

Appendix 2

Proposed Changes to Financial Procedure Rules

3.0 FINANCIAL ADMINISTRATION

3.1 In the following sub-sections 3.2, 3.3, 3.4 and 3.6 references are made to the use of RMS. Where RMS is not used, alternative arrangements must be approved by the Director of Finance.

3.2 Authorised Officers

3.2.1 Divisional Directors shall authorise appropriate officers to undertake the following duties. No other officers may undertake the functions of an authorised officer:

- (a) Raising purchase requisitions, normally on RMS, for works, supplies or services;
- (b) Approving purchase requisitions or otherwise generating official orders;
- (c) Certifying, normally on RMS, the receipt of works, supplies or services;
- (d) Approving personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates; and
- (e) Certification for cheques, BACS authorisation, CHAPS authorisation and grant claims;
- (f) Certifying payments for goods, works and services.

3.2.2 Divisional Directors shall ensure that authorised officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Authorised Officers are accountable to their Divisional Directors for the exercise of these functions.

3.2.3 Divisional Directors shall ensure that arrangements are made for effective separation of duties when designating authorised officers, in order to provide adequate internal check over all transactions, and comply with any guidance given by the Director of Finance. Divisional Directors shall ensure that the arrangements for authorised officers are consistent with the budgetary control framework for their division (see Section 4 of these Rules) and that in particular cost centre managers' ability to manage their budgets is safeguarded.

3.2.4 Divisional Directors shall maintain, in a single place, an up-to-date record of all authorised officers, together with specimen signatures where appropriate. Lists of authorised officers can be found on InterFace.

3.2.5 References to **Authorised Officers** in the rest of this section of Financial Procedure Rules shall be read in the context of the above.

3.3 Orders for Works, Supplies and Services

3.3.1 The Director of Finance is responsible for providing a corporate system for raising purchase requisitions and creating orders (RMS). This system shall be used for all orders, except in emergencies, or in accordance with other arrangements specifically approved by the Director of Finance. In giving such approval, the Director of Finance shall ensure the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.

3.3.2 Official orders shall be issued for all purchases, excluding the following items:

- i. Purchases through petty cash and imprest accounts.
- ii. Recurring charges such as gas, electricity and telephone charges and other charges for which a payments register or other method of recording/monitoring payments is more appropriate than an order.

3.3.3 When raising or approving purchase requisitions or placing orders, authorised officers, shall ensure that contract procedure rules have been complied with (this will be satisfied by placing orders with approved suppliers).

3.3.4 In those exceptional circumstances in which the corporate system is not used, Divisional Directors shall only obtain official order forms in accordance with arrangements approved by the Director of Finance and shall be responsible for their control and use.

3.3.5 Where urgent orders are given orally, they shall be confirmed immediately by an official order.

3.3.6 Requisitions and orders should be specific, e.g. they should state quantity, weight, size, grade, quality, and where practicable, price. Where supplies are ordered under contract, it is particularly important that the order and contract have the same specification of supplies required.

3.4 Payments for Works, Supplies and Services

3.4.1 The Director of Finance is responsible for providing a corporate system for the payment of accounts (RMS). Divisional Directors shall use this system for all payments except in accordance with other arrangements specifically approved by the Director of Finance. In giving such approval, the Director of Finance shall ensure that the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.

3.4.2 Authorised officers shall ensure that payments for works, supplies or services are not made unless:

(a) Works, supplies or services have been appropriately procured. In this context, this means:

(i) Works, supplies or services have been supplied in accordance with an official order, and the amount invoiced is correctly payable. The official order number should be quoted on the invoice; or

(ii) Payment is in respect of a service regularly supplied (e.g. gas and electricity), and the amount invoiced is properly payable; or

(iii) Payment is made for works, supplies or services under contract, and the amount is properly payable under the terms of that contract.

(b) Works, supplies or services have been evidenced as received. This means:

(i) The works, supplies or services have been certified as received by an authorised officer (normally done through RMS); or

(ii) They have been certified as received under specific alternative arrangements which have been approved by a divisional director.

(c) Appropriate payment documentation exists. This means an invoice or contract certificate which satisfies VAT regulations.

3.4.5 Notwithstanding the above, a payment can be made where the Council has a clearly established contractual obligation to make a payment. The Head of Procurement should be advised of the circumstances.