

## Code of Financial Management

The 2015/16 Code of Financial Management includes a number of changes; reflecting both procedural changes to financial management and to reflect the new management structure.

Where previously the code stated:

- i. Head of Resources; this is now the Responsible Financial Officer; as the designated Section 151 officer (Local Government Act 1972) and Responsible Financial Officer (Accounts and Audit Regulations 2011), and
- ii. The Corporate Director (Services); this is now the Monitoring Officer
- iii. Medium Term Plan and Financial Strategy; this is now the Medium Term Financial Strategy

The main changes to the Code of Financial Management are summarised below. However, the list does not include the post title changes noted above as this would distract from the aim of showing only the “main changes”.

Paragraph.	Section	Summary of the Changes
1.12	Budget Managers	Removal of references to the previous annexes A, B and C. The relevant budget requirements are now included within this section.  Revised vacant post authorisation process.  Inclusion of the capital authorisation process  Simplification of the Budget Managers guidance for the annual budget efficiency roles.
2.	Financial and Service Planning	Update of the annual financial cycle to reflect the revised financial reporting process.
3.1	Financial Monitoring	Clarification that the Financial Performance Monitoring Suite (FPMS) will be reported to Cabinet on a quarterly basis and to Corporate Management Team (CMT) on a monthly basis.
3.2	Commitments to Expenditure in future years	Clarification of the revised budget commitments rules.
3.3	Grants, Cost sharing and S106/CIL agreements	Inclusion of the revised capital approval process.

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3.6	Budget Virements	Consistent use of correct terminology for virements. Removal of the budget types as these are no longer relevant. Revised process for budget virements and the removal of references to the previous Annexes. Inclusion of a material virement amount per budget to reduce the administration associated with minor virements (i.e. less than £4,000 per budget).
3.7	Re phasing of Expenditure	Removed as no longer relevant to the revised budget process.
3.8	Price Base Changes	Clarification and responsibility for the inclusion of inflation in budgets.
3.9	Capital Programme	Revision of the capital approval process.
4.4	Payments	Inclusion of the restriction that all Direct Debits and Standing Orders require the approval of Deputy Responsible Finance Officer (DRFO) before they are initiated.
6	Assets	Inclusion of a caveat that this process will be review within the next year therefore has not been updated.
Annex A B C		Removed and where necessary information has been included in the appropriate section.

### 1. FINANCIAL RESPONSIBILITIES

#### 1.1 General

Before any proposal that affects the Council's financial position is made the body or person(s) responsible for making that decision, or for making a recommendation to that body or person(s), shall consider a written report, approved by the Responsible Financial Officer, detailing the financial implications.

#### 1.2 The Council

Will:

- determine the Council's Medium Term Financial Strategy (MTFS), approve the annual budget and set the level of the council tax.
- approve the Council's Treasury Management Strategy and Prudential Indicators.
- approve changes to this Code.

#### 1.3 The Corporate Governance Panel

Will:

- ensure that the financial management of the Council is adequate and effective.
- ensure that the Council has a sound system of internal control including arrangements for the management of risk.
- consider the Council's Code of Corporate Governance and approve the annual statement.
- approve the internal audit charter and the annual internal audit plan and comment on the external audit plan.
- approve the Council's final accounts before publication.
- consider reports from the external auditor.
- recommend changes to this Code to the Council.

1.4 **The Cabinet:**

Will:

- propose to the Council:
  - the Medium Term Financial Strategy
  - the annual budget and council tax level
  - a combined annual report including the Treasury Management Strategy, Treasury Management Policy and Prudential Indicatorsafter considering the views of the appropriate Overview and Scrutiny Panel and representatives of the business community.
- set financial priorities, allocate and re-allocate resources in accordance with the limits in this Code, monitor and review financial performance.

1.5 **Overview and Scrutiny Panels**

Will contribute to the development of, and review the effectiveness of, the Council's Medium Term Financial Strategy, Treasury Management and annual budget.

1.6 **Cabinet, Panels and Working Groups**

Will ensure that all decisions within their remit are made within the relevant budgets and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources, these will need to be subject to Officers, the Cabinet or the Council making these available in accordance with this Code.

1.7 **Members and Employees**

Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the Responsible Financial Officer any act or omission that is contrary to the provisions of this Code or the maintenance of high standards of financial probity, and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any member or employee who is involved in a transaction with the Council, or who has an **interest** in a transaction between a third party and the Council, shall declare the nature and amount to the Council's Monitoring Officer before any decision on the matter is made by the Council. The Monitoring Officer will advise the member or employee of any actions they should or must take.

*For the purpose of this section an **interest** also includes any interest of a member of your family or a close associate or acquaintance. This shall be interpreted as anyone whom a reasonable member of the public might think you would be prepared to favour or disadvantage.*

- 1.8 **The Monitoring Officer** or, in his/her absence, the Deputy Monitoring Officer.

Will report to the Council on any proposal, decision or omission that in his/her view is likely to result in a contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

- 1.10 **The Responsible Financial Officer** or, in his/her absence, the Deputy Responsible Financial Officer.

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit service and report to the Council in the event of a decision or action leading to unlawful expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments specified by the external auditor to the Corporate Governance Panel.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

- 1.11 **The Deputy Responsible Financial Officer** will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the Responsible Financial Officer, approving new financial systems and undertaking such duties as are set out in this Code.

### 1.12 **Budget Managers (Service Managers, Heads of Service, Corporate Directors and Managing Director)**

The Council's management structure is based on Service Managers, Heads of Service, Corporate Directors and the Managing Director taking responsibility for a service and its related budget. For the purpose of this Code they are referred to as Budget Managers. Whilst they retain ultimate responsibility they will often delegate appropriate tasks to their members of staff.

The Budget Manager responsible for a budget:

- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.
- will be responsible for preparing and submitting the Capital Project Appraisal form to the Finance Governance Board for approval.
- will be responsible for developing and submitting a detailed business case to the Finance Governance Board (following approval of the Capital Project Appraisal form).
- will be responsible for informing the Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety.
- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in their budgets. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with HR policies and any CMT requirements.
- will need the approval of CMT for the recruitment of all vacant posts. The Authorisation for Filling Vacancies form should be used for this purpose.
- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.
- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for seeking improvements in the efficiency of their services and in discussion with their Service Accountant, ensuring that any budget adjustments are included in the following years budget process.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council objectives through their services.

- annually review their services to identify any aspects that **are not currently charged** for, but could be and the appropriateness of the current charges. ~~to be charged for.~~ **Charges for such aspects shall be introduced unless Cabinet or both the Executive Councillor for Resources and of the relevant service considers it would not be appropriate.**
- **annually review their fees and charges in consultation with the Executive Councillor(s), with any changes being included in and approved with the annual budget. For changes within the financial year, will be subject to consultation with the executive councillor(s) and approval by Council.**
- ~~review fees and charges and introduce any resulting changes at least annually, after consultation with the relevant Executive Councillor(s) unless there is a formal requirement for the charges to be determined by Cabinet or a Panel. In doing so, they:~~
  - shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
  - shall, after having regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council objectives.
  - may introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
  - may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council objectives and the necessary funding is available. Use of this option requires approval of Cabinet **or** both the Executive Councillor for Resources and of the relevant service.
  - may set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.
  - shall keep appropriate records to demonstrate that the required actions have been undertaken and how the decisions were reached.

### 1.13 **Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. It will act in accordance with the internal audit charter and undertake reviews that focus on areas of greatest risk to the Council's control environment as contained within a programme agreed annually by the Corporate

Governance Panel after consultation with the Responsible Financial Officer and Budget Managers.

For these purposes internal audit shall have free, full and unrestricted access to services and functions and all Council assets, systems, documents, information, employees and Members. All employees are required to assist internal audit to carry out its role.

**2. FINANCIAL AND SERVICE PLANNING**

**2.1 In the Summer - Overall Review**

The Cabinet shall review the financial performance of the Council in the previous year, compared with the annual budget, on the basis of the Provisional Outturn report prepared by the Deputy Responsible Financial Officer in conjunction with Budget Managers.

**2.2 In the Autumn – Preparation of the draft budget and MTFS**

The Responsible Financial Officer in conjunction with Budget Managers will review and prepare the draft annual budget and the MTFS for review by Cabinet after consultation with the relevant Overview and Scrutiny panel.

**2.3 In the Winter - Annual Budget, MTFS and Service Plans**

The Cabinet shall, after consultation with the relevant Overview and Scrutiny Panel, recommend to the Council an annual budget for the next financial year and a MTFS for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies. Following approval of the annual budget each Budget Manager shall update their Service Plan(s) to reflect the approved budget and how the resources allocated will be used to meet service objectives in the forthcoming year.

**2.4 In the Spring – Annual Finance Report**

The Deputy Responsible Finance Officer in conjunction with the Budget Managers will prepare the Annual Financial Report. The Annual Financial Report includes the statutory annual accounts which subject to external audit will be approved by both the Responsible Finance Officer and Corporate Governance Panel.

**3. CONTROLLING FINANCIAL PLANS**

**3.1 Financial Monitoring**

Budget Managers will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services. Where it is identified that there will be a significant overspend, this will be promptly reported to the Responsible Financial Officer by the Budget Manager. If it is considered necessary by the Responsible Financial Officer, the Budget Manager may have to report directly to the Corporate Management Team.

The Corporate Management Team will review, on a monthly basis, the Financial Performance Monitoring Suite (FPMS). The FPMS will be reported to Cabinet on a quarterly basis. The FPMS will be prepared by the Deputy Responsible Financial Officer, in consultation with each Budget Manager and will include the following:

- Headline summary of financial performance.
- Financial Performance Summary including impact on reserves.
- Head of Service Budget Monitoring summary including variance analysis.
- Capital programme financial summary.
- Financial Dashboard.

The Financial Dashboard is a high-level financial reporting tool and will include the following for the current financial year:

- Forecast Revenue Income and Expenditure analysis, including a subjective analysis of gross expenditure.
- Forecast Capital gross and net income and expenditure, including how the budget has changed from month-to-month and how the capital programme is to be financed.
- Analysis of Sundry Debtors, including an indication of changes in the Bad Debt Provision.
- Forecast on the net cost of the Council Tax Support Scheme.
- Forecast collection of Non-Domestic Rates and Council Tax.
- Achievement of New Homes Bonus.

### **3.2 Commitments to Expenditure in Future Years**

No new commitment to expenditure beyond the current budget year may be made unless it:

- is consistent with the achievement of the Council's objectives and other relevant strategies, **and**
- is compatible with the Council's Medium Term Financial Strategy.

If the Budget Manager has any concerns about their proposal meeting these requirements they must consult the Deputy Responsible Financial Officer.

### **3.3 Grants, Cost Sharing and S106/CIL agreements**

Where a Budget Manager proposes to take advantage of:

- receipts of grants, contributions and other forms of external funding, or
- enter cost sharing arrangements,

with other organisations, and where such arrangements will deliver additional or improved services, consistent with their Service Plan

without creating any current or future commitment to net expenditure they may do so subject to:

- the relevant Head of Service being satisfied that the project funding meets with Corporate Objectives and that the resource required to produce the bidding documents is reasonable.
- the funds being dependent upon a particular project or service being provided but, in the case of S106/CIL agreements, the location or some other aspect is at the Council's discretion.
- informing the Deputy Responsible Financial Officer of the details.
- consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year with any capital having been previously agreed by the Finance Governance Board or on any discretionary element of a S106/CIL sum.

A Budget Manager may utilise sums of money received under S106/CIL, or equivalent agreements where there is no discretion. The Deputy Responsible Financial Officer should be informed of the details. The Budget Manager must also supply the Deputy Responsible Financial Officer with:

- A copy of all information that supports the grants received (grant letter etc) so a decision can be made in respect of the correct accounting treatment.
- Documentation confirming how they plan to meet any grant conditions.

#### 3.4 **Approvals for additional spending with a net impact**

The Managing Director, or in his/her absence, the Responsible Financial Officer, may incur expenditure for the immediate alleviation of hardship or suffering in the case of peacetime emergency in the District. Any exercise of this power must be reported to the Cabinet (under £350,000) or the Council (over £350,000) at the first opportunity.

The Managing Director, or in his/her absence, the Responsible Financial Officer, may incur expenditure of up to £350,000 for any purpose which is urgent and demonstrably in the Council's best interests to do so following consultation with the Executive Leader or Deputy Executive Leader. Any exercise of this power must be reported to the Cabinet at the first opportunity.

Proposals for increases to the total allocated to a budget in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £350,000 in aggregate in any financial year. Once such approvals have been reported to Council the Cabinet's limit will be re-set. A transfer of a sum from capital to revenue will have a revenue impact and so will count as a request for additional spending.

In all other cases the approval of the Council will be required.

### 3.5 **Approvals for additional spending with compensating savings**

Proposals that require initial funding but will then result in net surpluses or savings that are at least sufficient to produce a break-even position will be supported in principle if they are:

- consistent with increasing the achievement of the Council's objectives and compatible with relevant Strategies.
- achievable within the Council's Financial Strategy.
- supported by a robust business case which includes a risk assessment.
- supported by the Chief Officers' Management Team.

The Responsible Financial Officer may approve such a scheme following consultation with the relevant Executive Councillor for the service and the Executive Councillor for Resources. The relevant budget(s) and MTFs will be appropriately adjusted.

### 3.6 **Budget Virements**

The process of moving budget resources between different areas within the budget year is called a virement. The virement of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There does, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of and involved in, the more significant changes or where there is a financial implication.

These limitations are:

- The salary budgets (Pay, National Insurance and Pension) represent the Councils approved establishment list. As such the salary budgets cannot be vired to other areas of the budget. A positive salary budget variance may be used to cover the additional temperate staffing costs incurred due to vacant posts.
- The Corporate Finance budgets are those budgets that are necessary to the operation of the Council and have limited controllability. Such budgets included with this area are; Minimum Revenue Provision, Interest, Pension liability and Levies.

A Budget Manager may approve a budget virement within and between the budgets they are responsible for providing it is:

- Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- Not to or from a pay, NI or pension contributions budget unless it is a movement of establishment posts to another service as part of a service restructure.
- Not from capital to revenue.
- Notified to the Deputy Responsible Financial Officer.

- Each virement is over £4,000 within each service.
- Within the following limits if between service budgets:
  - Revenue to revenue £75k
  - Revenue to capital £75k
  - Capital to capital £75k

The **Corporate Management Team** may, subject to the same criteria, except for the enhanced limits shown below, approve budget virements between any budgets:

- Revenue to revenue £150k
- Revenue to capital £150k
- Capital to capital £150k

**Cabinet** may approve budget virements of up to:

- Revenue to revenue £350k
- Revenue to capital £350k
- Capital to capital £350k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the relevant limit will be re-set.

In all other cases the approval of the Council will be required.

### 3.7 **Price Base Changes**

Inflation will be included, if necessary during the budget process as directed by the Responsible Finance Officer.

### 3.8 **Capital Programme**

The Finance Governance Board will review and make recommendations on the ranked capital programme plan to CMT. CMT will determine if a full business case for the schemes shall be developed.

Full Business cases will be reviewed by the FGB who will recommend to CMT those schemes to be included in the MTFs and be approved by Cabinet.

FGB may recommend changes to existing schemes or the introduction of new schemes during the financial year based on the performance of, or delays incurred within the delivery of the approved capital programme plan. Changes to the schemes in the MTFs will be approved by Cabinet.

## 4. **CASH AND CREDIT MANAGEMENT**

4.1 **Banking**

The Responsible Financial Officer is responsible for all Council banking arrangements and shall maintain an account(s) with an appropriate bank(s) as defined in the Treasury Management Strategy. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

4.2 **Income**

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Resources to ensure that the sums are properly recorded, receipted and banked.

No cash payment in excess of £1,000 will be accepted.

The Head of Customer Services will manage the Council Tax and Non-Domestic Rating collection service on behalf of the Council; including the billing and debt recovery procedures.

The Deputy Responsible Financial Officer shall manage a sundry debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System.

All Budget Managers are required to ensure that:

- Invoices are raised promptly.
- The income team are advised promptly of any required invoice adjustments.
- Invoice queries are answered promptly.
- The income team are informed of any information that may affect the recovery of any invoiced sums.
- They periodically consider, in liaison with the income team, whether there would be a more effective or efficient way of collecting sums due (e.g. cash in advance).

4.3 **Treasury Management**

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice.

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity. The Treasury Management and Advisory Group will include:

- the Executive and Deputy Leaders, the Executive Councillor and responsible for resources. Other members can be co-opted onto the group at the discretion of the Executive Leader.
- the Managing Director, the Responsible Financial Officer and the Deputy Responsible Financial Officer. Other officers can be co-opted onto the group at the discretion of the Managing Director or the Responsible Financial Officer.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the Deputy Responsible Financial Officer who will establish treasury management practices for the operation of the function which will ensure compliance with the Strategy and create appropriate systems of monitoring and control.

#### 4.4 **Payments**

All payments must be made either:

- through the Council's purchase ledger system, with payments being made direct to the supplier's bank account wherever this is practicable.
- by procurement card.
- by direct debits or standing orders (after agreement from the Deputy Responsible Finance Officer).
- by some other system specifically approved by the Deputy Responsible Financial Officer.

in each case complying fully with the relevant procedures for that system (e.g. appropriate authorisation), particularly the requirement to obtain official VAT receipts, as determined by the Deputy Responsible Financial Officer. Advice can be sought from the Deputy Responsible Finance Officer.

### 5. **ACCOUNTING PROCEDURES**

#### 5.1 **Best Practice**

The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

#### 5.2 **Annual Financial Report**

The Annual Financial Report (formerly the Statement of Accounts) shall be presented to the Corporate Governance Panel for approval within the prescribed statutory timescale.

5.3 **Records**

Each Budget Manager is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Deputy Responsible Financial Officer, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System. Each Budget Manager is responsible for ensuring that the Financial Management System is used only by authorised individuals and for proper council purposes.

In respect of all contractual payments where the contract was required to be recorded on the Contracts Register in accordance with paragraph 3.1 of the Code of Procurement, the Budget Manager shall ensure that all invoices or payment records authorised for payment shall include in the 'Our Reference' field in Council's Financial Management System the unique Contract Register reference. This number shall be in the same format/style as allocated by the Contract Register.

5.4 **Retention of Documents**

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for any statutory period, or otherwise for six years or such other time that is specified by the Deputy Responsible Financial Officer.

5.5 **Contingent Assets and Liabilities**

Any Officer who is aware of a material and outstanding contingent asset or liability shall notify the Deputy Responsible Financial Officer, who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

5.6 **Stock**

The Deputy Responsible Financial Officer shall determine, after consultation with the relevant Budget Manager, when Stock accounts shall be maintained. This will normally be where the value of the items are significant or the items are considered to be vulnerable to loss or theft.

In such cases the relevant Budget Manager shall ensure that a certified stock-take is carried out at the end of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Deputy Responsible Financial Officer.

5.7 **Insurance**

The Internal Audit Manager shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

5.8 **Write-off of Irrecoverable Debts**

The Head of Customer Services, or in his/her absence the Deputy Responsible Financial Officer, is authorised to write-off debts with an individual value of up to £5,000, or of a greater amount after consultation with the Executive Councillor responsible for resources, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs. A summary report of debts written-off shall be submitted to the Cabinet annually.

**5.9 Accounts Closure, Accounting Accruals and Estimates**

The Annual Financial Report will be produced in line with both statutory regulations and relevant Codes of Practice.

The Deputy Responsible Financial Officer will ensure that there is appropriate liaison with service teams prior to closure, including the hosting of relevant training and the issue of closure guidance and timetables. The accruals de-minimis limits will be adhered to by all services, and where estimated accruals are to be issued they are to be supported by accurate calculation. Other accounting estimates will be calculated by accountancy staff in line with professional advice.

Provisions, either for Bad Debts or other purposes will be calculated in line with the guidelines approved by the Deputy Responsible Financial Officer. Earmarked reserves can only be established with the agreement of the Responsible Financial Officer.

**6. ASSETS (Capital) –*subject to review in line with the Asset and disposal policy during 2015/16***

**6.1 Definition**

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

**6.2 Control of Assets**

Each Budget Manager is responsible for ensuring that the assets relating to their services are properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

Heads of Service must keep up to date records so a physical verification of all capital assets, and their condition, is possible.

**6.3 Acquisition**

The purchase of assets has to be in line with the requirements of “Best Value” and should be acquired in a similar way as goods and services are acquired (see the Code of Procurement). Heads of Service:

- should follow advice from relevant specialist colleagues in appropriate cases e.g. IMD, vehicle management, legal, procurement.
- must have received approval from the Capital and Treasury Strategy Group that the disposal of the asset is agreed.

The relevant Budget Manager shall inform the Deputy Responsible Financial Officer within 10 working days of the acquisition of an asset which meets the definition for capital expenditure:

- Plant and vehicles over £10k
- other individual items over £10k
- aggregations of similar articles amounting to £10k e.g. wheelie bins

#### **6.4 Disposal**

The disposal of assets has to be in line with the requirements of “Best Value” and should be disposed of in a similar way as goods and services are acquired (see the Code of Procurement). Heads of Service:

- should follow advice from relevant specialist colleagues in appropriate cases e.g. IMD, vehicle management, legal, procurement.
- must have received approval from the Capital and Treasury Strategy Group that the disposal of the asset is agreed.

Once the asset is disposed of, the relevant Budget Manager will inform the Deputy Responsible Financial Officer within 10 working days of the disposal of any asset included in the Asset Register.

#### **6.5 Capital Expenditure**

The purchase or improvement of any asset will normally be treated as capital expenditure. However, expenditure of less than £10,000 will not normally be treated as capital expenditure unless the Deputy Responsible Financial Officer considers it is in the Council’s interests to do so.

#### **6.6 Leases**

Finance and operating leases are to be used only if they are in the Council's financial interest and with the prior formal approval of the Deputy Responsible Financial Officer.

#### **6.7 Valuations**

In order to comply with accounting requirements assets will need to be revalued at regular intervals. A three year “phased” revaluation programme will be followed, other than for:

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- those assets that are categorised as “investment” properties (e.g. industrial units), which must be revalued every year, or
- where, following significant capital investment or disinvestment in an asset within an asset group, whereby the whole asset group will be revalued.

All capital asset revaluations for the Annual Financial Report will be obtained by the Deputy Responsible Financial Officer.