

London Borough of Richmond upon Thames

Financial Regulations

November 2012

INTRODUCTION

The Director of Finance & Corporate Services is responsible, under Section 151 of the Local Government Act 1972 for the “proper administration of the Council’s financial affairs”.

Section 114 of the Local Government Finance Act 1988 states that the ‘chief financial officer’ must make a report if he/she considers that a decision has been made or is about to be made involving expenditure that is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority”.

These regulations have a key role in enabling the Director of Finance & Corporate Services to meet these responsibilities. They are also important in ensuring that the Council achieves value for money in all its financial dealings and that a culture of financial propriety is developed and maintained.

Any reference to the Director of Finance & Corporate Services in these regulations and the supporting instructions includes any officer authorised to act on his/her behalf.

Section 14.01 of the Council’s Constitution states that, “The management of the Council’s financial affairs will be conducted in accordance with the Financial Procedure Rules set out in Part 4 of this Constitution”.

Part 4 of the Constitution includes these Financial Regulations.

These regulations apply to all Members and officers of the Council and it is their duty to comply with them and the supporting instructions. Failure to comply may result in disciplinary action for officers or such action as may be stated in the Councillor Code of Conduct for elected members of the Council. Furthermore it is the duty of all officers to promote best practice in financial affairs.

Where these regulations are unclear, ambiguous, inappropriate or otherwise do not refer to a specific financial issue, the Director of Finance and Corporate Services may issue specific advice which will be deemed to have the same weight as if it were included in these regulations. Any such advice will have due regard to the Director of Finance and Corporate Services’ statutory duties, Council policy, risk, and the Council’s financial position.

The Director of Finance and Corporate Services shall from time to time make recommendations to Council for changes in these financial regulations.

The following scheme of delegation shall apply to these financial regulations:

http://rio/financial_scheme_of_delegation.pdf

FINANCIAL REGULATION 1 – FINANCIAL PLANNING

1.1 This section of the Council’s Financial Regulations deals with:

- The preparation of the revenue budget

- The preparation of the capital programme
- The provision of a central contingency
- The adequacy of the Council's reserves
- The "Financial Implications" section of committee reports

1.2 Preparation of the revenue budget

The Director of Finance & Corporate Services shall issue, annually, detailed instructions (normally through the Chief Accountant) on the preparation of the revenue budget. These will apply to all staff involved in the revenue budget preparation process.

The Director of Finance & Corporate Services shall, from time to time, issue additional or ad-hoc instructions on specific issues relating to the revenue budget which will apply to all staff involved in the process.

The Director of Finance & Corporate Services shall collate the revenue budget and present it to Cabinet prior to submission to the Full Council for approval.

http://rio/budget_preparation.pdf

1.3 Preparation of the capital programme

The Director of Finance & Corporate Services shall issue, annually, detailed instructions (normally through the Chief Accountant) on the preparation of the capital programme. These will apply to all staff involved in the preparation of the programme.

The Director of Finance & Corporate Services shall, from time to time, issue additional or ad-hoc instructions on specific issues relating to the capital programme which will apply to all staff involved in the process.

The Director of Finance and Corporate Services will make recommendations on the funding of the capital programme including decisions on borrowing (external and internal), the use of any grants, reserves, revenue contributions and leasing arrangements etc. No new project may be added to the Capital Programme without the prior agreement of the Director of Finance and Corporate Services. Similarly, no changes to the Capital Programme can be made without the prior agreement of the Director of Finance and Corporate Services.

The Director of Finance & Corporate Services shall collate the capital programme, make recommendations as to the funding of the programme and present a report to Cabinet.

http://rio/preparation_of_the_capital_programme.pdf#

1.4 Provision of a central contingency

Subject to the approval of the Cabinet, a central contingency provision shall be included in the revenue budget to cover any unforeseen expenditure which cannot be met from any other approved estimate. The Director of Finance & Corporate Services may authorise use of the contingency on any one item of

up to £50,000 provided that it is in accordance with Council policy and the Medium Term Financial Strategy. For unforeseen items exceeding £50,000, prior approval of the Cabinet Member for Finance and Performance shall be obtained.

1.5 **Adequacy of Reserves**

The Council holds a range of reserves for a variety of purposes. All reserves must have a documented purpose and responsible officer. Directors are responsible for maintaining, and supplying to the Director of Finance and Corporate Services, a list of responsible officers and for keeping the list up to date. The Director of Finance & Corporate Services shall decide whether any new reserves can be established. The Director of Finance & Corporate Services will advise the Cabinet and Council as to a prudent level of reserves to be held for budget purposes having regard to any policies agreed by the Council. A full report on the Council's reserves shall be presented annually to the Cabinet as part of the revenue outturn report.

1.6 **“Financial Implications” section of committee reports**

Authors of any report to be presented to Cabinet, Cabinet Members, Overview and Scrutiny Committee or other Committee must include a section on the financial implications arising from the report.

As appropriate, the section must show the full costs over the lifespan of the proposal, any savings likely to accrue and the detailed funding for the proposals. In respect of capital projects, the section must include any implications for revenue expenditure arising from the capital project. An appropriate précis of the implications should be included in the Executive Summary of the report.

The Director of Finance & Corporate Services must be consulted on and approve the financial content of all reports.

http://rio/main_financial_reports.pdf

FINANCIAL REGULATION 2 – FINANCIAL MANAGEMENT

2.1 This section of the Financial Regulations deals with:

- Financial monitoring (general requirements)
- Financial control of the revenue budget
- Financial control of the capital programme
- Virement (change in the use of a budget)
- Use of reserves
- Relationship between Corporate and Devolved financial management

2.2 **Financial monitoring (general requirements for revenue and capital budgets)**

Every budget shall be administered by a named budget holder or their named deputy. It is the responsibility of Directors to ensure that all budgets are allocated to named individuals, that a list showing the allocations is supplied to the Director of Finance & Corporate Services and that the Director of Finance & Corporate Services is immediately notified of any alterations to the list. Where the Council has in place an arrangement to pay a composite invoice to a supplier e.g. agency staff contract, stationery contract etc. with expenditure being subsequently charged to individual budgets, the Director of Finance and Corporate Services will agree who is authorised to sign off on the composite invoices on the understanding that individual budget holders remain responsible for checking the individual charges to their budgets.

Only named budget holders can incur expenditure on budgets for which they are responsible. Under no circumstances should any officer sign off expenditure on a budget for which they are not responsible.

Any named budget holder should satisfy themselves that an item of expenditure is being properly incurred prior to signing it off. If there is any doubt, further enquiries should be made. Any named budget holders should also satisfy themselves that any other charges to their budgets are appropriate and make further enquiries as necessary. A list of the main tasks Budget Managers are responsible for is available at:

http://rio/budget_manager_responsibility.pdf

Directors shall ensure that levels of expenditure and associated performance for their services are properly monitored and controlled throughout each financial year. In particular they shall ensure that all practicable and necessary steps are taken to avoid an overspend of an expenditure budget or under achievement of income target, that value for money is secured in all financial transactions and that they and their staff comply with these Financial Regulations and any associated guidance.

Directors shall provide accurate and timely projections of expenditure and income in accordance with the reporting rules and timetable set out by the Director of Finance & Corporate Services. In the event that a projection is significantly inaccurate, the Director of Finance and Corporate Services may require a full explanation of the circumstances.

It is expressly forbidden to use the Council's financial systems, cheques, procurement card or any other mechanism to make purchases other than on behalf of the Council. Any unauthorised use may result in disciplinary action.

2.3 Financial control of the revenue budget

The Council's approval to the revenue budget constitutes authority for a Director to incur expenditure, subject to compliance with the approved policies of the Council and (to the extent permitted by the Policy Framework approved by the Council) the relevant Cabinet Member, the standing orders, financial regulations, direction of the Director of Finance & Corporate Services and any other limitation that may be imposed.

Directors are responsible for managing their services within approved budgets.

Directors are only empowered to incur expenditure where approved budget provision exists. **No budget – no spend** until appropriate authority is granted and funding identified.

Directors are accountable for all items of income and expenditure on the budgets under their control.

Where revenue expenditure may exceed, or income fall short, of the approved estimate by £100k or more, Directors shall produce an Overspend Control Report detailing the reasons for the variance and an action plan to recover the situation. The Director of Finance & Corporate Services must add comments on the viability of the plan to the report.

Any underspending against revenue budgets shall not be carried forward from one financial year to the next without the approval of the Cabinet. Requests for unspent budget provisions to be carried forward should generally be restricted to specific items of a "one off" nature where monies will be spent for the same purpose in the following financial year.

2.4 Financial control of the capital programme

Approval of the capital programme by the Council shall constitute authority for Directors to incur, in each year, capital expenditure up to the total agreed and to commit the consequential revenue expenditure as included within the revenue budget and the Medium Term Financial Strategy.

Directors are responsible for managing capital projects within approved budgets.

Directors are only empowered to incur expenditure where approved budget provision exists. **No budget – no spend** until appropriate authority is granted

Directors are accountable for all items of income and expenditure on the budgets under their control.

Set out below are the reporting requirements where projected expenditure on a given scheme, or block of schemes e.g. general maintenance budgets, exceeds the approved budget.

Approved scheme budget	Tolerance Limit
£100,000 +	The greater of £20,000 or 10% (up to a maximum of £250,000)
<£100,000	20%

For any scheme with a projected overspend within the specified tolerance limits:

- the overspend shall be reported to the Director of Finance and Corporate Services with proposals for funding the overspend from other projects within the same service area. Where this is not possible, the Director of Finance and Corporate Services will decide on how the overspend is to be funded.

Where a scheme is projected to overspend by more than the tolerance limit:

- Approved budget <£100,000

The overspend shall be reported to the Director of Finance and Corporate Services and the relevant Cabinet Member. The service Director will agree with the relevant Cabinet Member funding from other projects in the same service area. Where this is not possible, the Director of Finance and Corporate Services will decide on how the overspend is to be funded.

- Approved budget £100,000+

The overspend shall be reported to the Director of Finance and Corporate Services and the Property Programme Board who shall recommend action which can be agreed by the relevant Cabinet Member, up to the value of £250,000, but action above this level must be agreed by the Executive.

http://rio/capital_scheme_approval_process.pdf

2.5 Virement

Virement is the transfer of budget provision from one purpose to another and is an important tool for Directors. Virement is allowed only in accordance with the Council's Scheme of Virement.

http://rio/scheme_of_virement.pdf

Any virements in excess of £100k must be counter-signed by the Cabinet Member for Finance and Resources prior to being actioned.

2.6 **Use of reserves**

Reserves may be applied only for the purpose for which they were established. Services / projects that are to be funded from reserves must be authorised by the Director of Finance and Corporate Services and the Cabinet. Cabinet may nominate an officer or Councillor to approve reserve funding. Where this applies Cabinet must name the officer / Councillor and the £ amount of delegation. Officers must not commit to expenditure that is to be funded by reserves before approval by the Director of Finance and Corporate Services and the Cabinet (or delegated officer).

Officers may not transfer money into or between reserves without prior approval from the Director of Finance and Corporate Services.

2.9 **Relationship between Corporate and Devolved financial management**

Directors and all staff will operate in accordance with these Financial Regulations, any protocols agreed between spending Directorates and the Corporate Finance Team and any other instructions issued by the Director of Finance & Corporate Services.

FINANCIAL REGULATION 3 – RISK MANAGEMENT & AUDIT

3.1 This section of the Financial Regulations deals with:

- Risk management
- Insurance
- Internal Controls
- Audit requirements – Internal and external
- Preventing fraud and corruption

3.2 Risk Management

The Head of Internal Audit and Risk Management shall, annually, draw up a draft risk management strategy which will be presented to Executive Board for approval. Subject to that approval, the strategy will be presented to Audit Committee to be formally adopted.

Directors shall:

- Implement and comply with the Council's Risk Management Strategy
- Embed risk management within all the operations of their services
- Maintain and test Business Continuity Plans...

3.3 Insurance

The Director of Finance & Corporate Services shall be responsible for all insurance matters including the review of the approach to Risk Management, determining the nature and level of insurance cover to be arranged and the processing and settlement of all claims.

Directors shall notify the Director of Finance & Corporate Services (through the Treasury Manager) of:

- Any new risk, property, equipment, or vehicle which may require to be insured
- Any alterations to services or other arrangements which may affect insurance arrangements
- Any loss, damage or claim

The Director of Finance and Corporate Services, using information provided by Directors, will be responsible for ensuring that an accurate list of the Council's insurable assets is maintained.

3.4 Internal Controls

The Director of Finance & Corporate Services is responsible for the production of the Annual Governance Statement (AGS) and for ensuring that an effective system of internal control exists in relation to financial aspects of the Council's operations. The AGS and the system of internal control will be designed to guard against fraud and corruption, ensure that public funds are properly safeguarded and to ensure that those funds are used economically, efficiently and effectively.

Directors shall ensure that internal controls within their service areas are adequate and operating as intended and will provide the necessary information to support the Director of Finance and Corporate Services in producing the AGS..

3.5 **Audit Requirements**

Internal Audit

The Director of Finance & Corporate Services shall be responsible for providing the internal audit of the Council's systems and processes and, for this purpose, shall have access to all documents and records within the Council. Directors and members of their staff shall provide whatever information or explanation is deemed necessary to complete the internal audit.

Directors shall ensure that the Director of Finance & Corporate Services is immediately notified of any suspected irregularity relating to both private and Council funds, including cash, procurement cards, any Council financial system (electronic or manual), stores or other property, any financial transaction or arrangement, or of any material weakness which has been identified in any system or control. (Private funds means those funds held in an official capacity such as school funds, trust funds etc). Where appropriate, and in all cases involving a Council employee, the Head of Human Resources shall also be informed.

External Audit

The Director of Finance & Corporate Services shall ensure that the statutory requirements for external audit are complied with and, in order that the external auditor is able to effectively scrutinise the Council's records. Directors shall ensure that the appointed auditors have reasonable access to the Council's premises and records relevant to the audit.

3.6 **Preventing fraud and corruption**

The Director of Finance & Corporate Services shall develop and maintain an anti-fraud and corruption strategy, which will incorporate advice to all staff and Members on the controls necessary to maintain control of public funds and assets used by the Council in the daily management of its services.

Directors will foster a culture of honesty and opposition to fraud and corruption within the Council.

Where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence has been committed the Director of Finance & Corporate Services and the Head of Internal Audit and Risk Management will decide whether to pursue police or other legal action.

The Council's Prosecution Policy can be viewed at:
http://rio/prosecution_policy-2.doc

FINANCIAL REGULATION 4 – CONTROL OF RESOURCES

4.1 This section of the Financial Regulations deals with:

- The security of assets
- Treasury Management and banking (includes borrowing, investment and leasing arrangements)
- Staffing
- Money laundering
- Sale of Assets

4.2 **Security of assets**

Directors shall ensure that any cash and securities are safeguarded in accordance with instructions issued by the Director of Finance & Corporate Services and that proper inventories of Council equipment are maintained.

Directors may declare equipment and materials surplus to requirements in accordance with procedures issued by the Director of Finance & Corporate Services. The current procedures are outlined in the following document:

http://rio/assets_of_low_value_guidelines.pdf

4.3 **Treasury Management and banking**

Treasury Management

The Director of Finance & Corporate Services shall ensure that all Treasury Management activity is undertaken in compliance with the CIPFA Code of Practice on Treasury Management in the UK.

All executive decisions on borrowing, investment or financing (including leasing) shall be delegated to the Director of Finance & Corporate Services who shall act in accordance with the Council's agreed "Treasury Management Policy". **All** leasing requires the prior approval of the Director of Finance & Corporate Services.

The Director of Finance & Corporate Services shall produce, annually, a Treasury Management Policy and Strategy which shall be reported to the Council prior to the start of each financial year.

The Director of Finance & Corporate Services will report annually to the Cabinet, after the end of each financial year, on Treasury Management activity.

Banking

The Director of Finance & Corporate Services shall be responsible for overseeing the management and operation of all Council bank accounts and Procurement Card schemes.

Directors shall not maintain, or allow to be maintained, any bank account or procurement card scheme without the express authority of the Director of Finance & Corporate Services.

Directors shall ensure that no bank account under their control is allowed to become overdrawn and that reconciliations are undertaken in accordance with instructions issued by the Director of Finance & Corporate Services.

Senior managers shall ensure that all procurement card transactions are properly authorised in accordance with instructions from the Director of Finance & Corporate Services.

Any improper use of a Council procurement card will result in disciplinary action. Full Procurement Card and Banking guidance is available at:

<http://rio/banking.pdf>

http://rio/procurement_card_instructions.pdf

4.4 Staffing

Senior managers are responsible for ensuring that staff numbers do not exceed those agreed in the staff establishment.

Directors are responsible for ensuring that they have paid due regard to the recommendations of the Advisory Vacancy Panel prior to any recruitment of staff.

4.5 Money laundering

The Director of Finance & Corporate Services shall appoint an appropriately qualified Money Laundering Reporting Officer who shall ensure that systems are in place which counter opportunities for money laundering within the Council. Directors should assess areas of vulnerability and inform the Money Laundering Reporting Officer of any suspicions they may have.

4.6 Disposal of major assets and assets surplus to requirements

Assets must be disposed of at the most appropriate time, only when it is in the best interests of the Council and at the best price reasonably obtainable. For items of significant value, authorisation of the Director of Finance and Corporate Services must be obtained in advance of any action. Depending on the value of the assets Executive or Member approval may be necessary. The Council must maintain a 3 year asset disposal programme that is periodically agreed by Member. All major asset disposals must be included on the programme. A major asset disposal is defined as:

- Vehicles and Equipment with a value of £10k or more
- Land and Buildings with a value of £50k or more
- Assets with a useful life of more than 1 year

The Corporate Asset Management Plan (CAMP) and Corporate Asset Register should be used to identify the initial value of the asset and whether there is any alternative use before disposal takes place.

All IT disposals must be via the Council's IT Partner and with the approval of the relevant commissioning agent.

4.7 **Grants (capital and revenue)**

A responsible Councillor must be identified for each grant or contribution that is received by the Council over £10,000. The relevant service Director must report all new grants to the Director of Finance and Corporate Services (or a nominated officer) and the grant must be recorded on the Council's grant register (held by Accountancy). Where a new grant is awarded to the Council the relevant Director must hold a copy of the terms and conditions and ensure compliance with them. In circumstances of non-compliance this should be reported to the Director of Finance and Corporate Services and the responsible Councillor as soon as possible with an explanation of the reasons for this non-compliance. Any costs of non-compliance must be met from the relevant Director's budgets.

Income budgets for grants over £10,000 must be created on the financial system (via directorate finance teams) in the year they are first received to ensure the Council's financial reporting and budget reflects the Council's true financial position. A temporary budget can be established where a grant is only for 1 year.

Directors are responsible for ensuring that the Council is taking advantage of opportunities to acquire new income through grants and contributions, in their area, where these are made available.

FINANCIAL REGULATION 5 – FINANCIAL SYSTEMS AND PROCEDURES

5.1 This section of the Financial Regulations deals with:

- Control of income
- Control of expenditure
- Taxation
- Financial accounting and processing
- Trading accounts and business units
- Internal recharges
- Retention of documents
- Compliance Team

5.2 **Control of income**

The Director of Finance & Corporate Services shall issue instructions to Directors in relation to the collection of income.

http://rio/collection_of_income_guidelines.pdf

Directors will undertake an annual review of fees and in accordance with any relevant Council policy. This must be approved by the relevant Cabinet Member in advance of the relevant financial year.

Any proposal to introduce, change or remove a charge with an estimated annual value of £5,000 or more, outside of the annual review process, must

be approved by the relevant Cabinet member. In addition, where the impact is expected to exceed £50k, approval must be sought from the Director of Finance and Corporate Services.

Directors will ensure that effective recovery processes are in place for all income streams.

http://rio/corporate_debt_policy.pdf

Any proposals to write off debt that is considered to be uncollectable must comply with the Debt Write Off procedure as issued by the Director of Finance & Corporate Services and available online at:

http://rio/corporate_debt_write_off_policy_2004a.pdf

5.3 **Control of expenditure**

The Director of Finance & Corporate Services shall issue financial instructions to Directors, which must be complied with, in respect of:

- The ordering, certifying and payment for all works, goods and services http://rio/ordering_certifying_and_paying_for_work.pdf
- The payment of salaries and other employee costs
- The use of procurement cards http://rio/procurement_card_instructions.pdf
- The use of Imprest Accounts http://rio/imprest_accounts.pdf
- The payment of out of pocket expenses

5.4 **Taxation**

VAT

The Director of Finance & Corporate Services shall maintain and circulate up to date instructions on the proper treatment and accounting for VAT and shall ensure that net VAT payments are fully and promptly recovered from HM Revenue and Customs.

Directors shall ensure that VAT is properly accounted for in all transactions in accordance with the instructions issued by the Director of Finance & Corporate Services.

Directors shall ensure that the VAT implications of any proposed income or expenditure are properly considered prior to the transaction taking place.

Further guidance on VAT is available at:

http://rio/vat_guidance.pdf

Construction Industry Scheme (CIS)

The Director of Finance & Corporate Services shall maintain and circulate instructions on the proper treatment and accounting for CIS and shall ensure that net CIS payments are fully and promptly paid to HM Revenue and

Customs (HMRC) where suppliers have not been granted Gross Tax Status by HMRC.

When procuring goods and services from construction businesses (falling within the CIS scheme) Directors must arrange for the supplier to complete a 'Trading with Richmond' form. This applies where the supplier is not classed as a Limited Liability Partnership (LLP), Public Liability Company (PLC) or a Limited Company (LTD). These documents must be provided to the Accountancy section at the point the goods / services are procured. No payments can be made to these suppliers until these forms have been received and verified. These forms are available on the website at:

http://rio/trade_lbrut_jun12.doc

The Director of Finance shall nominate a finance officer to verify all construction vendors against HMRC records in terms of Gross or Net tax status.

For guidance on the CIS scheme please go to the following guidance:

http://rio/construction_industry_scheme.pdf

5.5 Financial accounting and processing

The Director of Finance & Corporate Services may issue financial instructions to Directors which must be complied with in relation to:

- The maintenance and integrity of the Council's accounts insofar as they relate to service income and expenditure and the submission of detailed information for consolidation into the Council's accounts.
- The maintenance of accounting standards and the adoption of Council wide accounting policies and practices.
- Such other matters of a financial nature as is considered necessary.

Directors may issue such additional procedures and control directives as necessary to achieve proper financial administration within their Directorates, subject to the approval of the Director of Finance & Corporate Services.

The Director of Finance & Corporate Services shall prepare the Council's consolidated accounts and financial statements for publication and audit. In order for this to be achieved within the statutory deadline, senior managers / Directors shall meet the deadlines required by the Director of Finance & Corporate Services.

5.6 Trading accounts and business units

For the purpose of the financial regulations a trading account is defined as:

Trading operations are services provided to users on a basis other than a straightforward recharge of cost, such as a quoted price or a schedule of rates. They should operate on a competitive basis.

If a Council service is to be operated on a trading basis, they must provide full details of the business plan including a schedule of prices / charges to the Director of Finance (or a nominated officer). Where a Trading Account is

operating at a deficit (expenditure exceeds income) this should be reported to the Director of Finance for advice.

5.7 Charging for Support Services

The Director of Finance & Corporate Services shall develop and implement an appropriate system of charging for support services. The Director of Finance & Corporate Services will ensure that the methodology for support service charges is understood by Directors and that they have the opportunity to comment on its suitability prior to implementation.

http://rio/charging_for_support_services.pdf

5.8 Retention of documents

Directors must retain documents in accordance with the guidelines issued by the Director of Finance & Corporate Services contained in the Corporate Document Retention Schedule.

http://rio/20111122_corporate_retention_schedule_v2.7.pdf

5.9 Compliance Team

The Director of Finance & Corporate Services has established a compliance team whose role is to monitor compliance with these financial regulations and any other instructions issued by the Council relating to its financial affairs. Directors are required to provide whatever information or explanation is deemed necessary to enable the Team to complete its work.

The purpose of the team is to improve the quality of financial management and administration within the Council and to act as a deterrent to prevent theft, fraud and corruption.

FINANCIAL REGULATION 6 – EXTERNAL ARRANGEMENTS

6.1 This section of the Financial Regulations deals with:

- Alternative service delivery models
- External funding
- Working with third parties

6.2 Alternative service delivery models

As the Council pursues its ambition to become a Commissioning Council a number of alternative service delivery models may be adopted e.g. shared services, local authority companies, trusts etc. The Director of Finance & Corporate Services will ensure that the accounting arrangements adopted in relation to these delivery models are subject to control procedures which reflect those of the Council.

Directors must consult the Director of Finance & Corporate Services, at an early stage, of any proposals relating to alternative delivery models to ensure that the financial impact of the proposals, including VAT and pensions etc., is understood.

6.3 External funding

The Director of Finance & Corporate Services shall ensure that all funding due from external bodies is received and properly recorded in the Council's financial system (SAP).

The Director of Finance & Corporate Services shall maintain a central register of external funding / grant arrangements in liaison with senior managers of the Council.

Directors must ensure that any external funding / grant supports the Council's service priorities.

Where funding is time limited, Directors must ensure that:

- the funding is spent in advance of the end date
- no financial commitments remain with the Council, unless previously agreed by Cabinet, after the external funding or grant ceases.

Where funding is withdrawn at short notice, it is Council policy that the related service and any associated expenditure should cease.

6.4 Providing goods and services to third parties

There are legal restrictions on a Council's powers to provide goods, works or services to third parties. Guidance must always be sought from the Head of Legal Services at an early stage as to whether the third party is one with which the Council is empowered to contract with. In all cases, the prior approval of the relevant service Director must be obtained.

A report seeking approval to the submission of any bid must be submitted to the Cabinet Member for Resources and the Cabinet Member for the relevant service. The report should include a risk assessment of taking on the work as well as a detailed financial and service business case.