,000 or no more than 10% of the total project cost (if higher) the Cabinet Member will be consulted before the decision is made and;</b>  <b>(i) Where the decision has not previously been marked by the relevant Cabinet Member for decision by the Cabinet Member; or</b>  <b>(ii) Where the matter has been the subject of previous Cabinet Member decision delegating further decisions to the Director;</b>

<b>Delegated Approval</b>	<b>Limit for new projects, project variations or budget transfers</b>
	<b>and</b> <b>(iii) Where the relevant Director, in discussion with the Cabinet Member, does not consider the matter to be politically sensitive and so the use of officer delegation would be appropriate</b>
<b>Director of Place Services in consultation with Director of Finance and Support Services, in accordance with the Constitution's Scheme of Delegation</b>	<b>Where the level of investment or variation (including transfers within or across portfolios) is no greater than £250,000 or no more than 5% of the total project cost (if higher)</b>

**Where a scheme is subject to more than one change in any financial year these will be considered cumulatively for this purpose.**

### **3.2 Contingency Allocations**

3.2.1 Revenue budgets and capital programmes are approved as cash-limited allocations. The presumption is that service budgets and capital programmes will not be supplemented. Any exception to that presumption **and the use of the contingency allocations** is the responsibility of the Cabinet Member for Finance and Property on receiving advice from the Director of Finance and Support Services.

### **3.3 Treatment of Year-end Balances**

3.3.1 The Cabinet Member for Finance and Property, **on advice from the Director of Finance and Support Services**, is responsible for agreeing:

- **rationale for the transfer to and from reserves, including** the carrying forward of **underspends** underspendings on **revenue** budget headings
- **any transfers of non-portfolio budgets**

**3.3.2 The on advice from the Director of Finance and Support Services is responsible for the approval of transfers to and from earmarked reserves, including carrying forward year-end underspends.**

**3.3.3 The Cabinet is responsible for approving the overall outturn position within the outturn financial management report.**

**3.3.4 The Capital Programme is approved as part of the budget process by County Council each February. Any variations within the overall programme, including capital slippage to be carried forward, due to planned expenditure being unable to be completed in the financial**



*year, is then reported through the Performance & Resources Report process.*

**3.3.5 Specific approvals for variations to the capital scheme including any transfers are outlined in 3.1.4.**

**3.4 Accounting Policies**

3.4.1 **The Regulation, Audit and Accounts Committee is responsible for approving the accounting policies.** The Director of Finance and Support Services is responsible for **the application of the** selecting accounting policies and ensuring that they are applied consistently.

**3.5 Accounting Records and Returns**

3.5.1 The Director of Finance and Support Services is responsible for determining the accounting procedures and records for the authority.

**3.6 The Annual Statement of Accounts**

3.6.1 The Director of Finance and Support Services is responsible for ensuring that the annual statement of accounts is prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (CIPFA/LASAAC). The Regulation, Audit and Accounts Committee is responsible for approving the annual statement of accounts.

~~3.7 **Write Off of Debts**~~

~~3.7.1 The Director of Finance and Support Services can approve the write-off of irrecoverable debts up to £15,000, in consultation with the Director of Law and Assurance.~~

~~3.7.2 Any irrecoverable debt in excess of £15,000 will require the approval of the Cabinet Member for Finance and Property.~~

# Financial Regulation B - Financial Planning

## 1. Introduction

1.1 The County Council is responsible for agreeing the authority's Policy Framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

- ~~Our~~ the Corporate or County Council Plan
- Directorate Business Plans
- ~~annual~~ **Service Business Plans**
- the revenue budget
- the capital programme.

1.2 The County Council is also responsible for approving procedures for the budgets, plans and strategies forming the Policy Framework and for determining circumstances in which a decision will be deemed to be contrary to the budget or Policy Framework. Such decisions should be referred to the County Council by the Monitoring Officer.

1.3 The **Cabinet Members** are responsible for taking in-year key decisions on resources and priorities in order to deliver the Policy Framework and services within the annual budget set by the County Council.

## 2. Budgeting

### 2.1 Budget format

2.1.1 ~~The general format of the budget will be approved by the County Council and proposed by the Cabinet on the advice of the Director of Finance and Support Services. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.~~

**2.1.2 Comprehensive budget plans should be based on realistic projections about:**

- **pay and price inflation**
- **business and activity levels, including future budget pressures**
- **known service development plans**
- **savings plans**
- **government funding**
- **other income, including business rates and council tax**
- **risk assessments and contingency plans**
- **other internal plans such as human resources and IT**

### 2.2 Budget and Capital Programme Preparation

2.2.1 ~~The Cabinet is responsible, for issuing guidance on the general content of the budget and capital programme in consultation with the Director of Finance and Support Services,~~ **for setting the overarching strategies and policies, in line with the priorities in the Council Plan, which should**

***underpin the budget and capital programme.***

2.2.2 It is the responsibility of Directors to ensure that budget and capital programme estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with ***the strategic direction and policies set*** ~~guidance issued~~ by the Cabinet.

**2.2.3** The Director of Finance and Support Services is responsible for ensuring that an overall revenue budget and capital programme summarising service budget estimates is prepared on an annual basis for consideration by the Cabinet, before submission to the County Council, along with a forward financial forecast in line with Government funding notifications. ***The County Council may amend the budget or ask the Cabinet to reconsider it before approving it.***

**2.2.4** The Performance and Finance Scrutiny Committee considers strategic issues relating to the budget including ***comments on individual portfolio budgets ahead of its presentation to the Cabinet. All members are engaged in the budget planning process through informal member sessions where financial strategies and savings options/proposals are discussed and where appropriate, savings options are scrutinised by individual scrutiny committees*** ~~comment on individual portfolio budgets. The County Council may amend the budget or ask the Cabinet to reconsider it before approving it.~~

**2.3 Budget and Capital Programme Monitoring and Control**

2.3.1 The Director of Finance and Support Services is responsible for providing appropriate financial information to enable both the revenue budgets and the capital programme to be monitored effectively. He or she must monitor expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis, as part of an overall performance management reporting process. The Director of Finance and Support Services will collate and present the ~~Total~~ ***Performance and Resources Report*** ~~Monitor~~ to the Executive Leadership Team, ~~and~~ ***the Cabinet and all scrutiny committees each quarter*** ~~month~~, including a forecast of the financial outturn at year end. This report will cover ~~both~~ financial and performance reporting ***for both revenue and capital, risk and workforce.***

2.3.2 It is the responsibility of Directors and Assistant Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance and Support Services. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance and Support Services to any problems. Any new proposal containing significant financial implications must take note of the Director of Finance and Support Service's advice as well as that of the relevant ***Director or Assistant Director and Cabinet Member.***

**2.4 Capital Governance**

2.4.1 The Council has an established ~~officer~~ governance process which ensures transparency and gives assurance to members. Officer panels receive and

consider proposals and business cases, which are supported by a set of tools and procedures ('the officer handbook') to define the process for **approving** getting capital schemes approved and to manage subsequent variations, including how officers provide members with information and assurance that controls are in place alongside an audit trail that meets member expectations.

- 2.4.2 The same process for considering and approving projects and business cases applies whether the decision is for an officer or a **Cabinet Member**. A model for business cases is used, which is streamlined for less complex projects, to ensure the input is proportionate. Where a decision relating to the capital programme is also a 'key decision' (investment **of exceeds £500,000 and over** or significant impact on more than one division), it will be published in the Forward Plan **and taken in line with usual key decision governance processes**. ~~The quarterly review of the capital programme will be published in The Bulletin weekly newsletter and linked to the Members' Information Network database.~~
- 2.4.3 All projects have a business justification through an initial business case (for schemes that require resources to develop a detailed business case) or outline business case (where the scheme is more straightforward). These are considered for prioritisation each year ahead of recommendation to the Council for approval of the programme. Individual projects may be considered by the Performance and Finance or relevant service scrutiny committees.
- 2.4.4 In addition to the large schemes and development projects that make up much of the capital programme, there will be routine investment plans for the core business of the Council that have block allocations. These include the schools maintenance programme, the maintenance of the Council's operational buildings, highways maintenance, the replacement of vehicles and other essential service assets. These are planned and budgeted for through asset management plans within the capital programme and will operate within the approved control totals. Their implementation is delegated to the relevant Director ~~or Assistant Director~~.
- 2.4.5 All significant or cross-portfolio changes are taken through the ~~Total Performance~~ **and Resources Report Monitor** and published as **Cabinet Member** decisions in accordance with their portfolio. The Performance and Finance and service Scrutiny Committees sees the Forward Plan, notice of capital schemes on the programme register and has access to the business cases which may therefore be subject to preview as required.
- 2.4.6 The monitoring of the capital programme is part of the ~~core business of Cabinet Briefing~~ on a quarterly **Performance and Resources Report** basis with formal decisions published in accordance with constitutional arrangements. ~~The Performance and Finance Scrutiny Committee has the same quarterly programme review.~~ **Quarterly finance performance reports on the capital programme are reviewed by the Capital and Assets Board and both finance and performance are included in the Performance and Resources Report and reported to the relevant scrutiny committee. Variations and transfers between capital scheme budgets are outlined in Section A, 3.1.4 above.**

## 2.5 **Budgeting Resource Allocation**

2.5.1 The Director of Finance and Support Services is responsible for developing and maintaining a resource allocation process that ensures due consideration of the County Council's Policy Framework **and Medium-Term Financial Strategy**.

## 2.6 **Budget Principles Guidelines**

2.6.1 **Budget principles and general guidance relating to** Guidelines on budget preparation are **shared with** issued to Directors and Assistant Directors, following advice from the Director of Finance and Support Services, **through the Finance Business Partner Teams**. The **guidance** guidelines will take account of:

- legal requirements
- medium-term planning prospects
- **West Sussex Plan priorities**
- ~~Corporate or County Council Plan available resources~~
- spending pressures
- other relevant government guidelines
- other internal policy documents
- cross-cutting issues (where relevant)
- the role of the Performance and Finance Scrutiny Committee in strategic budget issues.

## 2.7 **Maintenance of Reserves**

2.7.1 It is the responsibility of the Director of Finance and Support Services to advise the Cabinet and/or the County Council on prudent levels of reserves for the authority, **having regard to an assessment of the financial risks facing the authority**. This duty is set out in Section 25 of the Local Government Act 2003.

## 2.8 **Budgets Delegated to Schools**

2.8.1 Revenue budgets delegated to schools under **Department for Education** DfE Regulations are outside the scope of these regulations and are subject to the conditions set out in the Scheme for Financing Schools – Statutory guidance for local authorities - March **2023** 2018.

## 2.9 **Fees and Charges**

2.9.1 A schedule of fees and charges must be reviewed annually as part of the business planning and budget setting cycle and agreed by **Cabinet Members**, guided by the Director of Finance and Support Services.

2.9.2 All income properly due to the Council must be collected promptly and recorded to the Council's benefit, unless specific authority to waive, discount or write-off such income is approved through Cabinet, **Cabinet Members** or under delegated powers to officers.

2.9.3 Proposals to commence charging for or trading in goods or services not previously subject to charging or trading must be agreed by the relevant **Cabinet Member** (external charging/trading only) **and in consultation with the Director of Finance and Support Services.**

# **Financial Regulation C - Risk Management and Control of Resources**

## **1. Introduction**

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

## **2. Risk Management**

- 2.1 The Chief Executive is responsible for approving the County Council's corporate risk management strategy and for reviewing the effectiveness of risk management.
- 2.2 The Regulation, Audit and Accounts Committee provides assurance of the adequacy of the risk management framework and the associated control environment and scrutiny of the County Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk.
- 2.3 The Performance and Finance Scrutiny Committee considers existing policies and the effectiveness of their delivery relevant to the Scrutiny Committee's specific portfolio and to issues of major strategic importance to the County Council. It also considers the effectiveness of the Council's arrangements and systems for the management of contracts and for the scrutiny of the achievement of such commissioning outcomes as have been determined, as well as the annual budget and performance framework on a strategic basis at each meeting.
- 2.4 Risk management must complement and build on the existing integrated service planning and performance management processes. All significant risks must be managed to, or maintained at, an acceptable level.
- 2.5 The Executive Leadership Team is responsible for promoting the County Council's risk management policy statement throughout the County Council with Directors responsible for ensuring there are sufficient processes in place to identify, assess and capture risks within their directorates.
- 2.6 The Director of Finance and Support Services is responsible for monitoring and reporting all significant risks and the Director of Law and Assurance is responsible for maintaining proper insurance cover where appropriate, in pursuant with paragraph 7 of this section.

## **3. Internal Control**

- 3.1 Internal control refers to the systems of control devised to help ensure that the County Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that its assets and interests are safeguarded.
- 3.2 The Director of Finance and Support Services is responsible for advising on

effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

- 3.3 It is the responsibility of Directors and Assistant Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their business objectives and performance targets.

#### **4. Audit Requirements**

- 4.1 The Accounts and Audit Regulations 2015 require every local authority 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”. Accordingly, internal audit is a separate, 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.
- 4.2 The Local Audit and Accountability Act 2014 requires the County Council to prepare an annual Statement of Accounts, and for these accounts to be subject to an external audit. The general duties of the auditor are set out in section 20 of the Act. The Council has opted into the national auditor appointment provisions of the Local Audit (Appointing Person) Regulations 2015. Under these provisions, an external auditor *is was* appointed to the authority by Public Sector Audit Appointments Ltd for a **specified** five-year period, **the latest appointment being from 2023/24 to 2027/28** commencing ~~2018/19~~.
- 4.3 The County Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as ~~HM Revenue and Customs~~, who have statutory rights of access.

#### **5. Preventing Fraud and Corruption**

- 5.1 The Director of Finance and Support Services is responsible for the development and maintenance of the Anti-Fraud Strategy **and the Anti-Money Laundering Policy. There are** This is reviewed every three years and approved by the Regulation, Audit and Accounts Committee.
- 5.2 Where financial irregularity is suspected or discovered, Directors **or nominated officer** are to notify the Director of Finance and Support Services (represented by the Head of Internal Audit) immediately, who in turn is to inform the Director of Law and Assurance. Detailed procedures for such action are contained in the Anti-Fraud Strategy **and Anti-Money Laundering Policy.**



## **6. Assets**

6.1 Directors **and Assistant Directors** should ensure that assets, including property, vehicles, equipment, furniture and stocks/stores, 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, as set out in the council's Asset Strategy and Business Continuity policies.

## **7. Insurance**

7.1 The Director of Law and Assurance shall effect all necessary cover for liability (including employer, third party, personal accident and fidelity guarantee), motor and property (including terrorism) insurance and negotiate all claims, in consultation with other officers where necessary.

7.2 Directors **and Assistant Directors** shall notify the Director of Law and Assurance immediately of:

- All new risks and liabilities which may require to be insured
- Any change which may affect existing insurance
- Any loss, damage, claim or event which might give rise to a claim by or against the Council
- Any acquisition or disposal of interests in property which involves an amendment to insurance cover.

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

7.4 The Director of Law and Assurance shall, at least annually, review all insurance in consultation with Directors.

## **8. Treasury Management**

8.1 The County Council has adopted the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) as ~~detailed in Section 5 of the Code~~. Accordingly, the County Council will maintain, as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities (held outside of the Constitution)
- suitable Treasury Management Practices (TMPs), setting out the manner in which the County Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

8.2 The content of the Policy Statement and TMPs follows the recommendations contained in ~~Sections 6 and 7~~ of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the County Council materially deviating from the Code's key recommendations.

- 8.3 The County Council will receive reports on its treasury management policies, practices and activities, including as a minimum an annual Treasury Management Strategy Statement in advance of the year, a mid-year review and an annual report after its close (see 8.4 below), in the form prescribed by its TMPs.
- 8.4 The County Council delegates to the Performance and Finance Scrutiny Committee responsibility for ensuring effective scrutiny of the treasury management strategy and policies. In accordance with the Constitution, a mid-year and year end treasury management report benchmarking security and liquidity, in addition to the actual yield achieved on County Council investments, will be submitted to this Committee.
- 8.5 The County Council in its Constitution delegates responsibility for monitoring compliance with its treasury management policies and practices against planned parameters to the Regulation, Audit and Accounts Committee.
- 8.6 The County Council delegates responsibility for the execution and administration of treasury management decisions to the Director of Finance and Support Services.
- 8.7 The County Council will act in accordance with the Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management in the implementation and administration of all treasury management decisions.

## **9. Prudential Code**

- 9.1 Interlinked with the CIPFA Code of Practice for Treasury Management is the Prudential Code for Capital Finance in Local Authorities; furthermore, the Council is required by regulation to have regard to the code when carrying out its duties under Part 1 of the Local Government Act 2003.
- 9.2 The Director of Finance and Support Services will be responsible for ensuring that all matters required to be taken into account are reported to the full Council for consideration, and for establishing procedures to monitor performance.

## **10. Banking Arrangements**

- 10.1 All arrangements with bankers must be made only by the Director of Finance and Support Services, who is authorised to operate any bank accounts considered necessary.

## **11. Staffing**

- 11.1 The Chief Executive as **Head of Paid Service** is responsible for providing overall management to staff and is responsible for the arrangements for determining how officer support for Executive and non-Executive roles within the authority will be organised.
- 11.2 ~~Directors and Assistant Directors~~ are responsible for controlling total staff numbers by:

- advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels
- managing the staffing numbers within approved budget provision and, where necessary, 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, workforce plans and verified personnel information.

## **12. Information Technology and Data and Information Management**

12.1 The Director of Finance and Support Services shall ensure there is sufficient provision for all Information Technology and data and information management requirements.

**12.2 All Directors and Assistant Directors will conform with and follow the Council's prevailing IT Strategy and will seek the advice of the Chief Information Officer on the introduction of new information and communications systems. In particular, Directors and Assistant Directors will ensure that sufficient standards and procedures are in place and will also ensure the achievement of value for money in the introduction of new systems and equipment.**

**12.3 Directors and Assistant Directors shall consult with the Chief Information Officer on the development of any financial or other systems whether computerised or manual at the earliest practicable stage and where appropriate obtain the consent of the Director of Finance and Support Services, and the Chief Information Officer in implementing those systems. This includes the potential use of AI assisted technologies to automate or simplify manual process.**

**12.4 Minimum standards of control for any new system or development of an existing system which involves a financial operation or produces output that may influence such an operation, must be agreed in advance with the Director of Finance and Support Services and Chief Information Officer.**

**12.5 Directors and Assistant Directors shall conform to the County Council's security and control of systems' standards within their Departments. They shall also be responsible for the security and privacy of data necessary to accord with the Data Protection Act 2018. When accessing central or other systems, Directors and Assistant Directors will be responsible for ensuring that agreed procedures are followed.**

**12.6 Any proposal to purchase or develop a computer system (IT hardware, software or communications equipment) shall be the subject of a business case in an approved form and in accordance with the Council's prevailing IT Strategy. In the same manner, such proposals will also be subject to post implementation review.**

**12.7 Directors and Assistant Directors shall make sound and sufficient contingency arrangements to ensure the security and continuity of**

***services in the event of a disaster e.g. cyber, fire, flood etc. and to enable the restitution of systems and data.***

# Financial Regulation D - Systems and Procedures

## 1. Introduction

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

## 2. General

- 2.1 The Director of Finance and Support Services is responsible for the operation of the County Council's accounting systems, the form of accounts and the supporting financial records. Any changes to the existing financial systems or the establishment of new systems must be approved by the Director of Finance and Support Services. However, ~~Assistant~~ Directors are responsible for the proper operation of financial processes in their own service areas, including those activities which are delivered by an external party.
- 2.2 Any changes to agreed procedures by ~~Assistant~~ Directors to meet their own specific service needs should be agreed with the Director of Finance and Support Services.
- 2.3 ~~Directors and Assistant Directors~~ should ensure that their staff receive relevant financial training that has been approved by the Director of Finance and Support Services. This will also apply to external parties.
- 2.4 ~~Directors and Assistant Directors~~ must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. ~~Directors and Assistant Directors~~ must ensure that staff are aware of their responsibilities **as set out in** ~~under freedom of information legislation~~ **including Freedom of Information requests and GDPR requirements**.

## 3. Income and Expenditure

- 3.1 It is the responsibility of ~~Assistant~~ Directors to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the ~~Assistant~~ Director's behalf, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 3.2 ***Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the County Council's cashflow and also avoids the time and cost of administering debts. The Council has debt management procedures in place which are regularly reviewed.***
- 3.3 ***Public money should be spent with demonstrable probity and in accordance with the County Council's policies. The County Council's procedures should help to ensure that services obtain value for***

**money from their purchasing arrangements. These procedures should be read in conjunction with the County Council's Standing Orders on Procurement and Contracts. All ordering and payment for works, goods and services must comply with the County Council's Standing Orders.**

- 3.4** The Cabinet Member for Finance and Property is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. **Any irrecoverable debt will be written off in accordance with the Scheme of Delegation, in line with the delegation limits set out below:**

<b>Delegated Approval</b>	<b>Limit for Write-Off</b>
<b>Director of Finance and Support Services</b>	<b>Up to £15,000</b>
<b>Director of Finance and Support Services in consultation with the Director of Law and Assurance</b>	<b>Between £15,001 to £100,000</b>
<b>Cabinet Member for Finance and Property</b>	<b>In excess of £100,000</b>

#### **4. Payments to Employees and Members**

- 4.1 The Director of Human Resources and Organisational Development is responsible for **all** the payments of salaries and wages to all staff, including payments for overtime, as well as payment of expenses and any loans and for payment of allowances to members. The Director of Finance and Support Services is responsible for ensuring there are appropriate financial systems in place to make these payments.

#### **5. Ex-Gratia Payments**

- 5.1 Directors may approve reasonable ex-gratia payments to both employees and 3<sup>rd</sup> parties of £1,000 or less to provide a remedy under the Council's complaints system or where a goodwill payment is made.**
- 5.2 For ex-gratia payments in excess of £1,000 Directors must obtain the approval of the Director of Finance and Support Services and the Director of Law and Assurance. Such payments shall not exceed £10,000 without the approval of the Cabinet Member for Finance and Property.**
- 5.3 A complete record of ex-gratia payments made by Directors shall be maintained and shall be available to the Director of Finance and Support Services on request and retained in line with the current policy.**

## **65. Taxation**

**6.1** The Director of Finance and Support Services is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on VAT taxation issues that affect the County Council. The Director of Human Resources and Organisational Development is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all employee related taxation issues.

**6.2** The Director of Finance and Support Services is responsible for maintaining the County Council's VAT records, making all VAT payments, receiving VAT credits and submitting VAT returns by their due date as appropriate.

## **76. ~~Non-Employees Service Providers~~**

**7.1** It shall be a condition of engagement of any ***non-employee acting in partnership or on behalf of the County Council*** ~~service provider~~ (including consultants, contractors, agency staff and joint committees) for purposes within the scope of these Financial Regulations that they shall have a comprehensive knowledge of these Regulations and abide by them throughout the duration of their engagement. The relevant ~~assistant~~ **D**irector with responsibility for engaging and managing the service provider shall ensure that this requirement is met.

# Financial Regulation E - External Arrangements

## 1. Introduction

1.1 The County Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It has the power to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

**1.2 This may involve the establishment of collaborative arrangements (formal or informal partnerships), joint ventures, joint operational models (such as pooled budgets) or providing an agency service.**

**1.3 The County Council may also want to provide financial support to staff in exceptional circumstances, clients or 3rd parties in the form of grants or loans. These are subject to approval by the Director of Finance and Support Services and where appropriate the Director of HR and Organisational Development.**

## 2. Partnership Arrangements, Joint Ventures and Pooled Budgets Partnerships

2.1 The County Council is responsible for approving delegations (Part 3, Section 2 of the Constitution), including frameworks for partnerships. The Cabinet is the interface in forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

2.2 Cabinet **M**embers can delegate functions to officers. These are set out in the Scheme of Delegation that forms part of the County Council's Constitution. Where functions are delegated, the Cabinet remains accountable for them to the County Council.

2.3 The Chief Executive represents the County Council on partnership and external bodies, in accordance with the scheme of delegation.

2.4 The Director of Finance and Support Services is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the County Council.

2.5 The Director of Finance and Support Services must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider, in consultation with the Director of Law and Assurance, the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

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

**2.7 Formal joint ventures will be subject to Cabinet approval.**



**Governance arrangements, financial framework and funding must be agreed in advance of the signing of any agreement or formal commitment of the Authority.**

### **3. External Funding**

- 3.1 All external funding ~~granted to the County Council~~ is to be notified to the Director of Finance and Support Services and he or she is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. **Any grant funding for which we apply must support the County Council priorities and be accompanied by an agreed exit strategy.**

### **4. Work for Third Parties**

- 4.1 The Cabinet **M**embers for a service and the Cabinet Member for Finance and Property shall be consulted before the completion of any contractual arrangements for any work for third parties or external bodies.

### **5. Grants and Loans**

- 5.1 The County Council can make grants or loans to local enterprises, charities, wholly owned companies, joint ventures or private individuals as part of a wider strategy for economic growth or specific support.**

- 5.2 Loans to third parties will generally form part of the Council's Capital Strategy with approval based on the economic and social benefits to the Council and the residents of West Sussex; or following an external credit assessment of the companies involved. These are not treasury type investments, rather they are Service Delivery policy investments and the funding will be spent on capital projects and may include:**

- loans to the Council's Joint Venture (JV) Partnership with Lovell Partnerships Limited or Edes Estates, the County Council's wholly owned company. Any loan made to the joint venture would be in line with the JV Partnership Agreement;**
- loans to other third parties with which the County Council has a shared interest linked to the Council Plan priorities or legal responsibilities and where the nature of spend for which the loan is required is of a capital nature. These will be subject to consideration by the Director of Finance and Support Services.**

- 5.3 Non-Treasury Service Delivery investments will be funded through borrowing and will either utilise the Council's cash balances (internal borrowing) or impact on the Council's external borrowing. The value of loans to a specific third party at any one time will be limited to £15m.**

- 5.4 Such loans will be considered when all of the following criteria are satisfied:**

- ***The loan is towards expenditure which would, if incurred by the Council, be capital expenditure;***
- ***The purpose for which the loan is given is consistent with the Council's corporate/strategic objectives and priorities;***
- ***Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;***
- ***A formal loan agreement is put in place which stipulates the loan period, repayment terms and loan rate; (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund and takes appropriate account of Subsidy Control Rules).***

**5.5 The approval limits for loans are:**

- ***For loan amounts up to £0.5m, the Director of Finance and Support Services can authorise where there is no adverse impact on Council Policy or service delivery and can be funded from approved capital programme;***
- ***For loan amounts over £0.5m and funded from current capital programme resources the Cabinet Member for Finance and Property can authorise;***
- ***For any loan amounts in excess of the approved capital programme, County Council will need to approve any change to the capital programme required to enable such a loan to be approved.***

**5.6 *Third party loans approved in support of a company's (or individual's) revenue cash flows may however be arranged through the prescribed Treasury Management Practices (TMPs) of the County Council. Ahead of the Director of Finance and Support Services approving a loan the Council will undertake appropriate due diligence of the third party and the Council will also look to obtain appropriate levels of security or third party guarantees for any loan advanced. The Council would expect a return commensurate with the type, risk and duration of the loan and a maximum limit of £5m for all third party loans has been set. All loans should be in line with the Council's governance arrangements.***

**5.7 *The County Council can make grants in certain circumstances where it is considered that they represent the most appropriate form of assistance. This is most likely to be the case for minor items of work or assistance, where the costs of arranging loan finance cannot be justified or in cases where the financial circumstances of the applicant are such that any other form of financial assistance would be inappropriate. All grant payments must be made in accordance with clearly defined criteria in line with the relevant grant conditions and should represent good value for money.***

**5.8 Grants or loans must be agreed by the appropriate Director and the Director of Finance and Support Services. All legal agreements to secure the repayment of a loan must be agreed by the Director of Law and Assurance.**