

NEWRY, MOURNE & DOWN DISTRICT COUNCIL



Financial Regulations

August 2017

Financial Regulations

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A General

- A.1 To conduct its business efficiently, Newry, Mourne and Down District Council needs to ensure that it has sound financial management in place and that roles and responsibilities are formally defined, documented and adhered to. This process is aided by the production of four key documents:
- The Financial Regulations;
 - The Standing Orders;
 - The Scheme of Delegation; and
 - Financial Procedures (A suite of documents detailing financial processes).
- A.2 The Financial Regulations must comply with the Local Government Finance Act (Northern Ireland) 2011. They set out the overarching financial responsibilities of the Council and its staff and provide the framework within which the Council's financial affairs are to be managed. The Financial Regulations reflect best practice and provide a practical source of advice to assist all Officers in the discharge of their duties.
- A.3 Directorates within the Council should link the Financial Regulations with other internal regulatory frameworks which form part of the Council's Constitution. The Financial Regulations are supplemented by more detailed financial procedures.
- A.4 The Financial Regulations provide clarity about the accountability of key individuals and groups including the Chief Executive, Directors and Committees.
- A.5 The Director of Corporate Services will notify all Directors of additional regulations and amendments to existing regulations following approval by the Strategic Policy and Resources Committee.
- A.6 The Strategic Policy and Resources Committee must approve any variation to or waiver of the application of these regulations.
- A.7 The Director of Corporate Services may expand on these regulations, where necessary, by issuing instructions, guidance notes, circulars etc.
- A.8 The Chief Executive is for the purpose of Section 1 of the Local Government Finance Act (Northern Ireland) 2011 the designated Officer responsible for the proper administration of the Council's financial affairs. The Chief Executive may, subject to Standing Orders and any resolutions of the Strategic Policy and Resources Committee or the Council, do all things necessary to secure the proper administration of the Council's financial affairs.
- A.9 Each Director of Service shall consult the Director of Corporate Services concerning any matter within his/her area of responsibility which is likely to have a material impact on the finances of the Council before either incurring

any commitment or liability, whether provisional or otherwise, or by reporting the matter to a committee.

- A.10 The Strategic Policy and Resources Committee may delegate any of the responsibilities contained within this guidance to a working group of the Strategic Policy and Resources Committee.

B Responsibilities for the Operation of Accounting Systems

- B.1 The Council will properly account for all financial transactions and maintain its accounts in agreement with statutory requirements and professional standards as prescribed by the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.
- B.2 The Director of Corporate Services shall decide on all the accounting procedures and records that Council should adopt in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, consulting with other Directors as appropriate.
- B.3 The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year and is responsible for approving and publishing those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations (Northern Ireland) 2006.
- B.4 The Director of Corporate Services is responsible for ensuring that the Council prepares the annual statement of accounts in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the Department for Communities, Accounts Direction and other relevant accounting standards and statutory provisions.
- B.5 Before a Council Directorate or service implements any new or amended financial system, it must agree this with the Director of Corporate Services. Where it proposes to change staffing and organisational arrangements, then if these changes relate to accounting systems and procedures it must also consult the Director of Corporate Services before it implements these changes. Where a change constitutes an introduction of new or adaption of existing information technology, the Directors of the service must seek prior approval from the Director of Corporate Services.
- B.6 Each Director is responsible for maintaining accounting procedures and records properly within his/her Directorate, ensuring an appropriate audit trail exists. He/she must also establish proper security and confidentiality over these procedures and records and in doing so must comply with the requirements of the Data Protection Act 1998.

C Internal Audit

C.1 The Local Government (Accounts and Audit) Regulations (NI) 2006 place a requirement on Local Government Bodies to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The Council is committed to the provision of an effective independent and continuous internal audit service, operating under the control and direction of the Chief Executive. The Service operates to Public Sector Internal Audit Standards.

Definition and Purpose

C.2 The Internal Auditor has an independent objective assurance and consulting role established by the Council. Their purpose is to review and report on the Council's internal control, risk management, governance and assurance processes. It operates as a service to the Corporate Management Team, to the Senior Management Team, and the Audit Committee. It is designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Authority and Access Rights

C.3 The Local Government (Accounts and Audit) Regulations (NI) 2006 states that "any Officer or Member of a Local Government Body shall, if the body requires:

- Make available any such documents of the body which relate to its accounting and other records, as appear to that body to be necessary for the purposes of the audit; and
- Supply the body with such information and explanations as the body considers necessary for that purpose".

C.4 The practical application of this is that all Officers and Members are expected to co-operate fully with Audit Services Manager's and Internal Auditor reviews.

C.5 The Audit Services Manager and Internal Auditor shall have the authority to:

- undertake a broad and comprehensive strategic plan of work and other investigations;
- report upon and make recommendations for improvement in the systems/activities subject to review;

- have access at all reasonable times to any Council premises and land;
- have access to all data, records, computer systems, documents and correspondence relating to any financial or other activity of the Council deemed appropriate;
- require from any Officer or Member such information and explanation as thought necessary for the purposes of an audit or investigation;
- require any Officer of the Council to produce, for inspection, cash, stores or any other Council property under his/her control;
- have access to partner organisation, such as Council sponsored companies, in accordance with the relevant legal agreements which set out the access rights of Newry, Mourne and Down District Council and its Officers; and
- have access to all Council furniture and contents, including desks and computers when there is reasonable suspicion of a dishonest or fraudulent activity which makes such inspection appropriate. There is no presumption of privacy.

C.6 In addition the Internal Auditor and Audit Services Manager shall have free and unfettered access as required, to the Chief Executive and the Independent Chair of the Audit Committee.

Responsibilities of Audit Services Manager

C.7 The primary responsibility of the Audit Services Manager can be split into three separate functions:

C.8 Internal Audit - The Council's Internal Audit service is provided by an external organisation. The Audit Services Manager will have a responsibility to progress and report on recommendations which arise out of Internal Audit Reports, particularly those of a high priority. They will also be the point of day-to-day contact with the Internal Auditors and agree plans of work with them.

C.9 Risk Management – The Audit Services Manager plays a key role in the development, implementation and policing of the Council's Risk Management Policy and reports on Risk Management to the Audit Committee.

C.10 Investigation Role - The Audit Services Manager is authorised to investigate matters arising from the reporting of malpractices via whistle-blowing policy

or fraud cases or issues arising from Internal Audit work, or referred from Directors.

Responsibilities of Internal Audit (contracted out)

C.11 The remit of the Internal Audit is to put in place and deliver Strategic and Operational Audit Plans and to report findings from work undertaken to Management and to the Council's Audit Committee as appropriate. The requirements of the contracted out Internal Audit function are as follows:

- To provide a Strategic Plan for Internal Audit over a four year period.
- To provide and implement an Operational Plan for each year, including:
 - Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
 - Reviewing the systems to ensure compliance with procedures, legislation and regulations;
 - Assessing and reporting on the effectiveness of systems and controls within the organisation in order to assist management in the achievement of its objectives and goals;
- To liaise with the Council's Audit Services Manager to optimise work programmes and report on Internal Audit matters.
- To report findings to relevant Management on a project-by-project basis and summarise progress to the Audit Services Manager, Director of Corporate Services and Chief Executive on a quarterly basis.
- To attend and report to Audit Committee meetings (circa 4 per annum).
- To provide an annual opinion to the Chief Financial Officer and the Audit Committee on the overall level of assurance relating to the systems of internal control within the organisation.

Reporting

- C.12 Internal Audit reports are issued to the Chief Executive and circulated to the Director of Corporate Services, the Audit Services Manager and other relevant Directors and Heads of Service. Where necessary, the Audit Services Manager may at his/her discretion also issue audit reports to other Members of staff. A summary of each completed report is provided to the Audit Committee, which is attended by the Northern Ireland Audit Office (NIAO). Full copies of finalised audit reports will also be made available to the Northern Ireland Audit Office (NIAO) upon request.
- C.13 The Internal Auditor also provides an annual report to the Audit Committee incorporating:
- his/her overall opinion on the Council's framework of governance, risk management and control;
 - a summary of the work that has been completed to support this opinion; and
 - a statement of conformance with Public Sector Internal Audit Standards.

Audit Committee

- C.14 The Audit Committee is comprised of ten (10) Elected Members appointed to the Committee at the Annual General Meeting, plus one independent suitably qualified person, who will be recruited for the 4-year term of the Council.
- C.15 The Chairperson shall be the independent member of the Committee and they shall serve as Chairperson for the 4-year term of the Committee. The frequency of meetings will be driven by the scale and nature of the business with the Committee meeting at least three times per year to enable it to discharge its duties adequately and effectively.

External Audit

- C.16 The NIAO is the Council's external auditor. The main objective of the external auditor is to certify the Statement of Accounts of the Council. In reaching a position where it can certify the Statement of Accounts, the NIAO may place reliance on the work of Internal Audit and/or the Audit Services Manager. The degree of reliance is a matter for the NIAO and the NIAO will co-ordinate their work plans and programme to eliminate unnecessary duplication of effort having regard to their differing roles and responsibilities.

D Fraud

- D.1 Where any irregularity is known or suspected regarding any matter of a financial or potentially financial nature affecting the Council, staff should follow the guidelines in the Council's Anti-Fraud Policy and Fraud Response Plan which sets out the detailed arrangements for reporting suspected fraud.

Roles and Responsibilities

- D.2 It is a management responsibility to maintain the internal control system and to ensure that resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and illegal acts.
- D.3 The Audit Services Manager however will have regard to the possibility of malpractice and will seek to identify serious defects in internal control which might permit the occurrence of such an event.
- D.4 Any staff member who discovers evidence of or suspects malpractice should report firm evidence or reasonable suspicions in line with the Anti-Fraud policy. Thereafter the matter will be investigated in accordance with the provisions of the Council's Anti-Fraud Policy and Fraud Response Plan.

Codes of Conduct

- D.5 Standards of conduct for Officers are set out in the Code of Conduct for Staff.
- D.6 Standards of conduct for Elected Members are set out in the Code of Conduct for Members.
- D.7 The Code of Conduct for Staff and the Code of Conduct for Members outlines their responsibilities in relation to:
- declaration/conflict of interest;
 - personal interests;
 - equality issues;
 - corruption;
 - use of financial resources; and
 - gifts and hospitality.

Whistleblowing Policy

D.8 The Council is committed to the highest possible standards of openness, probity and accountability. In line with this commitment, the Council has developed a Whistleblowing Policy. The Council expects employees and others it deals with who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Whistleblowing Policy makes it clear that this can be done without fear of victimisation, subsequent discrimination or disadvantage.

E Risk Management

- E.1 The Local Government (Accounts and Audit) Regulations (NI) 2006 place a requirement on Local Government Bodies to maintain a sound system for internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.
- E.2 Risk is any event or occurrence that may have an impact on the achievement of the Council's objectives. The aim of risk management is to manage risks to an acceptable level so that the Council is in a stronger position to deliver its objectives.
- E.3 It is the responsibility of the Director of Corporate Services to:
- ensure that the Council has an appropriate Risk Management Policy in place; and
 - ensure that arrangements are in place for monitoring the Council's compliance with the Risk Management Policy.
- E.4 The Council's Risk Management Policy outlines the Council's approach to risk management. It is the responsibility of Management to:
- manage risks in line with the Council's Risk Management Policy; and
 - to ensure that there are adequate and effective controls in place to manage the risks.
- E.5 The Audit Services Manager supports Management through providing guidance and facilitating risk workshops/risk reviews. In addition, the Audit Services Manager has a corporate role in supporting the process which includes:
- co-ordination of the update of the corporate risk register;
 - co-ordination of the quarterly Assurance Statements;
 - supporting the Director of Corporate Services in the preparation of the Annual Governance Statement; and
 - Reporting on Risk Management to the Audit Committee;
 - Develop, implement and maintain a proactive Risk Management Policy and Framework in accordance with best practice and statutory guidelines and carry out Risk Management audits to ensure compliance with same;
- Support provided by the Audit Services Manager to the risk management process as outlined above does not detract from the overarching responsibility of management to manage risk.
- E.6 The Local Government (Accounts and Audit) Regulations (NI) 2006 place a requirement on the Council to produce a statement on internal control. This statement is known as the Annual Governance Statement. It is produced as part of the Council's Statement of Accounts and is subject to review by the

Council's external auditors. As part of producing this statement the Directors/Assistant Directors within the Council are required to produce individual, signed quarterly assurance statements to the Chief Executive, setting out the risk control framework in place for their area of responsibility and disclosing any significant governance issues and the action planned to address them.

F Financial Planning

Revenue Budget Preparation

- F.1 The Strategic Policy and Resources Committee must submit budgetary estimates for the forthcoming financial year to the Council for approval before the statutory deadline in February annually for fixing the district rate.
- F.2 The Directors and Assistant Directors must prepare a detailed budget of revenue expenditure and income in respect of the Departmental responsibilities for the forthcoming year in accordance with the corporate financial guidance issued by the Director of Corporate Services.
- F.3 Each Assistant Director must agree with their Director before estimate consolidation by Finance. Each Director must agree his/her draft budget with the Director of Corporate Services before the Senior Management Team meet to discuss the draft estimates that will be presented to the Strategic Policy and Resources Committee.
- F.4 The Director of Corporate Services in conjunction with the Chief Executive and the Senior Management Team must present to the Council:
- estimates of revenue expenditure and income for the next financial year;
 - a statement of the revised estimate for the current year compared with the proposed estimates;
 - the estimated de-rating grant for the next financial year, with comparison to the revised estimate for the current year;
 - the estimated contribution from reserves for the next financial year, with comparison to the revised estimate for the current year;
 - the estimated penny product, non-domestic rate, domestic rate and conversion factor for the next financial year, with a comparison to the revised estimate for the current year;
 - a report on the adequacy of the proposed level of reserves as prescribed by the Local Government Finance Act (NI) 2011; and
 - a report on the robustness of the estimates as prescribed by the Local Government Finance Act (NI) 2011.
- F.5 These estimates and statements must be:
- Consistent with the corporate plan, relating to the proposed use of resources to the Council's policies and objectives.
- F.6 When presented with the draft estimates, the Strategic Policy and Resources Committee must consider:
- the financial implications of the estimates; and
 - whether the estimates adhere to approved policies.

Formulation of the Capital Programme & Other Investment Funds

- F.7 The Capital Programme is the Council's rolling programme of acquisition, construction or enhancement of Council assets.
- F.8 Capital Expenditure as defined by CIPFA guidance is that which is on the acquisition, creation or enhancement of fixed assets on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably (See Accounting Policies for further definition). The Director of Corporate Services is responsible for preparing on an annual basis a four year capital programme and financing plan for the Strategic Policy and Resources Committee to consider.
- F.9 The 'CIPFA Prudential Code for Capital Finance in Local Authorities' requires local authorities to set prudential indicators. The Director of Corporate Services is responsible for reporting the prudential indicators and to:
- advise on the prudential indicators that the Council should set in accordance with the code; and
 - report to Council all matters that the Council needs to take into account when setting such indicators.
- F.10 The Director of Corporate Services is responsible for setting up procedures under which the Council evaluates and appraises capital expenditure proposals to ensure that the proposals are capable of being delivered by the Council and that the Council:
- realises value for money;
 - accomplishes the objectives of its medium term financial plan; and
 - achieves its asset-management objectives.
- F.11 The Director of Corporate Services is responsible for setting up procedures to enable the Council to corporately monitor external sources of capital funding.
- F.12 The Director of Corporate Services is responsible for ensuring that the Council follows the CIPFA Code of Practice (as outlined in the Accounting Policies) when deciding to classify expenditure as being of a capital nature.
- F.13 The Director of Corporate Service is responsible for setting up procedures to:
- ensure that capital proposals are prepared in line with the guidance that the Council has issued;
 - ensure that business cases are developed and options are appraised in the course of preparing proposals, identifying any risks; including the

impact of both capital financing and the running costs of the operational asset.

- ensure that the proposals reflect agreed service and corporate plans and are realistic.

F.14 The Director of Corporate Services is responsible for identifying the full impact of capital expenditure proposals both on service revenue accounts and on the Council's medium term financial plan.

F.15 The Director of Corporate Services is responsible for advising the Strategic Policy & Resources Committee of the full impact of capital expenditure proposals on:

- service revenue accounts (this will include the impact of both capital financing and the running costs of the operational asset);
- the Council's medium term financial plan; and
- the district rate over the life of the Council's medium term financial plan.

G Financial Management

Budgetary Responsibility

- G.1 Each Director is responsible for ensuring that their Directorate receive all income and that it does not spend more than the amount of expenditure it has estimated.
- G.2 The Council expects that Directorates and services will exercise control over estimates at the level of both services and cost/profit centres. Directors may incur any expenditure on matters for which the Council approved the estimates provided that:
- where the expenditure is to be grant-aided or reimbursed then they must not commit or incur expenditure until they have received the decision of the appropriate funding body; and
 - any procedures required by the documents outlined at A.1 have been followed.
- G.3 It is the responsibility of the Director of Corporate Services to establish an appropriate framework of budgetary management and control which ensures that:
- budget management is exercised within the annual cash limits unless the Council agrees otherwise;
 - each Director is provided with timely information on income and expenditure on each budget heading;
 - all Officers responsible for committing expenditure comply with corporate guidance, Financial Regulations and Standing Orders;
 - each budget head has a named Manager, determined by the relevant Director;
 - significant variances from budget are investigated on a timely basis;
 - ensure that relevant training is provided to Budget Managers responsible for budget monitoring; and
 - to administer and ensure adherence to the Council's scheme of virement.
- G.4 It is the responsibility of a Director to ensure that he/she identifies Budget Holders to be accountable for each item of income and expenditure under his/her control. As a general principle, the responsibility for managing a

budget should be aligned as closely as possible to those roles that are responsible for deciding to commit expenditure.

G.5 Budget Holders will:

- ensure all income and expenditure is properly recorded and accounted for;
- ensure that individual sub-budgets are not overspent;
- exercise discretion in managing the service's budgets;
- ensure that a monitoring process is in place; and
- report regularly to Directors and Assistant Directors.

Budget Profiling

G.6 The Budget Holder is responsible for profiling his/her budget to reflect the pattern of expenditure that he/she anticipates.

G.7 Re-profiling of a budget is permitted at the beginning of each quarter after the Senior Management Team or the Corporate Management Team has considered the previous quarter's performance. The Director of Corporate Services must approve any re-profiling of budgets that a Department or service requires.

Variance Analysis

G.8 Monthly income and expenditure reports (adjusted for accruals) and forecasting information will be considered at the meetings of the Senior Management Team and Corporate Management Team.

G.9 Where a variance is outside of the variance range prescribed by the Director of Corporate Services, the Budget Holder, is responsible for investigating the cause of the variance. In carrying out their investigations, they must:

- review the original budget;
- review the assumptions they made about the phasing of the budget;
- analyse the transactions for the year to date; and
- review the assumptions they made when forecasting the outturn (the anticipated year-end variance between actual and budget).

The Budget Holder must report this to the Assistant Director of Finance, explaining in their report:

- the cause of variance; and
- the action that the service will take to correct the variance.

G.10 The Directors are responsible and must take action when a variance arises. Such action may include:

- re-profiling of a budget;
- extracting in-year savings; and
- funding a shortfall.

Budget Reporting – Revenue Expenditure

G.11 Each Director must report quarterly to the Strategic Policy and Resources Committee on the performance of his/her area of responsibility.

G.12 The Director of Corporate Services must report quarterly to the Senior Management Team:

- an explanation of any service revenue account net expenditure variance outside the variance range prescribed by the Director of Corporate Services.

G.13 The Director of Corporate Services must report quarterly to the Strategic Policy and Resources Committee:

- a forecast of outturn (anticipated variance between actual and budget) for the year, including the Land and Property Service (LPS) forecast of the Actual Penny Product for the year; and
- an explanation of any service revenue account net expenditure variance outside of the variance range prescribed by the Director of Corporate Services.

G.14 At the end of the financial year, all Directors must report to the Strategic Policy and Resources Committee:

- actual outturn (variance between actual and budget) for the year; and
- an explanation of any service revenue account net expenditure variance outside of the variance range prescribed by the Director of Corporate Services.

G.15 The Director of Corporate Services is also responsible for reporting year-end balances to the Strategic Policy & Resources Committee.

G.16 The Director of Corporate Services must report on the financial outturn for the year to the Audit Committee and the Strategic Policy & Resources Committee by the 30th September following the year-end.

In Year Reallocation of Resources

G.17 Should the quarterly reporting to the Strategic Policy & Resources Committee indicate a forecast year-end under-spend position, the Director of Corporate Services may recommend to the Strategic Policy & Resources Committee an amount of 'in year' resources which could be reallocated to other non-recurring activities.

G.18 In order to limit the risk involved in reallocating resources, based on a year-end forecast, the consideration of any reallocation will not normally take place before the Quarter 2 report is presented to the Strategic Policy & Resources Committee.

G.19 Should the Strategic Policy & Resources Committee decide to make an 'in year' reallocation, based on the departmental forecasts, the Director of Corporate Services will advise Chief Executive/Directors that this decision has been made and it will be the responsibility of the relevant Directors to ensure that their departmental resources are managed within the forecast under-spend position.

Virement

G.20 Directors are responsible for ensuring that spending remains within the overall cash limit of the service and that spending does not exceed individual policy budget headings. It is however permissible that in certain circumstances, resources are transferred between budget headings subject to the necessary approval. The transfer of resources between budget headings is referred to as a virement.

G.21 Directors must submit the following proposals for virement to the Director of Corporate Services who may approve the request according to the following guidelines:

- The Director of Corporate Services may approve a virement **within** a service provided in his/her judgement the sum involved is in relation to the Council's service policies or budget strategy.
- The Director of Corporate Services may approve virements **between** services within the same Directorate provided in his/her judgement the sum involved is in relation to the Council's service policies or budget strategy.

- The Council will not allow Directors to make virements against future anticipated fees and charges or other uncertain sources of income. Directors may not use savings of a non-recurring nature to justify a decision to incur expenditure that also brings a continuing commitment into later years.
- The Director of Corporate Services may approve a virement to fund new work, unless in his/her judgement the sum involved is material in relation to the Council's service policies or budget strategy, in which case they will refer the request to the relevant Committee for its approval.

G.22 When a sudden emergency creates need, then Financial Regulations shall not prevent a Director from incurring essential expenditure but in such circumstances the Director must report immediately to the Director of Corporate Services.

Funding a Shortfall or Extracting In-Year Savings

- G.23 Budget Holders are responsible for containing expenditure within the budget that the Council has approved.
- G.24 In the event that a budget overspend is forecast, the Budget Holder will identify the corrective action to be taken to bring the budget back into balance. As noted above, Directors must refer to the relevant Committee any proposal to incur expenditure or vary income which is not included within the estimates and which cannot be covered by virement.

Capital Programme and Other Investment Funds

- G.25 Capital schemes must not be progressed unless the Strategic Policy & Resources Committee has approved their inclusion in the Capital Programme or other Investment Funds, or unless approval has been granted to another Committee.
- G.26 The Director of Corporate Services is responsible for monitoring annually, the income and expenditure of capital schemes. Once capital expenditure has been approved, it is the responsibility of the Director of of Corporate Services to ensure that the approved sums are not exceeded, except under the following circumstances:
- Each Director must refer to the relevant Committee any proposal to incur expenditure or vary income which is not included within the estimates after consultation within the Director of Corporate Services.
 - Where a sudden emergency creates needs, then Financial Regulations shall not prevent a Director from incurring essential expenditure but in such circumstances the Director must report immediately to the Director of Corporate Services and the relevant Committee.

Variations to Approved Capital Expenditure

- G.27 Where it becomes apparent that the approved sum of a capital scheme has been or is likely to be exceeded or there are significant variations in the phasing or revenue implications of a scheme, then the Director shall inform the appropriate Committee.
- G.29 The Director of Corporate Services is responsible for establishing procedures to monitor and report on performance in relation to the prudential indicators set by the Council.

Capital Receipts

G.30 Funds received in respect of a disposal of a non-current asset are known as capital receipts. The Council must apply capital receipts in accordance with Local Government Finance Act (NI) 2011. An amount equal to the whole or any part of a capital receipt may be used only to meet:

- capital expenditure; or
- debts or other liabilities (including revenue expenditure funded from capital under Statute).

G.31 In accordance with the Local Government (Capital Finance & Accounting) Regulations (NI) 2011, the Council will not treat as such those receipts which meet all other criteria for recognition as a capital receipt, if the sum received does not exceed £5,000.

H Reports to Committees

H.1 Where a Director intends to vary or undertake new policy initiatives which have significant financial consequences then he/she must consult the Director of Corporate Services before seeking approval from the relevant Committee.

I Salaries, Wages and Pensions

- I.1 The Council will pay all salaries, wages, pensions, compensation and other emoluments to employees or former employees or the legal personal representatives of employees or former employees of the Council either by the Director of Corporate Services or under arrangements that the Director of Corporate Services approves and controls.
- I.2 Directors shall notify the Assistant Director of Human Resources as soon as possible in a form prescribed by Assistant Director of Finance, of all matters affecting the payment of items referred to above and in particular:-
- appointments, resignations, dismissals, suspensions, secondments and transfers of employees;
 - absences by employees from duty for sickness or other reasons, apart from approved leave;
 - changes in remuneration, other than normal increments, pay awards and agreements of general application;
 - information necessary to enable the Council to maintain records of an employee's service for superannuation, income tax and national insurance.
- I.3 The Council will make appointments of all employees in accordance with the regulations of the Council and the establishments, grades and rates of pay that it has approved.
- I.4 The Director of Corporate Services must prescribe or approve the form in which the Council prepares time records or other pay documents relating to salaries and wages. Either the appropriate Director or someone acting with his/her authority must certify such time records and other pay documents.
- I.5 Each Directorate must send to Assistant Director of Finance a list of the names and job titles of all Officers authorised to approve payroll transactions and other payroll matters, together with a specimen signature for each Officer whose name appears on the list, and must provide an amended list when the names change.
- I.6 The Director of Corporate Services has discretion to advance money to employees, based on the recommendations of the appropriate Director.
- I.7 Every Officer who is responsible for paying money to an employee or former employee is also responsible for keeping the money safe and following the arrangements that the Director of Corporate Services has approved for making this type of payment.

I.8 The Director of Corporate Services is responsible for putting in place appropriate controls to ensure that:

- payments are only authorised to bona fide employees;
- payments are only made where there is a valid entitlement;
- conditions and contracts of employment are correctly applied;
- accuracy, completeness and continued employment are verified;
- there is an effective system of checking and certifying payroll forms.

J Purchase Orders for Works, Goods and Services

- J.1 Every purchase order represents a contractual agreement between the Council and a supplier of works, goods or services. Directorates may issue purchase orders only where the resulting expenditure complies with the requirements of the Council's Standing Orders, Financial Regulations and Accounting Procedures.
- J.2 Every Member and Officer of the Council has a responsibility to declare any links or personal interests which he/she may have with purchasers or suppliers if he/she is engaged in contractual or purchasing decisions.
- J.3 Each Director is responsible for all purchase orders that his/her Directorate issues and is responsible to make sure that there is sufficient provision to fund the expenditure in the relevant budget that the Council has approved.
- J.4 Directorates must issue official purchase orders for all works, goods or services that they wish suppliers to provide to the Council, except for supplies of public utility services, for periodic payments such as rent or rates, for petty cash purchases or such other exceptions as the Director of Corporate Services may approve.
- J.5 Directorates must use the purchase ordering system that the Director of Corporate Services has established for this purpose unless the Director of Corporate Services approves other arrangements.
- J.6 Where circumstances dictate that a Directorate has to give an urgent oral instruction for works, goods, then it must confirm this by issuing an official purchase order through the established system.
- J.7 Where the Council has established corporate contracts for certain items of expenditure, then Directorate must use these contracts when they wish to purchase such items.
- J.8 If a Directorate in the Council has a requirement for works, goods or services it should contact the Procurement Department to discuss procurement options.
- J.9 All works, goods and services received must be checked on receipt to ensure they are in accordance with the purchase order before receipting or authorising payment.
- J.10 The process of ordering, receipting and authorising payment will be carried out by at least two Officers to maintain appropriate segregation of duties.

- J.11 Every purchase order represents a contractual agreement between the Council and a supplier of works, goods or services. An Officer or Committee may enter into a contract only where the resulting expenditure complies with requirements of the Council's Standing Orders and Financial Regulations.
- J.12 Every purchase of works, goods or services must comply with the relevant laws, regulations and procedures specified in the Procurement Policy.

K Payment of Accounts

- K.1 The Director of Corporate Services is responsible for paying all accounts.
- K.2 Each Director is responsible for verifying and certifying any invoices or accounts assigned by the Accounts Payable Section.
- K.3 Each Directorate must:
- agree with the Assistant Director of Finance the names of Officers authorised to approve such records;
 - send to the Assistant Director of Finance a list of the names and job titles of all such Officers together with a specimen signature for each Officer whose names appears on the list; and
 - provide an amended list when there is a change to personnel.
- K.4 Except to the extent that the Director of Corporate Services agrees otherwise, before confirming receipt of a purchase order item or certifying an account, the authorised Officer must satisfy themselves that the supplier has delivered or completed the work, goods or services and goods received note has been obtained;
- K.5. Payment should never be sent with a Purchase Order, unless authorised by the Director of Corporate Services with the invoice to follow.
- K.6 Where the Council pays grants and contributions to persons and outside bodies, then these payments should be made according to the current terms and conditions that the relevant committee has approved.
- K.7 Directorates must record confirmation of receipt of goods and services at the time when a supplier delivers the goods or completes the service.
- K.8 The Director of Corporate Services shall pay all amounts which the Council is legally liable to pay on the basis of an approved Purchase Order, or when the relevant Director, or someone acting on his/her authority certifies the account, invoice or interim certificate. Directorates must endorse all of these with information that shows the amount that the Council should allocate to each approved budget heading.
- K.9 The Director of Corporate Services shall arrange for the Council to pay accounts promptly and receive cash discounts where applicable. Prompt payment statistics are provided quarterly to the Department for Communities and are uploaded to the Council website.

- K.10 Payments made by the Council shall be by electronic payment methods (e.g. BACS) directly to a supplier's bank account and petty cash for small incidentals. The first payment to new suppliers is always by cheque until the BACS details are verified.
- K.11 Those wishing the Council to make immediate payment must obtain the agreement of either the Director of Corporate Services or the Director's nominee.
- K.12 Each Director shall as soon as possible after 31 March, and not later than the date specified by the Director of Corporate Services, notify the Assistant Director of Finance of all outstanding expenditure relating to the previous financial year. The certifying Director is responsible to ensure that when the Council subsequently pays these items, the Council has properly identified them as prior-year items and coded them accordingly.

L Income

- L.1 All income due shall have a proper base, which is derived from law, Council decision or delegated authority. Directorates must collect all money due to the Council according to procedures that the Director of Corporate Services has approved, and must support this collection activity by proper records and documentation.
- L.2 Directors who are responsible for the collection of monies due to the Council must collect income promptly, and record and bank the money they receive without undue delay. Directorates must not make any deduction from income unless the Director of Corporate Services specifically authorises them to do so. Directorates must collect income by the most appropriate mechanism, taking account of:
- the cost of collection;
 - safety; and
 - the need to maintain effective internal control.
- L.3 Directorates must properly receipt all money received on behalf of the Council.
- L.4 Where an employee or agent of the Council receives money on behalf of the Council, then he/she must use an official receipt form. He/She must obtain the approval of the Assistant Director of Finance for the form of this official receipt.

- L.5 Where a Directorate uses pre-printed receipt forms, tickets and other documents of a similar nature to acknowledge income, it must be in a form approved by the Director of Corporate Services. Each Director is responsible for the safe custody of such documents and for controlling how his/her Directorate uses these, according to arrangements that the Director of Corporate Services has approved.
- L.6 Every employee who pays money into any of the Council's bank accounts must do so according to instructions that the Director of Corporate Services issues.
- L.7 Each Director must provide the Director of Corporate Services with the following information in order to enable him/her to record correctly all sums due to the Council and to ensure that the Council issues invoices promptly:
- work that the Council has carried out for customers;
 - goods that the Council has delivered to customers;
 - services the Council has provided to customers; and
 - any sums due from customers for any other reason
- L.8 Directorates must notify the Director of Corporate Services promptly concerning:
- all money due to the Council; and
 - contracts, leases and other agreements and arrangements they have entered into which involve the Council receiving money.
- In connection with this, the Director of Corporate Services shall have the right to inspect any documents or other evidence he/she requires.
- L.9 Where a party owes money to the Council, then one of the following must apply:
- the party must pay it in full;
 - a competent court may reduce or eliminate the debt; or
 - the Council may write the debt off.
- L.10 The Council will write a debt off on the authority of the Strategic Policy and Resource's committee. The Council will authorise a write-off only where all of the following apply;

- the debt is properly established and enforceable;
- the debt remains unpaid in whole or in part;
- the debt cannot be recovered at reasonable effort and expense; and
- the debt is not attributable to fraud, theft, irregularity or the negligence of an officer.

L.11 Every Director shall as soon as possible after 31 March, and not later than the date that the Director of Corporate Services specifies, notify the Assistant Director of Finance on request of all debts that they have not previously:

- notified to him/her; or
- identified as prior-year items.

M Treasury Management

- M.1 The Director of Corporate Services must comply with the CIPFA Code for Treasury Management in Local Authorities and create and maintain as the cornerstones of effective treasury management:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - 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 management and control those activities.
- M.2 The Director of Corporate Services will report to the Strategic Policy and Resources Committee on the Council's treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form described in its TMPs.
- M.3 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Assistant Director of Finance, and for the execution and administration of treasury management decisions to the Finance Managers who will act in accordance with the organisation's policy statement and TMPs.
- M.4 This Strategic Policy and Resources Committee will be responsible for ensuring effective scrutiny of the Council treasury management strategy and policies.
- M.5 The Council will authorise the Director of Corporate Services to operate such banking accounts as he/she may consider necessary and to make all arrangements with the Council's bankers.
- M.6 The Director of Corporate Services shall order and control all cheques and shall make proper arrangements for:
- Holding blank cheques safely; and
 - Preparing, signing and dispatching cheques.
- M.7 The Council requires all cheque signatories to comply with the arrangements for signing cheques that the Director of Corporate Services has approved.
- M.8 The Council requires all those transferring funds electronically to comply with the arrangements that the Director of Corporate Services has approved for authorising such transfers.

- M.9 Where the Council wishes to borrow money, then in all such circumstances the Director of Corporate Services shall:
- make the arrangements for negotiating the loans;
 - ensure that the Council does not exceed its overall borrowing powers;
 - ensure that the Council does not borrow in a currency other than Sterling without the consent of the Corporate Services Director.
- M.10 The Director of Corporate Services shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all money that the Council borrows.
- M.11 The Council shall authorise the Director of Corporate Services to:
- invest on its behalf such surplus monies of the Council as he/she believes is appropriate; and
 - realise or change such investments as he/she may believe to be necessary and desirable for the benefit of the Council.
- M.12 The Director of Corporate Services must make all borrowings and investments in the name of Newry, Mourne and Down District Council.
- M.13 The Director of Corporate Services must create all trust funds wherever possible in the name of the Council.
- M.14 The Director of Corporate Services must ensure that investment securities are safe and secure and that appropriate records of all transactions are maintained.

N Insurances

- N.1 The Assistant Director of Estates shall arrange all insurance cover, negotiate insurance claims, maintain adequate records of insurance transactions, and keep in safe custody all insurance policies of the Council.
- N.2 The Director of Corporate Services shall, in consultation with Directors, keep under continuous review the adequacy of the Council's insurances, and shall periodically supply to each Director a statement of the insurances that the Council maintains on behalf of his/her Directorate.
- N.3 Each Director shall promptly notify the Director of Corporate Services in writing of the extent and nature of all new risks arising from the operation of his/her Directorate, including additional properties or vehicles, and of any alterations in the duties and functions of his/her Directorate which add to or reduce insurance risks.
- N.4 Each Director shall notify the Assistant Director of Estates in writing immediately of any loss, damage, liability, or any event likely to lead to a claim in connection with his/her Directorate and in appropriate cases shall also inform the police.
- N.5 Every Director shall be responsible for ensuring that his/her Directorate complies with all requirements of the insurer as to security precautions and other relevant conditions of policies.
- N.6 Directors shall inform the Director of Corporate Services regarding:
- the terms of any indemnity which anyone asks the Council to give; and
 - insurance conditions in legal contacts which could affect the Council's insurance cover.
- N.7 Any employee of the Council who is authorised to make use of his/her own motor vehicle in the execution of the Council's business shall maintain adequate insurance cover for such use and shall produce to his/her Director on request evidence of such insurance.

O Stocks and Stores

O.1 Directors are responsible for:

- receiving the stocks and stores in his/her Directorate;
- holding such stocks and stores safely and securely;
- issuing items from stocks and stores; and
- maintaining suitable records in a form and manner that the Director of Corporate Services has approved.

O.2 Directorates must effectively safeguard stocks and stores from loss, theft or damage.

O.3 Every Director shall ensure that such stocks shall not be in excess of the normal requirements except in circumstances that the Director of Corporate Services has approved.

O.4 Each Director will provide to the Director of Corporate Services such information as he/she requires in relation to stores for the purposes of accounting, costing, and keeping financial records.

O.5 The Director of Corporate Services shall determine general principles governing the issue prices of materials and equipment that Directorates draw from stores.

O.6 Directors shall arrange for someone to carry out a stock-take independently of the employees responsible for the custody of stocks and stores, so that their Directorate checks all items at least once a year. The Council will write off deficiencies or adjustments related to individual stock items on the authority of the relevant Director.

O.7 All discrepancies on stocks and stores should be taken seriously. Where there is any suspicion that the discrepancy is a result of theft or fraudulent activity, this must be reported immediately to the Audit and Risk Manager.

O.8 Every Director responsible for the management of stocks of equipment and materials shall as soon as possible after 31 March, and not later than the date that the Director of Corporate Services specifies, deliver to the Assistant Director of Finance a certified account detailing quantities in hand at 31 March and the value of such stocks.

O.9 Directorates must dispose of surplus and obsolete stocks and stores by competitive tender or public auction unless:

- of a minimal value; or

- the Director of Corporate Services decided otherwise.

P Buildings and Land

P.1 The Director of Corporate Services shall maintain records of all land and properties owned or occupied by the Council in a form or manner approved by the Director of Corporate Services. The information he/she records should provide details of:

- the purpose for which the Council holds the property;
- the location of the property;
- extent of the land and property;
- references to plans that the Council holds;
- purchase details;
- the nature of the Council's interest in the property;
- rents payable or receivable by the Council; and
- details of tenancies that the Council has granted.

P.2 The Assistant Director of Administration must keep all the following safely and securely:

- title deeds;
- land certificates;
- leases;
- tenancy agreements;
- contracts; and
- associated bonds under seal.

Disposals

P.3 The Council shall dispose of land and buildings only if a Council Committee resolves to do so, subject to the Council ratifying this resolution.

P.4 According to Section 96 of the Local Government Act (Northern Ireland) 1972, unless the Department for Communities (acting on behalf of the Secretary of State) approves otherwise, the Council must dispose of land at the best price or for the best rent or otherwise on the best terms that it can reasonably obtain.

- P.5 Any Officer wishing to dispose of land and buildings must seek approval initially from the Director of Corporate Services. The Director of Corporate Services is responsible for agreeing the legal terms of the disposal.

Acquisitions

- P.6 The Council shall acquire land and buildings only if a Council Committee resolves to do so, subject to the Council ratifying this resolution.
- P.7 The Council shall acquire land and builds on the best terms that it can reasonably obtain, taking into account the whole of life cost associated with the property, including any associated liabilities.
- P.8 Any Officer wishing to acquire land and buildings must seek approval initially from the Director of Corporate Services. The Director of Corporate Services and the legal services department are responsible for agreeing the terms of the acquisition.

Asset Register

- P.9 The Director of Corporate Services is responsible for the maintenance of a register of the Council's non-current assets. This register is maintained in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK.
- P.10 Every Director is responsible for providing the Director of Corporate Services with any information necessary to maintain the asset register.

Q Petty Cash

Q.1 Council Officers from time to time incur petty cash and other expenses on Council business. The Assistant Director of Finance shall therefore provide such advance accounts as he/she considers appropriate for the purpose of reimbursing these expenses. Directorates must use the imprest system to maintain these accounts.

Q.2 Any Officer to whom a petty cash advance has been made must:

- prescribe rules for operating these accounts documented in the petty cash policy;
- determine the balance amount of each account;
- obtain and retain vouchers to substantiate each payment made;
- ensure that the imprest cash is safe and secure;
- restrict the amount of each separate payment or the total of each specific type of payment to a limit approved by the Assistant Director of Finance;
- produce upon demand to the Assistant Director of Finance cash or vouchers to the total of the imprest;
- reconcile the imprest account at least monthly;
- investigate all discrepancies relating to imprest accounts;
- ensure that the imprest account does not become overdrawn;
- ensure that the account is not used to make personal loans to employees; and
- at the end of each financial year complete and forward to the Assistant Director of Finance an email showing the value of the imprest held.

Q.3 The Assistant Director of Finance shall:

- maintain a record of imprest advances he/she has made;
- periodically review the arrangements that Directorates have made to control imprest advances and keep them safe and secure;
- periodically examine the vouchers that Officers have retained to substantiate payments; and
- reimburse as often as may be necessary the amounts expended.

- Q.4 Directorates must not include in an imprest any receipts other than sums that they have received from the Assistant Director of Finance to reimburse expenses that they have met from that imprest.
- Q.5 Directorates must not make a disbursement from any imprest other than to reimburse reasonable and proper expenses of the Council.
- Q.6 When an Officer leaves the employment of the Council or otherwise ceases to be entitled to hold an imprest advance, he/she must account to the Assistant Director of Finance the amount that the Assistant Director has advanced to him/her.

R Travelling, Subsistence and Financial Loss Allowances

R.1 The Assistant Director of Finance is responsible for the payment of expense claims to Council Officers making claims in line with the Council's Travel and Subsistence Policy.

R.2 The Assistant Director of Finance will:

- make arrangements for paying all authorised travel and subsistence claims; and
- ensure that taxable allowances and benefits are accounted for, recorded and returned to HMRC where appropriate.

R.3 The Assistant Director of Finance is also responsible for making payments to Members, including co-opted Members of the Council or its committees who are entitled to claim travelling or other allowances when they receive the prescribed form that the Member has duly completed. Members making expense claims must do so in accordance with the provision of the Schedule of Councillors Allowances.

R.4 Officers and Members must submit claims monthly. The Assistant Director of Finance will not reimburse claims relating to expenses that were incurred more than three months from the date of submission.

R.5 In certifying an Officer's claim, the Assistant Director of Finance will take this to mean that the certifying Officer is satisfied that:

- an appropriate person authorised the Officer 's journeys;
- the Officer incurred the expenses properly and necessarily; and
- the allowances are properly payable by the Council.