



# **Shropshire and Wrekin**

## **Fire and Rescue Authority**

### **Section 8**

## **Financial Regulations Standing Orders**

# Shropshire and Wrekin Fire and Rescue Authority

## Financial Regulations

### Introduction

**1.1** Shropshire and Wrekin Fire Authority “The Authority” has a legal responsibility to make proper arrangements for the administration of its financial affairs, and must appoint an employee to undertake that responsibility. The employee so appointed is the Treasurer. In addition, since public money is involved, the Authority should be able to demonstrate that Members and employees are acting with openness, integrity and accountability.

**1.2** The Financial Regulations of the Authority, as set out in the following pages, are aimed at achieving four main objectives:

- (a) To maintain sound and proper financial records, procedures, and arrangements for the administration of all the Authority's financial affairs.
- (b) To demonstrate to the public that proper safeguards and controls exist.
- (c) To assist employees and Members in their delivery of services to the public.
- (d) To safeguard Members and employees by giving them procedures to follow, which ensure that the Authority's expected standards are met in terms of managing public money and assets. In addition, employees can feel confident that they will have no difficulty in explaining their actions to Auditors, the Authority, Committees, management or the public, if they have followed Financial Regulations.

**1.3** All Members and employees have a personal responsibility for taking reasonable action to provide for the security of the assets under their control, for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value. This should be done whilst acting in accordance with these regulations.

**1.4** The Treasurer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Authority. The Treasurer is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Authority.

**1.5** The Authority's detailed procedures, setting out how the key regulations will be implemented, are included in the Financial Regulations Procedures Manual. Responsibility for the maintenance of each of the procedure notes rests with the senior manager identified in each document. The responsible officer will ensure that procedure notes are kept up to date as and when changes arise and are also subject to annual review. Documents must be version controlled.

**1.6** Senior managers (i.e. members of the Service Management Team) are responsible for ensuring that all employees in their departments are aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents and that they comply with them.

They must also ensure that their staff have access to the Regulations through the Authority's Intranet or, where appropriate, through the provision of hard copies.

**1.7** The Financial Regulations have been divided into five areas reflecting the latest model regulations published by CIPFA. They are:

- A. Financial Management;
- B. Financial Planning;
- C. Risk Management and Control of Resources;
- D. Financial Systems and Procedures; and
- E. External Arrangements.

For each of these there are key regulations and procedural regulations. Compliance to all is required. The Financial Regulations Procedures Manual gives more detail, describing the actions required to ensure compliance with the key regulations. The key regulations relating to all five areas are set out first, followed by the procedural regulations relating to them as Appendices A to E.

**1.8** Financial regulations and procedures must be capable of a clear "legal" interpretation. They have been written in a formal manner and **it is the actual regulation and procedure that must be understood and observed**. In an effort to remove some of the complexities, each section is followed by an explanatory note, which conveys the "spirit" of the regulations. It is hoped that readers will find this helpful. **However, the explanatory notes, shown in italics within the appendices, do not form part of the Financial Regulations.**

**1.9** If you are in any doubt at all over compliance with a Financial Regulation, please consult the Head of Finance, the Accountant, or Internal Audit.

**1.10** Any reference in the Authority's Financial Regulations to "the Authority" shall be deemed also to include any committees or sub-committees of the Authority, which may be given power to determine relevant matters.

**1.11** Any reference in the Authority's Financial Regulations to words denoting the masculine gender shall be deemed also to include reference to the feminine, and vice versa.

**1.12** Wherever the Authority acts in a trustee capacity regarding the affairs of social funds or other bodies, these Financial Regulations shall apply. In addition, these Regulations shall also apply in principle to the management of Shropshire Fire Risk Management Services Ltd.

## Key Regulations

### Financial Regulation A Financial Management

#### Policy Framework

**A1** Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy framework and budget.

**A2** All employees and Members have a duty to abide by the highest standards of probity in dealing with financial issues, to be aware of, and comply with, these Financial Regulations.

#### **A3 Departures**

In the event of its being impracticable to apply any of these Regulations in any particular case the Treasurer shall be authorised to waive compliance, subject to reporting any major departure to the next meeting of the Authority.

#### The Authority

**A4** The Authority is responsible for adopting the Constitution and Code of Conduct for Members and for determining the budget and policy framework within which the Authority operates. It is also responsible for setting and monitoring compliance with the overall framework of policy and control. The framework is set out in a Standing Orders. The Authority is responsible for monitoring compliance with policies in the decision-making process.

#### The Strategy and Resources Committee

**A5** The Strategy and Resources Committee is responsible for the review of forward revenue and capital budgets for consideration by the Authority, including considering reports from officers, and making recommendations to the Authority, as defined within the Committee Terms of Reference. In addition, this Committee has responsibilities in relation to budget setting and monitoring and monitoring the management of resources.

**A6** The Strategy and Resources Committee has the authority to:

- (a) Consider revisions to the revenue budget and final budget plan and finalise a revenue budget proposal for consideration by the Authority;
- (b) Consider and propose the five-year capital programmes, Prudential Guidelines, including Treasury Management Strategy Statement, Investment Strategy and Policy on Minimum Revenue Provision, for recommendation to the Authority and to monitor performance in accordance with those Guidelines, Statements, Strategies and Policies;
- (c) Oversee, review, and make recommendations to the Authority on the management of all financial and physical resources;
- (d) Have an awareness of the risks faced by the Authority through receiving details of corporate risks on relevant reports, and;
- (e) Monitor budgeting and financial performance, consider any actions proposed by officers and make recommendations to the Authority, where appropriate, including reporting any virements to the Authority for approval.

## **The Standards and Human Resources Committee**

**A7** The Standards and Human Resources Committee is responsible for promoting and maintaining high standards of conduct amongst Members. In particular, it is responsible for advising the Authority on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the Code.

## **The Audit and Performance Management Committee**

**A8** The Audit and Performance Management Committee has right of access to all information it considers necessary and can consult directly with internal and external auditors. It is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report and for approving and reviewing the internal audit plan. It also receives and approves the Authority's Statement of Accounts. The Committee has an awareness of the risks faced by the Authority through receiving reports on corporate risk management and ensures that corporate business risks are actively managed.

## **The Statutory Role of Officers**

### **Chief Fire Officer**

**A9** The Chief Fire Officer (as The Head of Paid Service) is responsible for the corporate and overall strategic management of the Authority as a whole. He reports to, and provides information for, the Authority and its committees. He is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Authority. He is also responsible for the system of record keeping in relation to the Authority's decisions.

**A10** The Chief Fire Officer ensures that Authority decisions and the reasons for them are made public. He must also ensure that Authority Members are aware of decisions made by the Authority and of those made by employees, who have delegated executive responsibility.

### **Treasurer**

**A11** The Treasurer is responsible for advising the Authority about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the budget. Actions that may be 'contrary to the budget' include:

- (a) Initiating a new policy;
- (b) Committing expenditure in future years to above the budget level;
- (c) Incurring interdepartmental transfers above virement limits; and
- (d) Causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

**A12** The Treasurer shall, in carrying out his functions, have regard to his statutory duties (which cannot be over-ridden) in relation to the financial administration and stewardship of the Authority arising from:

- (a) Section 151 of the Local Government Act 1972;
- (b) The Local Government Finance Act 1972;
- (c) The Local Government Act 2003; and
- (d) The Accounts and Audit Regulations 2015.

**A13** The Treasurer is responsible for:

- (a) The proper administration of the Authority's financial affairs;
- (b) Setting and monitoring compliance with financial management standards;
- (c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- (d) Preparing the revenue budget and capital programme; and
- (e) Treasury management.

**A14** The Treasurer, in accordance with Section 114 of the Local Government Finance Act 1988, shall report to the Authority and external auditor if the Authority or one of its employees:

- (a) Has made, or is about to make, a decision, which involves incurring unlawful expenditure;
- (b) Has taken, or is about to take, an unlawful action, which has resulted, or would result in, a loss or deficiency to the Authority;
- (c) Is about to make an unlawful entry in the Authority's accounts.

**A15** The Treasurer shall nominate a properly qualified member of staff to deputise, should he be unable to perform his duties under Section 114 personally. This officer is the Head of Finance.

**A16** The Authority shall provide the Treasurer with sufficient employees, accommodation and other resources, including legal advice where this is necessary, to carry out his duties under Section 114.

### **Monitoring Officer**

**A17** The Monitoring Officer shall be responsible for:

- (a) Reporting any actual or potential breaches of the law or maladministration to the Authority and for ensuring that procedures for recording and reporting key decisions are operating effectively;
- (b) Advising all Members and employees about who has authority to take a particular decision;
- (c) Advising the Authority about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the policy framework; and
- (d) Maintaining an up-to-date constitution, in consultation with the Head of HR and Administration.

### **Senior Managers**

**A18** Senior Managers and their delegated representatives shall be responsible for:

- (a) Ensuring that Authority Members are advised of the financial implications of all proposals and that the Treasurer has agreed the financial implications; and
- (b) Consulting with the Treasurer and seeking approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

## Key Areas

### Virement

**A19** The Authority shall determine the limits, above which an officer may not approve virement without reference to the Authority. The limits may be set by reference to an absolute amount or to a specified percentage of a budget head. Any virement between budget heads should **only** be made in order to cover any **unavoidable** overspendings elsewhere and must be notified to, and agreed **in advance** with, the Treasurer.

### Treatment of Year-End Balances

**A20** Carry forward to the following financial year of under or overspendings on budget headings shall only be permitted with the prior approval of the Authority.

### Accounting Policies

**A21** The Authority will comply, in all cases, with the Accounts and Audit Regulations 2015 and any other Regulations, Accounting Codes of Practice or external audit requirements that may replace or supplement them.

**A22** The Treasurer is responsible for determining accounting policies and for ensuring that they are applied consistently.

### Financial Records

**A23** The Treasurer is responsible for determining the accounting procedures and records for the Authority.

### Final Accounts

**A24** The Treasurer shall prepare and publish an annual statement of accounts, in accordance with the relevant code of practice currently in force and in accordance with the statutory timetable. The Audit and Performance Management Committee, as those charged with governance, shall approve the statement of accounts and consider the external auditor's "audit findings" report submitted to it in accordance with International Standard on Auditing 260, or successive standards.

# Financial Regulation B

## Financial Planning

### Policy Framework

**B1** The Full Authority shall:

- (a) Agree and approve the Authority's policy framework and budget, the key elements of which will be the Authority Annual Plan and the 5 Year Service Plan, which incorporates the Community Strategy, Capital Strategy, General Fund Revenue, Budget, Capital Programme and Service Transformation Programme
- (b) Approve variations to approved budgets, where those variations increase the overall amount of the budget or are contrary to the approved policy framework;
- (c) Approve variations to plans and strategies forming the policy framework;
- (d) Determine the circumstances in which a decision will be deemed contrary to the budget or policy framework.

**B2** The Chief Fire Officer is responsible for proposing the Annual Plan to the Strategy and Resources Committee before its submission to the Authority for approval.

### Budget Strategy and Preparation

**B3** The Treasurer shall ensure, in relation to the General Fund, that a Revenue Budget is prepared on an annual basis, together with a Medium Term Financial Strategy, covering a minimum of five years beyond the current year, for submission to the Authority for approval. The Strategy and Resources Committee will recommend the budget to the Authority for approval.

**B4** The Authority shall, no later than the end of January each year, consider and agree the strategy to be followed in the preparation of the Revenue Budget and the Capital Programme, in particular, for the following year, but also generally for a number of years (the budget strategy). In order to achieve this it will:

- (a) Review the current capital and revenue service programmes and expenditure, taking into account the Authority's corporate priorities and approved policies; partnership working, consultation with, and the needs of, the community;
- (b) Analyse gaps in service provision and evaluate and prioritise all new initiatives and statutory duties requiring resources;
- (c) Assess the capital and revenue resources available to the Authority;
- (d) Seek to match the resources in (c) to the priorities in (a) and (b).

**B5** The Authority will have regard to the following factors when considering and agreeing the budget strategy in respect of its review of current programmes:

- (a) Information contained in the current budget book supported by supplementary notes and supporting information; the Authority's policies and business plans; the results of consultation with the community and businesses;
- (b) In the evaluation and prioritisation of new initiatives and statutory duties, whether mandatory or discretionary, the level of support for each of the Authority's key priorities; the capital and revenue implications; involvement of partners and the implications, if not carried out;



- (c) In respect of its assessment of available resources, the latest information concerning available capital and revenue resources in the light of the previous year's out-turn and assumptions for the following year;
- (d) In respect of the matching of resources to priorities, new initiatives are to be weighed and prioritised both against each other and against current programmes and services.

**B6** The Treasurer shall advise the Authority on the robustness of the revenue budget and provide all necessary information to the Authority to enable it to carry out the process of consideration and agreement of the budget strategy.

**B7** Following agreement of the budget strategy by the Strategy and Resources Committee, it shall be referred to the Authority for approval.

**B8** Senior Managers shall:

- (a) Assist the Treasurer in presenting the budget strategy to the Authority by providing him with any supporting information or data required to enable him to adequately report to the Authority;
- (b) Prepare budget estimates reflecting agreed service plans in line with guidance issued by the Authority. These estimates shall be based on the assumptions contained in the relevant five-year Service Plan approved by the Authority and shall be aggregated and summarised by the Treasurer and submitted by him, in that form, to the Authority for approval. At the same time he will recommend proposed means of financing the proposed budget, including any contributions from reserves; and
- (c) Prepare Service Plans to feed into the financial information collated by the Chief Fire Officer in the format approved by him.

### **Budget Monitoring and Control**

**B9** The Treasurer shall provide appropriate financial information to enable budget holders to monitor budgets effectively. He, assisted by Senior Managers as set out in the Regulation below, shall monitor and control expenditure and income against budget allocations and report to the Authority on the overall position on a regular basis.

**B10** Senior Managers shall control expenditure and income within their areas of responsibility, taking account of financial information provided by the Treasurer. They shall report on variances within these areas and take any action necessary to avoid exceeding their budget allocation and alert the Treasurer to any problems of which they become aware. They shall provide the Treasurer with any information that he may require in order that he may report to the Authority upon expenditure or income compared to budget.

**B11** If a project (either of a capital or revenue nature) is proposed, for which no current provision exists in the budget, the benefits arising from the project will be identified as part of the initial proposal for the project. The business case will then be made and, in the case of approval, the project lead will be expected to monitor the realisation of the ensuing benefits.

**B12** If a capital project is proposed, it will be subject to an appraisal. The appraisal shall be in a form approved by the Authority but such an appraisal shall, as a minimum, set out the project's contribution towards meeting corporate objectives and service priorities, its output measures and milestones, and its cost and sources of funding.

The results of this appraisal will be included in any report made to the Authority, requesting approval to carry out the scheme. Upon completion of the project, a report shall be made to the Authority detailing the actual performance compared with the data contained in the original appraisal.

**B13** The requirement to set out a business case, which includes the expected benefits from the project, or to submit capital projects to appraisal will apply in all cases.

### **Maintenance of Reserves**

**B14** The Treasurer shall advise the Authority on prudent levels of reserves for the Authority.

### **Preparation of the Capital Programme**

**B15** The Treasurer shall prepare a Capital Programme on an annual basis for consideration and approval by the Strategy and Resources Committee and the full Authority. He shall also update the Programme on a regular basis during each year and report thereon to the Authority. In considering the total amount of the capital programme the Authority shall have regard to the resources available, or expected to be available, to the Authority to finance such a programme over the period covered by it, including the revenue consequences of the programme. The Treasurer shall report to the Authority at the time that the Programme is considered upon the availability of such resources.

# Financial Regulation C

## Risk Management and Control of Resources

### Introduction

**C1** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

### Policy Framework

#### Risk Management

**C2** The Authority shall:

- a) Agree the strategy, framework and process for risk management and review the effectiveness of risk management;
- b) Appoint a Member Champion for risk management and audit, who is able to concentrate on ensuring these tasks are undertaken effectively and will provide feedback to the Authority as appropriate; and
- c) Delegate to the Audit and Performance Management Committee responsibility for ensuring that independent assurance is gained on the adequacy of the risk management framework and the associated control environment through reports.

**C3** The Chief Fire Officer shall be responsible for preparing the Authority's Risk Management Strategy, for promoting the management of risk throughout the Authority and for advising the Authority on proper insurance cover, where appropriate, through delegation to the Risk Manager.

**C4** Senior Managers shall:

- (a) Through the Service Management Team, lead in the identification and management of risks and opportunities facing the Authority;
- (b) Ensure that there are regular reviews of risk within their departments;
- (c) Complete the Statement of Assurance documents for each service and update them annually; and
- (d) Ensure that business continuity plans are compiled and maintained in respect of all business critical systems and that comprehensive working notes, explaining those systems' mode of operation, are compiled and maintained.

#### Internal Control

**C5** Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

**C6** The Treasurer, in conjunction with Audit Services, shall be responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.

They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

**C7** Senior Managers shall establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

## **Audit Requirements**

**C8** The Accounts and Audit Regulations 2015 require every Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.

**C9** The Local Government Association (Public Sector Appointments Ltd) is responsible for appointing external auditors to each authority. The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

**C10** The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies, such as HM Revenue and Customs, who have statutory rights of access.

## **Preventing Fraud and Corruption**

**C10** The Authority shall be responsible for the development and maintenance of an anti-fraud, bribery and corruption policy.

## **Key Areas**

### **Assets**

**C11** Senior Managers shall ensure that records and assets are properly maintained and securely held. They shall ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### **Treasury Management**

**C12** All treasury management operations of the Authority shall be carried out in accordance with its Treasury Strategy, with guidelines based upon the CIPFA Code of Practice for Treasury Management 2011. In order to achieve the objectives defined within the Treasury Management Policy, the following clauses have been adopted from the CIPFA Code:

1 This Authority will create and maintain, as the cornerstones for effective treasury management, a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities suitable treasury management practices (TMPs), setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles.

2 This Authority (through the Strategy and Resources Committee) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3 This Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Strategy and Resources Committee, and for the execution and administration of treasury management decisions to the Head of Treasury and Pensions at Shropshire Council, who will act in accordance with the Authority's policy statement and TMPs and, if he is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4 This Authority nominates the Strategy and Resources Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. The Head of Finance will maintain an operational overview of the Treasury Management activity.

Treasury management shall be under the control of the Treasurer as the officer designated for the purposes of Section 151 of the Local Government Act 1972. All investments shall be made in the name of the Authority and the securities in support thereof shall be held in accordance with arrangements approved by the Treasurer.

## **Staffing**

**C13** The Chief Fire Officer shall be responsible for determining the structure of services and for providing overall management to employees. He shall also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

**C14** Senior Managers shall be responsible for controlling total employee numbers by:

- (a) Ensuring that an approved post exists (by reference to the establishment list) and that budget provision has been made to cover the cost of filling the post for the period contemplated before commencing the recruitment process;
- (b) Advising the Authority on the budget necessary in any given year to cover estimated staffing levels;
- (c) Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs; and
- (d) The proper use of appointment procedures.

## **Gifts and Hospitality**

**C15** Every employee has a personal responsibility to be aware of, and comply with, the gifts and hospitality policy.

# Financial Regulation D

## Financial Systems and Procedures

### Responsibilities

**D1** The Treasurer shall:

- (a) Be responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. The Treasurer must approve any changes made to the existing financial systems or the establishment of new systems;
- (b) Agree any changes to agreed procedures by management to meet their own specific service needs.

**D2** Senior Managers shall:

- (a) Ensure that their employees receive relevant financial training that has been approved by the Treasurer and that they have access to relevant policies and guidance;
- (b) Ensure that information is held securely and in accordance with the Authority's information security policies, and that systems are registered in accordance with data protection legislation;
- (c) Ensure that employees are aware of their responsibilities under freedom of information and data protection legislation; and
- (d) Be responsible for the proper operation of financial processes in their own departments.

### Key Areas

#### Income and Expenditure

**D3** Senior Managers shall ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify employees authorised to act on the Senior Manager's behalf, or on behalf of the Authority, in respect of payments, income collection and placing orders, together with the limits of their authority. The Authority is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

#### Payments to Employees and Members

**D4** The Assistant Chief Fire Officer (ACFO) shall be responsible for all payments of salaries and wages to all employees, including payments for overtime, and for payment of basic and special responsibility allowances to Members.

**D5** The ACFO shall be responsible for all payments of claimable allowances to Members.

#### Taxation

**D6** The Treasurer shall make appropriate arrangements to allow for the provision of tax advice to senior managers as required.

# Financial Regulation E

## External Arrangements

### Partnerships

**E1** The Authority:

- (a) Shall have in place appropriate frameworks for partnerships which are approved by the Service Management Team (SMT); and
- (b) Delegates the management and monitoring of partnerships to SMT.

**E2** Service Management Team shall ensure that each partnership has a named responsible Lead Officer and that all partnership arrangements are duly recorded in the Partnership Register.

**E3** The Chief Fire Officer shall be responsible for promoting and maintaining the same high standards of conduct in partnerships that apply throughout the Authority.

**E4** The Treasurer and Monitoring Officer shall ensure that the:

- (a) Accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory;
- (b) Overall corporate governance arrangements and legal issues are considered when arranging contracts with external bodies and, if necessary, referred to the legal advisor; and
- (c) Risks have been fully appraised before agreements are entered into with external bodies.

**E5** Nominated lead officers shall be responsible for ensuring that appropriate approvals are obtained as defined within the Brigade Order on Partnership Working before any negotiations are concluded in relation to work with external bodies.

### External Funding

**E6** The Treasurer shall be responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

## Appendices

### Procedural Regulations

This section forms part of the Financial Regulations. The aim of this section is to provide interpretation of the Regulations. Further detailed guidance on the practical day-to-day application of Regulations can be found in the Financial Regulations Procedures Manual.

**NB**

*Explanatory notes, which are shown in italics do not form part of the Financial Regulations.*

## Appendix A

### Financial Management

#### Responsibilities

##### The Authority

**Aa1** The Authority shall:

- (a) Approve and publish Financial Regulations, governing the conduct of the Authority's financial affairs. The Regulations shall be reviewed and amended as necessary;
- (b) Have regard to the observance of the Authority's Financial Regulations and Standing Orders throughout all services under its control.

##### The Treasurer

**Ab1** The Treasurer shall:

- (a) Ensure the proper administration of the financial affairs of the Authority (s151);
- (b) Set the financial management standards and monitor compliance with them;
- (c) Ensure proper professional practices are adhered to and act as head of profession in relation to the standards, performance and development of finance employees throughout the Authority;
- (d) Advise on the key strategic controls necessary to secure sound financial management; and
- (e) Ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

##### The Chief Fire Officer and Other Senior Managers

**Ac1** Where responsibilities are attributed to the Treasurer, ultimate authority rests with the Chief Fire Officer, except with regard to the discharge of the responsibilities of the Treasurer under section 151 of the Local Government Act 1972 and section 114 of the Local Government Act 1988.



**Ac2** Every Senior Manager shall:

- (a) Be responsible for the accountability and control of employees and the security, custody and control of all other resources, including plant, buildings, materials, cash and stocks appertaining to his service;
- (b) Ensure that every employee under his control or person acting on the Authority's behalf, shall be made aware of the contents of these regulations;
- (c) Promote the financial management standards set by the Treasurer in their services and monitor adherence to the standards and practices, liaising as necessary with the Treasurer;
- (d) Promote sound financial practices in relation to the standards, performance and development of employees in their departments;
- (e) Provide on an annual basis written assurance as to the soundness of the systems of internal control they are responsible for.

**Ac3** All reports shall contain reference to any financial implications, which the item reported upon may have for the Authority. This shall include whether the item is provided for in an approved budget, the proposed amount, any significant revenue consequences in future years, and the financing of any expenditure. The Treasurer or the Head of Finance shall approve the wording of all such references.

### **Explanatory Notes**

*Financial management standards need to be promoted through the Authority and a monitoring system needs to be in place to review compliance with them. Regular reports on financial performance are presented to the Authority.*

*The Authority is responsible for all decisions made within the budget set by Authority.*

*The Authority has delegated some of its financial responsibilities to the Treasurer. It does however retain ultimate authority, and may at any time choose to exercise it. The Treasurer may, in appropriate cases, refer items back to the Authority for its consideration.*

*The law requires that there must be a designated employee legally responsible for the Authority's financial affairs, the Section 151 officer. The Authority has therefore designated the Treasurer as the legally responsible employee.*

*Financial Regulations are drawn up by the Treasurer and approved by the Authority to provide the framework, and lay down the ground rules, for the conduct of the Authority's financial affairs. These Regulations will be regularly reviewed and revised to keep them up to date.*

*All of the following must enforce and comply with Financial Regulations: the Authority, Senior Managers, Authority employees, and any other person or body acting on the Authority's behalf, e.g. a contractor where services have been contracted out.*

*The financial implications of any reports submitted to the Authority must always be outlined in the text and agreed with the Treasurer or the Head of Finance in advance. All reports to be considered for inclusion in agendas must be signed off by the Treasurer or Head of Finance to evidence that they have approved their financial content, otherwise the report will not be placed on the agenda by the Head of HR and Administration.*

*The Treasurer or the Head of Finance should be involved in discussions, negotiations and / or arrangements with third parties, where there are to be financial implications in excess of the approved budget.*

*Financial Regulations apply to employees and Members, dealing with the affairs of private funds and other organisations, including Shropshire Fire Risk Management Services Ltd.*

## **Key Areas**

### **Virement**

**Ad1** Virement to meet an estimate variation shall not be permitted where the amount of the estimate variation to be met from virement exceeds the limit, which has been determined by the Authority, in accordance with Financial Regulation A19, unless it has been referred to the Authority, if it exceeds the limits for the Authority.

**Ad2** Where, during the course of the financial year, it is proposed to incur new or additional expenditure or to reduce income in respect of an item not provided for, or insufficiently provided for, within an approved budget, virement should be the first option, which should be considered to deal with the resulting budget variation.

### **Explanatory Notes**

*Virement is administered by the approved officers within the guidelines set by the Authority. Any variation from this requires Authority approval.*

*The overall budget is set by the Authority. Senior Managers are authorised to incur expenditure in accordance with the approved estimates. These procedures cover virement – the switching of resources between approved estimates or heads of expenditure.*

*Virement does not create additional overall budget liability. Senior Managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.*

*Senior Managers must plan to fund such commitments from within their own budgets.*

## **Financial Records**

**Ae1** The Treasurer shall be consulted before the introduction of, or amendment to, any books, forms, records, administrative procedures or computerised systems, used in connection with accounting for cash, income, expenditure, stocks and financial transactions generally. No such introductions or amendments shall be made without his approval.

**Ae2** All of the Authority's transactions, material commitments and contracts and other essential accounting information shall be recorded completely, accurately and promptly. Senior Managers must maintain adequate records to provide a management trail leading from the source of expenditure/income through to the accounting statements.

**Ae3** All financial records must be kept securely, and shall be retained for periods specified within the Service's Information Retention Policy. Arrangements for the disposal of any obsolete or surplus financial records, including unused items, shall be agreed with the Treasurer. Disposal of confidential waste must be made in compliance with the relevant procedures.

**Ae4** The Treasurer shall keep a Cash Book or Account recording, in summary form, all receipts and payments of the Authority. The Cash Book or Account shall be kept up to date and be reconciled promptly to the Authority's bank accounts following the end of each calendar month.

**Ae5** Records should be in electronic form, where appropriate, and approved by the Treasurer.

### **Explanatory Notes**

*All finance employees and budget managers must operate within the required accounting standards and timetables*

*All of the Authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis*

*Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.*

*Reconciliation procedures are carried out to ensure transactions are correctly recorded.*

*Prime documents are retained in accordance with legislative and other requirements. A list of documents and the periods they must be kept for is available in the Information Retention Policy.*

### **Final Accounts**

**Af1** The Treasurer shall in accordance with the Accounts and Audit Regulations 2015 or any successor legislation:

- a) Prepare Final Accounts to summarise the financial transactions of the Authority during each year of account and to show the financial position of the Authority at the end of each year of account. Each year of account shall commence on the first of April and end on the thirty first of March; and
- b) Make proper arrangements for the audit of the Authority's accounts.

**Af2** Senior Managers shall supply the Treasurer with any information that he requires in order to produce the Authority's Final Accounts and Statement of Accounts. Such information shall be supplied in the form requested by the Treasurer and by the date specified by him.

## **Explanatory Notes**

*The Authority is required to make arrangements for the proper administration of its financial affairs and to identify an employee with the responsibility for the administration of these affairs, the Treasurer.*

*The final accounts and the statement of accounts must be kept and prepared in accordance with proper accounting practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (published by CIPFA). All data that he requests in order to produce the final accounts and the statement of accounts must be supplied promptly to the Treasurer.*

## **Separation of Duties**

**Ag1** Wherever practically possible, arrangements should be made to ensure that no member of staff is solely responsible for transactions involving the collection of income and the ordering and paying for goods and services.

**Ag2** Each Senior Manager must notify the Treasurer in advance of all employees authorised to sign or certify official documents in accordance with Financial Regulations.

## **Explanatory Notes**

*The separation of duties is most important to protect the Authority against the possibility of fraud, and to place its employees above suspicion. Wherever practically possible, different employees should, therefore, perform the functions of ordering and paying for supplies and services, collection of sums due and the verification of such operations. Whilst it is acknowledged that this can be difficult to enforce in a small authority, all staff and their managers must be mindful that employees, who are involved in a process, which is not checked or supervised by another member of staff, are placed in a vulnerable position in the event that their actions are questioned. Managers are, therefore, responsible for ensuring that they are aware that their team members are operating in accordance with the key controls in any of these processes. The exercising of spot checks by managers on processes, where separation of duties cannot be rigorously enforced, is strongly recommended. Such spot checks should be recorded to provide evidence of completion.*

## **Grant and Other Claims**

**Ah1** The Treasurer shall ensure, in conjunction with Senior Managers that all claims for funds, including grants, are made by the due date and that the Head of Finance is notified of all grants and claims in advance and provided with actual forms, documents and supporting evidence, verifying entries on the grants and claims in advance of their certification as required by the Treasurer.

**Ah2** Officers need to have regard to the possible liability that could occur for the Authority in respect of the claw back of grants. Consideration should be given to the contract being entered into, the risks involved and the likelihood and impact of any claw back occurring.

## Appendix B Financial Planning

### Revenue Budget

#### Format of the Budget

**Ba1** Estimates shall show in convenient detail the sums required for each purpose and also under comparative headings the original estimate and the actual result for the last completed year. Estimates shall comply with the Code of Practice currently in force in relation to financial reporting and any guidance issued by the Authority

#### Revenue Budget, Preparation, Monitoring and Control

**Ba2** The timetable and procedures for estimate preparation and the detailed format of the estimates will be determined and co-ordinated by the Treasurer.

**Ba3** The Treasurer shall aggregate and summarise the estimates prepared by the Senior Managers, based on the Medium Term Financial Strategy assumptions, in order to report thereon to the Authority. He shall advise the Authority as to the robustness of the estimates and ensure that they are compiled on a 'proper' basis. When reported to Authority the budgets will include the relevant prudential indicators, demonstrating the impact of capital expenditure on the revenue budget.

**Ba4** Items, which are proposed to be included in the budget and which involve a new policy, or a significant departure from present policy or create significant financial commitments in future years, shall be brought to the attention of the Budget Management Board before being included in the budget submitted to the Authority. Their inclusion shall be drawn to the attention of the Authority in the accompanying report. No commitment to any such new policies or departures shall be incurred until the Authority has approved their inclusion in the budget.

**Ba5** Senior Managers shall be authorised to incur expenditure and must collect income strictly in accordance with the estimates contained in the approved budgets relating to services within their areas of responsibility.

**Ba6** Each Senior Manager shall continuously monitor the budgets relating to services within his area of responsibility in order to determine:

- (a) That approved estimates of expenditure within those budgets are not, or are not likely to become, overspent; and
- (b) That approved estimates of income within those budgets are likely to be matched by actual receipts of income.

**Ba7** The Treasurer shall be responsible for overall budget monitoring. He shall provide suitable regular reports to Senior Managers, containing details of actual expenditure and income compared to the corresponding approved estimates, to assist them to fulfil their responsibility for controlling budgeted expenditure and income under Procedural Financial Regulation Ba6. He shall also notify the Senior Manager in any case where he believes that an estimate, forming part of a budget for which the Senior Manager is responsible, has been, or may become, exceeded by actual expenditure or, in the case of an income estimate, not matched by actual income.

**Ba8** If it appears to a Senior Manager that an excess of expenditure or a shortfall in income has occurred, or is likely to occur, in relation to any of the estimates forming part of a budget for which he is responsible, he shall take immediate steps to deal with the variation from the approved estimate.

**Ba9** In order to deal with a variation from an approved estimate a Senior Manager shall:

- (a) Where a variation appears likely, but has not yet occurred, immediately take action to reduce the level of activity relating to the budget head in question, thereby containing expenditure within the approved estimate; or
- (b) After consultation with the Treasurer, determine that the increased cost can be met from an increase in the amount of income to be received; or
- (c) Determine that the variation can be met by means of virement from another budget head or heads (in accordance with the scheme of virement set out in Procedural Financial Regulation Ad1).

All instances of the use of Senior Managers' authority under a, b, and c above shall be recorded in a format approved by the Treasurer.

**Ba10** Where he is consulted by a Senior Manager with regard to any of the proposals described in Procedural Financial Regulation Ba9, for dealing with an estimate variation, the Treasurer shall be authorised to either approve the proposal or require it to be referred to the Authority for approval.

**Ba11** A Senior Manager shall not be permitted to take any of the measures described in Procedural Financial Regulation Ba9, if to do so would result in a significant reduction in the level of service provided to the general public. Any measure, which would, for this or any other reason, constitute a material departure from the policies implicit in the approved budget, shall be referred to the Authority.

**Ba12** Where a Senior Manager is unable to deal with the occurrence, or likely occurrence, of a variation from an approved budget estimate by means of any of the measures described in Procedural Financial Regulation Ba9, he shall immediately report it to the Authority.

**Ba13** All reports to the Authority concerning budget estimate variations shall contain the reason(s) for the variation from the approved estimate and the implications, if any, for future years' budgets and shall recommend that the Authority:

- (a) Amends the approved estimate relating to the budget head in question by approving virement from another budget head or heads of an amount equivalent to the amount of the variation; or
- (b) Approves a supplementary estimate for the amount of the variation.

**Ba14** The Authority, on receiving a report concerning budget variations, shall resolve to either approve virement or a supplementary estimate.

**Ba15** Where a Senior Manager proposes to incur expenditure:

- (a) For a purpose, which has not been estimated for within an approved budget; or
- (b) Which will result in an approved estimate relating to a budget head becoming overspent this shall be treated as a variation from an approved estimate and all Financial Regulations relating to such variations shall apply.

**Ba17** Senior Managers shall ensure that performance and levels of service are monitored in conjunction with the budget and that necessary action is taken to align service outputs with budgets. In order to achieve this they shall ensure that a monitoring process is in place to review performance and levels of service and that it is operating effectively.

**Ba18** Senior Managers shall seek to identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

**Ba19** Within their areas of responsibility Senior Managers shall designate particular named employees as Budget Holders, who possess the necessary competencies for the role, in respect of cost centres or groups of cost centres. Budget Holders shall be responsible for assisting the relevant Senior Manager to discharge his responsibility in respect of budget preparation, monitoring and control, as set out in these regulations. Budget Holders shall be specifically responsible only for income and expenditure that they can influence. Senior Managers shall notify the Treasurer of the employees, who have been so designated. The Treasurer shall provide Budget Holders with the financial and other data that they may require in order to carry out their responsibilities.

**Ba20** The Treasurer shall, in conjunction with Senior Managers, ensure that a monitoring process is in place to review the effectiveness and operation of budget preparation and ensure that any corrective action is taken.

### **Explanatory Notes**

*There is specific budget approval for all expenditure and income.*

*Budget holders are consulted in the preparation of the budgets, for which they will be held responsible, and accept accountability within delegations set by the Authority for their budgets and the level of service to be delivered.*

*A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.*

*The budget format must comply with all legal requirements, with CIPFA's Service Reporting Code of Practice and must reflect the accountabilities of service delivery.*

*Budget managers should be responsible only for the income and expenditure that they can influence. There is a nominated budget holder for each cost centre heading and they accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities. Budget managers follow an approved certification process for all expenditure and their income and expenditure is properly recorded and accounted for.*

*Performance levels in respect of services are monitored in conjunction with the budget and necessary action is taken to align service outputs and budgets.*

## Maintenance of Reserves

**Bb1** All reserves shall be maintained in accordance with the current applicable accounting code of practice.

**Bb2** The purpose, usage and basis of transactions of each reserve established shall be clearly identified by the Authority informed by the Treasurer.

**Bb3** Senior Managers shall not incur any expenditure, which is proposed to be met from reserves, without consultation with the Treasurer, who may require the proposal to be submitted to the Authority for approval, in which case it may not be incurred until such approval has been given.

**Bb4** In advising the Authority upon the prudent levels of reserves, the Treasurer shall have regard to advice from the Authority's external auditor. He shall assess the adequacy of the General Fund balances by reference to a risk assessment of items contained within the General Fund Budget or which may become a charge against it.

### ***Explanatory notes***

*Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the UK (published by CIPFA) and agreed accounting policies. For each reserve established, the purpose, usage and basis of transactions should be clearly identified.*

*Authorisation and expenditure from reserves by the appropriate Senior Manager will be in consultation with the Treasurer.*

*No expenditure or income may be charged or credited directly to a reserve. All must be charged or credited initially to a revenue account with an appropriation (transfer) made from or to the reserve to meet the expenditure or transfer the income to it.*

## Capital Programme

**Bc1** Only expenditure, which conforms with the statutory definition of capital expenditure, as contained in the Local Government Act 2003 or any subsequent Act or Regulations, shall be treated as capital expenditure.

**Bc2** The Capital Programme submitted to the Authority for consideration and approval shall comprise a list of General Fund capital schemes. This shall show in respect of each scheme the amount, which it is intended shall be spent in the current year, the following year and in future years.

**Bc3** Reports submitted by the Treasurer to the Authority, concerning updates to the capital programme during the year, shall include reference to any significant variance in estimated scheme costs from current approved estimates or instances where schemes are proposed to be added to, or deleted from, the approved Programme. He shall also refer to the resources available, or expected to be available, to finance the programme taking account, where necessary, of any proposed amendments to it. The revenue implications of all capital schemes in the form of the whole life cost of the project shall also be reported to ensure that the impact on the revenue budget is known and appropriate provision approved. Senior Managers shall provide, in a timely manner, any information he requires in order to compile his report.



**Bc4** The Authority may consider a new scheme for inclusion in the approved Capital Programme at any time. In doing so it shall:

- (a) Have regard to its estimated costs, the comments of the relevant Senior Manager and the Treasurer, the composition and total cost of the approved programme and the resources available or expected to be available to finance that programme.
- (b) Either give approval for the scheme to be included in the approved programme or determine that it shall not be included in the programme.
- (c) In cases where approval is given to include a scheme in the approved programme, determine the estimated cost at which it is to be included.
- (d) Have regard to the contents of any relevant model of identifying and measuring benefits or Capital Appraisal, as referred to in B12 and B13 and to any views expressed by SMT which are reported to it.

**Bc5** Where the Authority has determined that a scheme shall be included in the approved Capital Programme and has also approved the estimated cost of the scheme, it shall be added to the approved Programme, thereby increasing the total cost of the Programme.

**Bc6** Senior Managers shall:

- (a) Be authorised to incur expenditure upon any capital scheme within their area of responsibility strictly in accordance with the approved estimate relating to it; and
- (b) Continuously monitor the progress of each capital scheme within his area of responsibility, comparing actual expenditure incurred, or likely to be incurred, with the approved estimate for the scheme.

**Bc7** If it appears to a Senior Manager that an excess of expenditure has occurred, or is likely to occur, relating to a scheme within his area of responsibility, he shall immediately report the variation to the Head of Finance.

**Bc8** The Authority on receiving a report concerning an actual or probable estimate variation shall resolve:

- (a) To reduce the extent of the scheme and approve a revised estimated cost for it in order to contain its cost within the approved estimate; or
- (b) To deal with the variation by means of virement, by reducing the estimate relating to another scheme or schemes within the approved capital programme sufficient to cover it; or
- (c) To approve a supplementary estimate for the amount of the variation; or
- (d) Not to proceed with the scheme.

In determining how to deal with an estimate variation, the Authority shall have regard to the factors referred to in Financial Regulation Bc4, sub paragraph a.

**Bc9** No expenditure shall be incurred on any scheme, which is to be financed, in whole or in part, by means of a grant or contribution from central government or another person or body, until a written commitment, to the satisfaction of the Treasurer, has been received by the Authority from the relevant government department, person, or body that it will be paid.

**Bc10** In the event of an anticipated grant or contribution not being payable or its amount being reduced to a material extent, having regard to the total cost of a scheme, or the conditions attached to its payment being materially altered, the Senior Manager responsible for the scheme shall inform the Treasurer and immediately report this occurrence to the Authority.

**Bc11** Where a shortfall of grant or contribution, or a material change in conditions, is reported to the Authority, it shall treat it as an estimate variation and follow the procedure described in Financial Regulation Bc8.

**Bc12** The Treasurer shall determine the method of financing to be employed in respect of each capital scheme, subject to any instructions, which may be given by the Authority.

**Bc13** Senior Managers shall ensure that adequate records are maintained in respect of all capital contracts.

**Bc14** All claims or requests for any grant or contribution, which may be payable towards capital expenditure incurred by the Authority, shall be made as soon as is possible. The Head of Finance shall be responsible for the submission of all such claims or requests and for liaison with the external auditor, wherever certification of a grant claim is required. However, he may, in appropriate cases, agree that another Senior Manager shall submit a claim or request, provided that the Senior Manager complies with any instructions that he may give. In such cases the Treasurer shall be supplied promptly with a copy of the claim or request, which has been submitted. Senior Managers shall promptly supply the Treasurer with any information, which he may require in order to submit a claim or request within any time scale laid down by the body or person to whom the claim is to be submitted.

**Bc15** The Treasurer shall be responsible for the submission of all bids for Supplementary or other Credit Approvals from central government. However, he may, in appropriate cases, agree that another Senior Manager shall submit such a bid, provided that the Senior Manager complies with any instructions that he may give. In such cases the Treasurer shall be supplied promptly with a copy of the bid, which has been submitted. Senior Managers shall promptly supply the Chief Fire Officer with any information that he may require in order to submit a bid within any timescale laid down.

**Bc16** No bid under any government, EU or other programme shall be made for capital grant or other resources, where this may commit the Authority to capital expenditure not already approved, until the proposed bid has been referred to and approved by the Authority. The Authority shall consider the effect that a successful bid would have upon the Capital Programme, taking into consideration the resources available to finance capital expenditure, and may approve any schemes involved and amend the Programme accordingly. The Authority shall be kept informed of the progress of any bid, including any changes, which may be proposed to its composition or to the amount of any external resources to be provided, and shall, if it considers it to be necessary, require that the bid be withdrawn. The Chief Fire Officer or his delegated employee or the Authority may accept any offer, which may be made to the Authority as a result of a bid submission, which is within the approved Capital Programme budget. Full Authority approval will be required for a bid that exceeds the total of the approved Capital Programme.

**Bc17** Upon completion of each capital scheme a report shall be made to the Authority of its costs and any other relevant matters.

This report may take the form of a schedule of completed schemes, reported periodically to Authority, showing the relevant data for each individual completed scheme.

**Bc18** The Treasurer shall ensure that a Capital Strategy is produced and revised annually. He shall submit the Strategy to the Strategy and Resources Committee for consideration and to the Full Authority for approval.

### **Explanatory Notes**

*The key controls for Capital Programmes are:*

- *There is specific annual approval by the Authority for the programme of capital expenditure. During the year the Authority is responsible for approving additions or other changes to the Programme.*
- *A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by Authority.*
- *New schemes must be submitted to the Service Management Team for appraisal prior to being submitted to Authority. The Team also monitors progress against the Capital Programme.*
- *Approval by the Authority, where capital schemes are to be financed from the revenue budget, up to a specified amount, and subject to the approval of the Authority, where the expenditure exceeds this amount.*
- *Proposals for improvements and alterations to buildings must be approved by the appropriate Senior Manager.*
- *Schedules for individual schemes within the overall budget approved by the full Authority must be submitted to the Authority for approval, for example, minor works, or under other arrangements approved by the full Authority.*
- *The development and implementation of asset management plans*
- *Accountability for each proposal is accepted by a named manager.*
- *Monitoring of progress in conjunction with expenditure and comparison with approved budget.*

## Appendix C

### Risk Management and Control of Resources

**Ca1** Risk management is the process of identifying risks (both negative ‘threats’ and positive ‘opportunities’), evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the Service caused by undesired events.

**Ca2** The Authority shall:

- (a) Agree the strategy, framework and process for risk management and review the effectiveness of risk management;
- (b) Appoint a Member Champion for risk management and audit, who is able to concentrate on ensuring these tasks are undertaken effectively and will provide feedback to the authority as appropriate; and
- (c) Delegate to the Audit and Performance Management Committee responsibility for ensuring that independent assurance is gained on the adequacy of the risk management framework and the associated control environment through reports.

**Ca3** The Service Management Team shall:

- (a) Lead in the identification and management of risks and opportunities facing the authority; and
- (b) Determine the Risk Management Strategy, framework and process; and
- (c) Identify, analyse and profile the corporate and crosscutting risks associated with any new policies, service delivery methods or existing operations.

**Ca4** The Risk Management Group shall provide guidance and advice and co-ordinate the risk management process.

**Ca5** Senior Managers shall:

- (a) Ensure that there are regular reviews of risk within their departments;
- (b) Complete the Statement of Assurance documents for each area of service and update them annually; and
- (c) Ensure that business continuity plans are compiled and maintained in respect of all business critical systems and that comprehensive working notes, explaining those systems’ mode of operation, are compiled and maintained.

**Ca6** All reports shall contain reference to any major risks, which the item reported upon may have for the Authority and, where appropriate, a risk assessment in the corporate style will be appended.

#### ***Explanatory Notes***

*Procedures should be in place to identify, assess, prevent or contain material known risks and ensure these procedures are operating effectively throughout the Authority.*

*A monitoring procedure is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls.*

*Risk management processes should be conducted on a continuing basis.*

*Managers should know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives. Provision may be made for losses that might result from the risks that remain through insurance.*

*The Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.*

## **Insurances**

**Cb1** The Head of HR and Administration shall be responsible for the arrangement of appropriate insurance cover through external insurance and internal funding. He shall, after such consultation as he thinks appropriate with other employees, settle all claims within individual policy excesses, and pass on all claims over individual policy excesses to the relevant insurer.

**Cb2** Senior Managers shall:

- (a) Give prompt notification to the Head of HR and Administration of all new risks, properties, vehicles or any other assets, which require to be insured, and of any alteration affecting existing insurances;
- (b) Notify the Head of HR and Administration in writing of any loss, liability or damage or any event likely to lead to a claim against the Authority together with any information or explanation required by him or the Authority's insurers, and inform the police, where necessary;
- (c) Ensure that all appropriate employees of the Authority shall be included in a suitable fidelity guarantee insurance;
- (d) Consult the Head of HR and Administration in respect of any indemnity, which the Authority is requested to give;
- (e) Ensure that employees, or anyone covered by the Authority's insurances, are made aware that they must not admit liability or make any offer to pay that may prejudice the assessment of liability in respect of any insurance claim.

**Cb3** The Head of HR and Administration shall:

- (a) Keep a register of all insurances arranged by the Authority and the property and risk covered by them;
- (b) Annually or at such other period as he may consider necessary, furnish Senior Managers with details of all insurances in force affecting their Departments. Each Senior Manager shall review all such insurances, and any risks not insured against, or inadequately insured against, shall be notified immediately to the Head of HR and Administration; and
- (c) Ensure the adequacy of all insurances entered into by contractors of the Authority. Contractors carrying out work for the Authority shall have a minimum level of Public Liability insurance cover as specified by the Authority, unless a lower figure has been agreed in advance, as further detailed in section Dq7.

## **Explanatory Notes**

*The Head of HR and Administration is responsible for arranging insurance cover and liaising with the insurers in relation to claims. Senior Managers must notify the Head of HR and Administration of all new material facts, new risks and possible claims.*

*Procedures are in place to investigate claims within required time scales.*

*Acceptable levels of risk are determined and insured against, where appropriate.*

## Internal Controls

**Cc1** The Authority accepts that controls and control systems must be in place to ensure that its financial and other activities are carried out in a secure environment, in a manner that complies with the law and that fulfils its stewardship obligations. To achieve this, the following key controls and control objectives and systems shall be in place:

- (a) Key controls shall be reviewed on a regular basis and reported in the departmental Statements of Assurance, which in turn feed into the Annual Governance Statement. The Authority shall make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;
- (b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
- (c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties where practical, management supervisory spot-checks, authorisation and approval procedures and information systems; and
- (d) An effective internal audit function, which operates in accordance with the Internal Audit Standards, and with any other statutory obligations and regulations.

**Cc2** The Treasurer, in conjunction with Audit Services, shall assist the Authority to put in place an appropriate control environment and effective internal controls, which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

**Cc3** Senior Managers shall:

- (a) Manage processes to check that established controls are being adhered to and evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks;
- (b) Review existing controls in the light of changes affecting the Authority and establish and implement new ones in line with guidance from the Treasurer. Senior Managers shall also be responsible for removing controls that are unnecessary or not cost or risk effective, for example, because of duplication, after consultation with the Treasurer; and
- (c) Ensure that employees have a clear understanding of the consequences of lack of control.

### ***Explanatory Notes***

*The Authority is complex and beyond the direct control of individuals. It, therefore, requires internal controls to manage and monitor progress towards strategic objectives.*

*The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.*

*The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.*

*The system of internal controls is established in order to provide measurable achievement of:*

- (a) Efficient and effective operations*
- (b) Reliable financial information and reporting*
- (c) Compliance with laws and regulations*
- (d) Risk management.*

## **Audit Requirements**

### **Internal Audit**

**Cd1** The Authority, under delegation to the Treasurer, shall maintain an adequate and effective continuous internal audit of all the Authority's activities. Such internal audit is to be performed in accordance with the Accounts and Audit Regulations 2015 and with the policy statements on internal audit issued by the Chartered Institute of Public Finance and Accountancy.

**Cd2** Internal Audit shall be independent in its planning and operation. The Audit Service provider shall have direct access to the Chief Fire Officer, all levels of management and to elected Members. Internal Auditors shall comply with the Public Sector Internal Audit Standards (PSIAS), as interpreted by the Chartered Institute of Public Finance and Accountancy's Application note.

**Cd3** Internal Auditors shall have the authority to:

- (a) Enter at all reasonable times any Authority establishment;
- (b) Have access to all records, documents, information and correspondence relating to any financial and other transaction as he considers necessary;
- (c) Evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud;
- (d) Request explanations as considered necessary to provide assurance as to the correctness of any matter under examination;
- (e) Require any employee of the Authority to produce cash, materials or any other Authority property in their possession or under their control;
- (f) Access records belonging to third parties, such as contractors, when required and
- (g) Directly access the Chief Fire Officer, the Chair of the Audit and Performance Management Committee and Members, if required.

**Cd4** The Audit Service provider shall:

- (a) Prepare the strategic and annual audit plans, which will take account of the relative risks of the audit areas, and submit such plans for approval to the Audit and Performance Management Committee;
- (b) Be notified immediately by any Senior Manager of any circumstances, which may suggest the possibility of irregularity affecting cash, stocks or other property of the Authority, and of the potential of any fraud or corrupt activities.

Audit Services shall report to the Chief Fire Officer, the Treasurer, the Authority, the Audit and Performance Management Committee, or the external auditor any matter of a significant nature. Pending investigation and reporting, the Audit Services provider shall take all necessary steps to prevent further loss and to secure equipment, records, information and documentation against removal or alteration;

- (c) Exercise the utmost confidentiality in all matters relating to the audit of the Authority's activities; and
- (d) Ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

**Cd5** Senior Managers shall:

- (a) Ensure that all employees within their departments are aware of the Authority's anti-fraud, bribery and corruption policy and the arrangements for "whistleblowing" contained therein;
- (b) Ensure that Internal Auditors are given access at all reasonable times to premises, personnel, documents, information and assets that the auditors consider necessary for the purposes of their work;
- (c) Ensure that auditors are provided with any information and explanations that they seek in the course of their work;
- (d) Consider and respond promptly to recommendations in audit reports;
- (e) Ensure that any agreed actions, arising from audit recommendations are carried out in a timely and efficient fashion; and
- (f) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with, and agreed by, the Treasurer prior to implementation.

**Explanatory Notes**

*The Treasurer by delegation is required by statute to maintain an adequate and effective internal audit of the Authority in order to guard against waste and fraud and is, therefore, entitled to examine all documents, records and computer files maintained by the Authority. Where an irregularity is suspected, it is important that Audit Services become involved as quickly as possible so that, for example, the rules of evidence are not breached.*

*It is management's responsibility to prevent and detect fraud arising. The audit function is to investigate the surrounding circumstances and report on the adequacy of internal controls.*

**External Audit**

**Ce1** The Treasurer shall:

- (a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents, information and assets that the external auditors consider necessary for the purposes of their work;
- (b) Ensure there is effective liaison between external and internal audit;
- (c) Work with the external auditor and advise the Authority, the Audit and Performance Management Committee and Senior Managers on their responsibilities in relation to external audit.



**Ce2** Senior Managers shall:

- (a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work;
- (b) Ensure that all records and systems are up-to-date and available for inspection.

***Explanatory Note***

*The Authority's external auditors are independently appointed to the Authority. External auditors follow an approved code of audit practice, when carrying out their audits.*

**Preventing Fraud, Bribery and Corruption**

**Cf1** The Authority shall:

- (a) Develop and maintain an anti-fraud, bribery and corruption policy;
- (b) Maintain adequate and effective internal control arrangements; and
- (c) Ensure that all suspected irregularities are reported to the Chief Fire Officer, the Section 151 Officer and, where appropriate, the Audit and Performance Management Committee.

**Cf2** Senior Managers shall:

- (a) Ensure that all suspected irregularities are reported to Audit Services;
- (b) Instigate the Authority's disciplinary procedures, where the outcome of an audit investigation indicates improper behaviour;
- (c) Ensure that, where financial impropriety is discovered, the Audit Services provider is informed and, after taking legal advice to ensure that sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place;
- (d) Ensure that they and their employees complete the register of interests maintained by the Head of HR and Administration; and
- (e) Ensure that they and their employees comply with the anti-fraud, bribery and corruption policy and the advice provided to employees.

**Cf3** The ACFO shall have overall responsibility for the maintenance and operation of the whistleblowing policy (Reporting of Illegality and Malpractice – Whistleblowing).

***Explanatory Notes***

*The Authority will not tolerate fraud, bribery or corruption and its expectations of propriety and accountability are that Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.*

*The key controls regarding the prevention of financial irregularities are:*

- *The Authority has an effective anti-fraud, bribery and corruption policy and maintains a culture that will not tolerate fraud or corruption;*
- *All Members and employees act with integrity and lead by example;*

- *Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt;*
- *High standards of conduct are promoted amongst Members;*
- *The maintenance of a register of interests, in which any hospitality or gifts accepted must be recorded;*
- *Whistle blowing procedures are in place and operate effectively and legislation, including the Public Interest Disclosure Act 1998, is adhered to.*

*Irregularities must be reported to Audit Services immediately when they occur in order to ensure that, amongst other things, rules of evidence are not breached.*

## **Assets**

**Cg1** The Authority should determine what assets are required to ensure that it can deliver services to an appropriate level. It will establish procedures to provide and maintain those assets to the appropriate standard.

**Cg2** The Chief Fire Officer, in conjunction with the Treasurer, shall keep an Asset Register, which shall record all of the material capital assets owned by the Authority, together with their values. Assets shall be valued in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (published by CIPFA). The Asset Register shall be kept up to date and in accordance with the requirements of the Treasurer.

**Cg3** The Head of Resources' Asset Management Plan is produced and revised on a five-yearly cycle. Assisted by relevant Senior Managers, he shall ensure that the Plan is implemented and monitor performance against the targets and outputs contained in the Plan.

**Cg4** Senior Managers shall:

- Provide information to the Head of Resources for him to update the Asset Management Plan;
- Ensure that lessees and other prospective occupiers of Authority land are not allowed to take possession or enter the land until a lease or agreement, in an approved form, has been established as appropriate;
- Ensure that arrangements exist for the proper security of all buildings, stocks, furniture, vehicles, equipment, money, and any other property under their control. They must ensure that all conditions of insurance are complied with in respect of cash and valuables;
- Ensure that cash holdings on premises are kept to a minimum and do not exceed limits for unbanked money as set in Financial Regulation Di2 without the express permission of the Treasurer;
- Ensure that appropriate arrangements are in place for the custody and security of keys and fobs and that access to safes is restricted to appropriate personnel. Lost keys and fobs should be reported immediately.
- Be responsible for conforming with the Data Protection Acts, the Government's Public Services Network (PSN) and the Government Security Classifications scheme (GSC) and maintaining proper security and privacy regarding information held in the Authority's computerised and manual systems;
- Ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records.

Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way;

- (h) Ensure that all removable media supplied by external sources are checked for viruses before being used on Authority equipment and that computer systems are used in line with approved policies and legislation;
- (i) Ensure that any Authority data stored on removable media is held on Authority provided encrypted media in accordance with approved policies;
- (j) Ensure that no Authority asset is subject to personal use by an employee without proper authority;
- (k) Ensure that all employees are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's information management security and email and internet policies;
- (l) Recommend sale of an asset, subject to a joint report by themselves and the Chief Fire Officer, where land or buildings are surplus to requirements;
- (m) Pass title deeds to the Monitoring Officer;
- (n) Ensure that material assets are identified, their location recorded and that they are appropriately marked and insured;
- (o) Consult the Treasurer and the Audit Services Manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
- (p) Record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Treasurer, the Authority agrees otherwise.

**Cg5** All documents of title and deeds shall be kept in a secure place by the Monitoring Officer.

### ***Explanatory Notes***

*The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.*

*Senior Managers are responsible for all security matters within their Departments.*

### **Inventories**

**Ch1** The Head of Resources is responsible for ensuring that vehicle inventories are maintained by the vehicle crews, who must notify issues immediately as they are identified.

**Ch2** The Head of IT shall record all ICT hardware equipment and software in order that he can maintain a central inventory. All issued assets should be returned to the ICT department when a role terminates or an employee's role changes to another section in order that the inventory is maintained and to ensure that assets are issued appropriately. Senior Managers are responsible for ensuring that only authorised software is utilised in their Departments and that no illegal copies are obtained or made operational.

**Ch3** Inventories shall be maintained as a permanent record, as defined by the responsible Senior Manager.

**Ch4** Each Senior Manager shall carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items, such as computers, cameras and video recorders, should be identified with security markings as belonging to the Authority.

**Ch5** The Audit Services Manager shall have access to all Authority property and to the inventories and any relevant documents.

**Ch6** The Authority's property shall not be removed except in accordance with the ordinary course of the Authority's business. Authority property shall only be used for the Authority's purposes, unless specifically authorised by the appropriate Senior Manager.

### ***Explanatory Note***

*Inventories are not required for general furniture, equipment and fittings. Items of a portable or desirable nature should be recorded and service critical equipment must be accounted for on a continuous basis.*

## **Stocks**

### **Records**

**Ci1** Each Senior Manager shall:

- (a) Be responsible for the care and custody of stocks in his department. These do not need to be recorded but appropriate security and access restrictions should be applied;
- (b) Ensure that stock accounts and records, including records of issues, write-offs and other adjustments, are kept for workshop items; and
- (c) Furnish the Treasurer with such documentation in connection with stock records or cost records as may be necessary for the purpose of completing the accounting and financial records of the Authority. The Treasurer, in conjunction with the Senior Manager concerned, shall determine the method to be followed in the valuation of stocks.

**Ci2** Wherever practically possible, goods received should be verified by the person, who requested the goods. In authorising invoices, the manager must be satisfied that these checks have been performed and that there are no discrepancies.

### **Verification of Stocks**

**Ci3** Annually at 31 March, or such other date as may be agreed with the Treasurer, a complete stocktaking of all items in workshops shall be carried out by a responsible employee authorised for that purpose by the Head of Resources. The responsible employee shall be responsible for ensuring that actual physical stocks agree with the stock records. However, annual stocktakes may be waived in cases where the Treasurer is satisfied that a satisfactory system of continuous stocktaking is in operation. Other items of a material value, which are held to maintain operational capacity (including kit and helmets) should be accounted for at the year end.

**Ci4** The Head of Resources will make arrangements for spot checks to be made on equipment held in the stores and across all stations where the value of these items is greater than £100.

**Ci5** Senior Managers shall:

- (a) Sign all stock sheets or stock records and certify that the particulars and prices shown on them are correct; and
- (b) Forward to the Treasurer such certificates relating to stocks as the Treasurer may require.

### **Stock Levels**

**Ci6** Monitoring and recording of minor value stock items, such as stationery and food, is not required, although managers are expected to maintain appropriate security arrangements. Senior Managers shall be responsible for ensuring that stocks are not held in excess of reasonable requirements.

**Ci7** No deficiency in stocks, and no items, which have become unserviceable, obsolete, stolen or irrecoverable shall be written off except on the authority of:

- (a) The Treasurer on the recommendation of the Senior Manager, if the current value on the open market is not greater than that agreed by Authority;
- (b) The Authority on the recommendation of the Senior Manager and the Treasurer if the current value on the open market is greater than that agreed by Authority.

### **Explanatory Notes**

*It is the responsibility of Senior Managers to ensure the security of the stocks received, held and issued by their Departments.*

*Senior Managers must also ensure that actual stock levels for the workshop and material value items in stores are verified with stock records on a continuous basis or at least annually.*

### **Intellectual property**

**Cj1** The Brigade Order on Intellectual Property (Administration 1 Part 8) provides brief information on protecting intellectual property. This should be referred to in the first instance. If further guidance is required, advice should be sought from the Authority's Solicitor through the Head of HR and Administration.

**Cj2** Senior Managers shall ensure that controls are in place to ensure that employees do not carry out private work in Authority time and that employees are aware of an employer's rights with regard to intellectual property.

### **Explanatory Note**

*Certain activities undertaken within the Authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property. In the event that the Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the advice given by the Authority' Solicitor.*

## Asset Disposal

**Ck1** The Head of Resources shall:

- (a) Issue guidelines representing best practice for disposal of assets; and
- (b) Ensure that appropriate arrangements are in place to enable accounting entries to remove the value of disposed assets from the Authority's records and to include the sale proceeds, where appropriate.

**Ck2** Senior Managers shall:

- (a) Seek advice and agreement from the Head of Resources and the relevant Brigade Orders on the best method for disposal of surplus or obsolete materials, stocks, vehicles, plant and equipment, etc. before deletion from an inventory or stock list;
- (b) Ensure that income received for the disposal of an asset is properly banked and coded; and
- (c) Dispose of redundant assets with a resale value by competitive tender in accordance with the provisions in the Authority's Standing Orders relating to Contracts or by public auction, dependant on the type of supplies and the values concerned.

### **Explanatory Notes**

*It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Authority.*

*Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Authority, and best price is obtained, bearing in mind other factors, such as environmental issues.*

*For items of significant value, disposal should be by competitive tender or public auction.*

*Procedures protect employees involved in the disposal from accusations of personal gain.*

*Where the Service has identified that an asset is no longer required, the Head of Resources determines the best way to dispose of the asset.*

### **Imprest Accounts (Petty Cash)**

**CI1** The Treasurer shall provide access to an Imprest Account held by the Head of Finance to allow for cash advances to be made in emergencies, and for the reimbursement of minor items of expenditure made on behalf of the Authority.

**CI2** Senior Managers shall ensure that purchases to be reimbursed from imprest are made on behalf of the authority, are necessary, are supported by a VAT receipt, and that the process is not used to circumvent procurement processes.

**CI3** Staff shall not use loyalty cards when making petty cash purchases.

## **Explanatory Notes**

*Advance accounts are authorised to enable petty cash and other minor expenses to be defrayed. Rules in relation to the type of expenditure, which may be met from petty cash, can be found in detailed procedure notes.*

*A cash advance will be given to an authorised employee, who must always be in a position to account for the full amount of the advance, and will only be made in exceptional circumstances. For emergency responses to national incidents, the Welfare Officer will have access to a corporate credit card facility.*

*Complete and comprehensive records of all transactions should be maintained.*

*Staff must not use loyalty cards (such as Tesco Club Cards, Boots Advantage Cards, etc.), when making petty cash purchases. These are personal to the cardholder and, if used to make purchases on behalf of the Authority, there are tax implications for the Authority.*

## **Treasury Management**

**Cm1** All treasury management activities shall be carried out in accordance with the Authority's approved Treasury Management Policy Statement. The Treasurer shall review the Policy Statement annually and report to the Authority upon any amendments that may be required to it. The Authority must approve all such amendments.

**Cm2** The Treasurer shall:

- (a) Report to Authority at any time, as he considers necessary, upon matters relating to treasury management activities. All such reports shall be made to either the Authority or the Strategy and Resources Committee, as appropriate, and be consistent with these regulations;
- (b) Compile a Treasury Management Strategy Report, to include an annual investment strategy, covering treasury management activities to be carried out during the following financial year. The report shall be submitted to the Authority before the commencement of the year to which it relates and the Authority must approve such a report before the year in question commences;
- (c) Compile an annual report reviewing the previous year's treasury management activities. The report shall be submitted to the Strategy and Resources Committee prior to being submitted to the Authority following the end of the year to which it relates. A mid-year report, reviewing treasury management activity to that point, shall be submitted to the Strategy and Resources Committee;
- (d) Compile, for the Authority to approve, suitable Treasury Management Policies (TMPs). The Treasurer shall compile and maintain up-to-date schedules to the TMPs;
- (e) Ensure that all treasury management transactions are recorded and that there is an effective division of duties between operations;
- (f) Before the start of each year, ensure compliance with the Prudential Code of Practice and that the prudential indicators are compiled and approved by the Authority; and
- (g) Monitor the prudential indicators and report to Authority any deviations from them.

**Cm3** All securities, which are the property of, or in the name of, the Authority or its nominees shall be held in the custody of Shropshire Council.

**Cm4** Loans shall not be made to third parties and interests shall not be acquired in companies, joint ventures or other enterprises without the approval of the Authority, following consultation with the Treasurer.

**Cm5** All trust, charitable and third party funds shall be held, wherever possible, in the name of the Authority. The responsible Senior Manager shall make arrangements, approved by the Treasurer, for the secure administration of such funds and records, approved by him, shall be maintained of all transactions. All funds dealt with on behalf of such bodies shall be operated within any relevant legislation and the specific requirements of each body. Controlling officers of voluntary funds shall ensure that the Chief Fire Officer receives annual accounts, which are audited by suitably qualified persons.

### ***Explanatory Notes***

*Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "The Management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".*

*Apart from some arrangements in connection with leases of plant and equipment etc., all Treasury Management functions are carried out by Shropshire Council Treasury Management on the instructions of the Treasurer, under the direction of the Authority.*

### **Banking Arrangements**

**Cn1** The Treasurer shall operate any bank accounts that are considered necessary. No bank accounts shall be opened without the approval of the Chief Fire Officer.

**Cn2** Payments and receipts shall be made and received electronically, wherever practically possible.

**Cn3** All cheques drawn on behalf of the Authority shall be signed personally by the Chief Fire Officer or another bank signatory as recorded on the mandate.

**Cn4** The Treasurer shall be responsible for:

- (a) Making arrangements with regard to any payments from the Authority's bank accounts by any method; and
- (b) All arrangements concerning the amendment, stopping, opening and cancellation of cheques.

**Cn5** The Treasurer shall be responsible for the ordering, safe custody and control and issue of cheques and for the preparation, signing and despatch of cheques.

### ***Explanatory Notes***

*The Treasurer is responsible for organising the Authority's banking arrangements and only authorised signatories can sign Authority cheques.*



*The Authority is moving towards making as many transactions as possible via electronic means. In doing this the controls in relation to electronic systems have to be considered to ensure that risks are managed and minimised and the possibility of fraud is not increased by using the electronic systems.*

*To combat the possibility of fraud, close supervision must be exercised over the supply, custody, preparation, signing and despatch of cheques. Procedures for amending, stopping, opening and cancellation of cheques must be tightly controlled. There is a presumption against the opening of cheques, and a clear policy is in place to address this.*

## **Staffing**

**Co1** The Treasurer shall ensure that budget provision exists for all existing and new employees included on the approved establishment list. The budget will not include vacancies for which there is no budget provision.

**Co2** The ACFO shall:

- (a) Compile and keep up-to-date an establishment list. A unique reference number shall identify each post included on the list. The list shall show, for each post, the grade applicable to that post and the name of the employee currently filling that post. Where a post is not presently filled, substituting “vacant” for the employee’s name shall indicate this. The list shall be set out according to the Authority’s current departmental structure. Responsibility for updating the list rests with the HR Manager; and
- (b) Compile and keep up-to-date a Pay Policy Statement in accordance with Section 38 of the Localism Act 2011. This Statement will be submitted annually to the Authority for approval and published on the Authority’s internet site.

**Co3** Senior Managers shall:

- (a) Ensure that the personnel estimates are an accurate forecast of staffing levels and are equated to an appropriate revenue budget provision (including on-costs and overheads);
- (b) Monitor employee activity to ensure adequate control over such costs as sickness (where the Authority’s Absence Management Procedures must be applied), overtime, training and temporary employees (the procedures for the employment of agency staff must be followed, where such staff are to be engaged);
- (c) Ensure that the personnel estimates are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided;
- (d) Ensure that the Treasurer is immediately informed, if the personnel estimate is likely to be materially over or underspent;
- (e) Ensure that employees are appointed only to posts included in the Authority’s establishment list and for which adequate budget provision has been made to meet the costs of employing such employees;
- (f) Have regard to the People Strategy;
- (g) Follow the Authority’s recruitment procedures; and
- (h) Apply the Authority’s capability procedures in relation to individual posts and staff occupying those posts.

## **Explanatory Notes**

*In order to provide the highest level of service, it is crucial that the Authority recruits and retains high-calibre, knowledgeable employees, qualified to an appropriate level.*

*The key controls for staffing are that:*

- *An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched;*
- *Procedures are in place for forecasting staffing requirements and cost;*
- *Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority; and*
- *Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.*

## Appendix D

### Financial Systems and Procedures

#### General

**Da1** The Treasurer shall make arrangements for the proper administration of the Authority's financial affairs, including to:

- (a) Issue advice, guidance and procedures for employees and others acting on the Authority's behalf;
- (b) Determine the accounting systems, form of accounts and supporting financial records;
- (c) Establish arrangements for audit of the Authority's financial affairs; and
- (d) Approve any new financial systems to be introduced and approve any changes to be made to existing financial systems.

**Da2** Senior Managers shall ensure:

- (a) That accounting records are properly maintained and held securely;
- (b) That vouchers and documents with financial implications are not destroyed, except in accordance with the Information Retention Policy; and
- (c) In respect of any financial system employed by incorporating appropriate controls, that:
  - i. All input is genuine, complete, accurate, timely and not previously processed;
  - ii. All processing is carried out in an accurate, complete and timely manner;
  - iii. Output from the system is complete, accurate and timely;
  - iv. That, where the organisational structure does not provide an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice, managers operate compensating controls, such as spot checks on a periodic basis;
  - v. That all systems are documented and employees required to operate them are trained in their operation;
  - vi. That a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained; and
  - vii. That no existing financial system shall be changed or new system introduced without consulting the Treasurer.

#### Delegation

**Db1** Senior Managers shall supply lists of authorised employees, with specimen signatures and delegated limits, to the Treasurer, together with subsequent variations, in respect of payments, income collection and placing orders.

#### Information Security

**Dc1** Senior Managers shall take all necessary action to ensure compliance with the Authority's Information Security Management Policies, including to:

- (a) Ensure that there is a documented and tested disaster recovery plan to allow critical information system processing to resume quickly in the event of an interruption;

- (b) Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information shall be securely retained, electronically at an alternative location;
- (c) Ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that employees are aware of their responsibilities under that legislation;
- (d) Ensure that relevant standards and guidelines are observed;
- (e) Ensure that software and computer equipment, including all mobile computer equipment and telephony, are protected from loss and damage through theft, vandalism, etc.;
- (f) Comply with the copyright, design and patents legislation, in particular to ensure that only software legally acquired and installed by the Authority is used on its computers, that employees are aware of legislative provisions and that in developing systems due regard is given to the issue of intellectual property rights; and
- (g) Ensure that all unwanted ICT equipment is returned to ICT for secure disposal.

**Dc2** All employees shall have responsibility for the requirements of Public Services Network (PSN) and the Government Security Classification Scheme (GSC) in relation to information security and Information Asset Owners (IAO) shall take all necessary action to ensure compliance with the directives in all respects as notified to them by the Senior Information Risk Owner (SIRO).

### ***Explanatory Notes***

*The key controls for systems and procedures are:*

- (a) *Basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated;*
- (b) *Performance is communicated to the appropriate managers on an accurate, complete and timely basis;*
- (c) *Early warning is provided of deviations from target, plans and budgets that require management attention; and*
- (d) *Operating systems and procedures are secure.*

## **Income and Expenditure**

### **Recording and Notification of Sums Due**

**Dd1** The collection of all monies due to the Authority shall be under the control of the Chief Fire Officer.

**Dd2** The Treasurer, in conjunction with the Senior Manager concerned, shall make and maintain adequate arrangements to ensure the proper recording of all sums due to the Authority and for its prompt collection and the custody, control, and deposit, of all money received, and for the prompt and proper accounting of such money.

**Dd3** Senior Managers shall ensure that at least two employees are present when post is opened so that income received by post is properly identified and recorded and passed promptly to Finance.

**Dd4** Senior Managers shall inform the Treasurer as soon as possible of all monies due to the Authority under contracts, leases, tenancy agreements, licences, agreements for the sale of property and any other agreements involving the receipt of monies by the Authority. They shall also review leases, tenancy agreements, licences and any other agreements, which involve the receipt of money, at regular and reasonable intervals. The Treasurer shall have the right to inspect any documents or other evidence in connection with such matters.

**Dd5** The Treasurer shall be informed, whenever significant expenditure is likely to occur in an area of activity that generates VAT exempt income and whenever a new or a one-off source of VAT exempt income is to be generated.

**Dd6** Cash payments in excess of £2,000 will not be accepted by the Authority.

**Dd7** All claims for reimbursements, contributions, grants etc. shall be made by the Chief Fire Officer or, by arrangement with him, by the appropriate Senior Manager. Any information required for the completion of such claims shall be supplied promptly to the Treasurer by the Senior Manager concerned. All such claims shall be made promptly and by the due dates and the Treasurer, or other Senior Manager, where the claim was made by them, shall ensure that all monies due to the Authority are received.

### **Separation of Duties**

**De1** Senior Managers shall ensure that the responsibility for cash collection should be separated from that:

- (a) For identifying the amount due; and
- (b) For reconciling the amount due to the amount received.

### **Receipts**

**Df1** Employees shall only give a receipt for money received on behalf of the Authority on the official receipt form or, in the event of electronic transactions, by providing a receipt transaction number. No other form of receipt shall be used. Where a receipt is not required for a payment, no receipt will be issued but a separate record shall be kept of all such payments.

**Df2** Every transfer of money from one employee to another shall be evidenced in the records of the Departments concerned. The receiving employee must sign for the transfer and the transferor must retain a copy.

### **Money Received**

**Dg1** Income shall not be used to cash personal cheques or other payments.

**Dg2** All cheques received shall be made payable to Shropshire and Wrekin Fire Authority "SWFA". All bank payments must be into the Authority's General Fund Account or other account, if specified by the Treasurer.

### **Standing Order Collection**

**Dh1** Payments of sums due may be collected by mean of standing orders only with the prior approval of the Treasurer.

## **Banking**

**Di1** All income received should be passed to the Head of Finance for security and banking.

**Di2** All money shall be deposited not less than weekly or such longer periods as may be arranged with the Treasurer, except that whenever receipts in hand exceed the amount covered by the Insurers they shall be deposited without delay.

**Di3** Money collected and deposited shall be reconciled to the Authority's bank account on a regular basis.

## **Records**

**Dj1** The Treasurer shall agree arrangements for the collection of all income due to the Authority and approve the procedures, systems and documentation for its collection. Every employee, who receives money on behalf of the Authority, shall comply with these arrangements.

**Dj2** All official receipt forms shall be in a form approved by the Chief Fire Officer.

**Dj3** Senior Managers shall ensure that all debts are invoiced within the financial year in which service or provision is delivered.

## **Issue of Debtors Accounts**

**Dk1** Senior Managers shall:

- (a) Promptly notify the Treasurer, in a form approved by him, of all sums due. Debtors' accounts shall be raised by the Treasurer in all cases;
- (b) Assist the Treasurer in collecting debts that they have originated, by providing any further information requested by the debtor; and
- (c) Take all practical steps to satisfy themselves as to the correct VAT treatment of their income and shall consult with the Treasurer, when in doubt.

**Dk2** There shall be no cancellation of accounts, except by full payment or final write off.

**Dk3** A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and / or billing of the original debt.

## **Recovery Procedures**

**DI1** The Treasurer will establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

**DI2** Senior Managers shall assist the Treasurer in carrying out these recovery procedures by providing any information or assistance requested.

## **Write Offs**

**Dm1** No debtor's account or part thereof due to the Authority shall be written off unless authorised by approved officers.

**Dm2** The Treasurer shall:

- (a) Make appropriate accounting adjustments following write-off action;
- (b) Define timescales within which write-off action must occur;
- (c) Adhere to the requirements of the Accounts and Audit Regulations 2015 in relation to write offs.

## **Fees and Charges**

**Dn1** All fees and charges levied or made shall be in accordance with the Authority's current approved scale of charges and the law.

**Dn2** Senior Managers shall review at least annually all fees and charges for which they are responsible and report to the Authority, which shall approve or otherwise the proposals.

**Dn3** Senior Managers shall have regard to the Charging Tariffs when raising Special Service charges.

## **Changes in Sources of Revenue**

**Do1** Any proposal made by a Senior Manager concerning recommended charges for new or significant variations to existing sources of revenue shall be subject to consultation with the Treasurer.

## **Explanatory Notes**

*Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of providing services, as this improves the Authority's cash flow and also avoids the time and cost of administering debts.*

### *Collection and Accounting for Income*

*Senior Managers, in consultation with the Treasurer, are responsible for establishing and maintaining the financial organisation necessary to ensure proper and accurate recording of sums due to the Authority, and for the prompt collection and banking of such monies.*

### *VAT*

*Particular care must be taken in the preparation of debtors accounts to ensure compliance with VAT regulations, given the ability of H M Revenue and Customs to impose fines for noncompliance on both the Authority and, in extreme cases, individual employees. If an employee has any doubt about the VAT liability in relation to a particular debtor's account, he should contact the Treasurer.*

### *Debtor Account Write Offs*

*Have to be approved by approved officers when all other avenues to collect the debt have been exhausted.*

### *New Projects*

*Where a new project is going to bring in additional income or an existing project is changing significantly, i.e. being upgraded to provide a better level of service, the repercussions on income shall be discussed with the Treasurer.*

## Requisitioning and Ordering of Work, Supplies and Services

**Dp1** Every employee and Member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and / or contractors, if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct.

**Dp2** All goods and services ordered must be recorded in a format approved by the Treasurer, as detailed within the procurement guidance in order to ensure compliance with procedures; enable payment to suppliers; allow for the monitoring of the receipt of the goods and services; allow for continuity of service, if a key employee is absent; and to demonstrate transparency.

**Dp3** Possible ways of achieving this would include:

- a) The generation of a requisition;
- b) The issue of a SAMIS official purchase order;
- c) The issue of a TRACE order;
- d) Placement of a verbal, internet or other electronic order supported by a unique, structured reference, which can be traced back to the relevant person;
- e) Payment by procurement card;
- f) Through a contract on the supplier's documentation;
- g) Through a contract on Authority documentation; and
- h) Payment through petty cash.

**Dp4** Official orders must be raised for all high-risk purchases, as defined within procurement guidance, or where there is no other formal written agreement between the Authority and the supplier. Official orders are not necessary in the following instances, but a full management trail, using sequential unique references must be applied:

- a) For routine utility payments;
- b) For petty cash purchases;
- c) For procurement card purchases;
- d) Where there is an existing current contract, lease or other formal agreement;
- e) For internet purchases, where orders have to be placed on line; and
- f) Where the supplier imposes their own terms and conditions.

**Dp5** The Budget Holder shall:

- (a) Ensure that only those employees authorised by him approve requisitions;
- (b) Maintain an up-to-date list of such authorised employees, identifying in each case the limits of their authority;
- (c) Notify all authorisations in writing to the Treasurer;
- (d) Ensure that unique numbered official orders or references are used for appropriate supplies and services;
- (e) Ensure that appropriate records are maintained with a full management trail for all supplies and services requisitioned and ordered; and
- (f) Ensure that requisitions and orders are only used for supplies and services provided to the Authority for its own use or that of approved partnerships. Employees must not in any circumstances obtain supplies or services for their private use through the Authority.



**Dp6** The authoriser of the requisition or order must be satisfied that the supplies and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be achieved.

**Dp7** All proposed procurement of Information and Communications Technology equipment must be approved by the ICT Manager in advance, including arranging demonstrations relating to that equipment.

**Dp8** Each requisition and order shall conform with Brigade Orders or other related written procedures relating to contract procedures and to any other relevant directions of the Authority with respect to central purchasing, standardisation of supplies and materials and any other matters. In response to a national emergency, supplies or services may be procured using an approved Procurement Card.

**Dp9** Official orders raised from the Authority must conform to the guidelines approved by the Authority on procurement. Standard terms and conditions must not be varied. Purchasers must be satisfied that variations to terms proposed by suppliers do not incur excessive risk for the Service.

**Dp10** Where appropriate, official orders will be raised immediately following the approval of the requisition. Orders may be printed for despatch to suppliers or transmitted to them electronically (the latter being the preferred method).

**Dp11** Where official orders are not raised, and petty cash or procurement cards are not used, the transaction must be recorded immediately, as defined within Procurement Guidance, in the format approved by the Treasurer, with each transaction being allocated a unique reference number.

**Dp12** Orders shall clearly indicate:

- (a) The nature of the purchase;
- (b) The quantity required;
- (c) Any contract or agreed prices relating to the purchase;
- (d) The delivery dates, where specified, and location;
- (e) The ledger code; and
- (f) The address to which an account must be sent, which shall be the central address for invoices.

**Dp13** The issue of "open" Service orders will not be permitted, unless prior written approval has been obtained from the Treasurer.

**Dp14** Senior Managers shall ensure that the department obtains value for money from purchases by taking appropriate steps to obtain competitive prices for supplies and services of the appropriate quality.

**Dp15** In the absence of any good reason to the contrary, which should be clearly indicated on file, the lowest quotation shall be accepted.

**Dp16** In cases where the minimum requirements have not been satisfied, the reason for noncompliance shall be clearly indicated on the copy order and invoice.

**Dp17** If the works, supplies or services to be supplied consist of emergency repairs to, or parts supplied in an emergency for, existing machinery or plant, or to support other urgent or emergency activities, written quotations may not be required.

**Dp18** Where orders of a repetitive nature occur and it is likely that the total value will exceed the monetary amount as specified in these regulations in any twelve-month period, Financial Regulations and Standing Orders in relation to Contracts shall apply, based on the anticipated total value of the contract.

**Dp19** Senior Managers shall ensure that:

- (a) Loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Fire Officer. This is because of the potential impact on the Authority's borrowing powers, to protect the Authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained; and
- (b) Wherever practically possible, two authorised employees are involved in the ordering, receiving and payment process. A different employee from the person raising the requisition should generate the order. A different employee from the person, who requisitioned and approved the online order, should be involved in the payment process. Where such segregation is not practical, managers should periodically perform spot checks to assure themselves that all goods and services received can be accounted for.

**Dp20** Regard should be had to the content of the Authority's procurement policies in applicable cases.

**Dp21** Only authorised employees of the Authority may approve requisitions or orders for goods and services.

## **Contracts**

**Dq1** All contracts for supplies or work carried out on behalf of the Authority shall be subject to the Authority's Standing Orders and relevant Brigade Orders.

**Dq2** The Head of Resources shall maintain a Register of Contracts in a form approved by the Treasurer. Senior Managers shall notify the Head of Resources as soon as possible after any contract or subcontract has been made in order for the Contracts Register to be kept up to date;

**Dq3** Budget holders and contract managers shall continually monitor expenditure under a contract and take such action, as they consider necessary to prevent the final contract sum exceeding the agreed budget. If the final contract sum appears likely to exceed the approved budget, this must be reported to the Authority and approval obtained for the additional spending.

**Dq4** Payments to a contractor shall be made on receipt of an invoice or interim certificate, as appropriate.

## **Completion of Contracts**

**Dq5** The budget holder must be satisfied that the final account is accurate, of expected quality and for the right amount, before payment is certified.

**Dq6** The Audit Services Manager may be commissioned to examine final accounts for contracts and be entitled to make all such enquiries and receive all such explanations as he may require in order to satisfy himself as to the accuracy of the accounts.

The Audit Services Manager shall notify, in writing, the appropriate Senior Manager (or private architect, engineer, consultant as appropriate) that the examination is complete and that the final payment, less any retention, can be issued.

**Dq7** The Treasurer shall report to the Authority through capital reports on the final total cost of the contract, giving reasons for any variations from the original approved contract amount.

## **General**

**Dq8** Authorisation shall not be given for work to be commenced or goods to be supplied, where such work or goods are to be the subject of a formal contract, entered into between the Authority and the Contractor, until the responsible manager has advised that the contract has been signed by the contractor and that the appropriate insurances and bonds have been effected to his satisfaction and the Chief Fire Officer is satisfied that the contractor is financially competent to undertake the contract.

**Dq9** The Lead Officer for each contract shall be responsible for keeping in secure custody all contract documents, including plans, specifications, bills of quantities, bonds etc. in accordance with the Retention Policy.

## **Variations to Contracts**

**Dq10** No variation order or instruction shall be issued, which would cause the expenditure on a project to exceed the amount authorised in relation to that project by the Authority under Financial Regulation Dp6, without first seeking and obtaining Authority approval.

## **Explanatory Notes**

*Clearly defined standard procedures for the ordering of supplies and services are essential. Senior Managers are responsible for ensuring that they have appropriate authority to incur expenditure on behalf of the Authority and for clearly defining those employees, who have authority to approve requisitions and orders on behalf of the Service.*

*All invoices must be sent to Finance for payment following the completion of pre-payment checks and authorisation.*

*The Regulations, together with Standing Orders relating to Contracts, are designed to ensure that the Authority receives value for money under the contractual arrangements and has appropriate legal recourse in the event of a supplier failing to meet contractual conditions.*

*It is the responsibility of the Budget Holder to arrange for the monitoring, verification and certification of contract payments. The Treasurer relies on Budget Holders informing him if account payments are to be held back.*

*The scope for variations to a contract will normally be governed by the terms of the contract. Senior Managers must ensure that the terms are adhered to and/or the supplier/contractor is notified, in writing, of all variations.*

*Senior Managers must ensure that the appropriate Capital and Revenue budgetary approvals (in accordance with Sections B of these regulations) exist where substantial variations to contracts have occurred.*

*Only Authority employees can approve requisitions or orders for goods or services. Interim or agency staff or consultants or other persons who are not directly employed may not perform this function.*

## **Paying for Work, Supplies and Services**

**Dr1** The Treasurer shall:

- (a) Make all payments on behalf of the Authority, with the exception of payments by procurement cards and petty cash. The normal method of payment from the Authority shall be by BACS or other instrument or approved method, drawn on the Authority's bank account by the Treasurer; and
- (b) Provide advice and encouragement on making payments by the most economical means, preferably electronic.

**Dr2** Every invoice submitted to the Treasurer for payment must be annotated to evidence the performance of pre-payment checks and be authorised by an appropriate officer under delegated authority.

**Dr3** Senior Managers shall ensure that their department maintains and reviews periodically a list of employees approved to authorise invoices;

**Dr4** Invoices for payment shall be submitted to the Finance section as soon as possible.

**Dr5** Every employee should be aware of, and comply with, "The Late Payment of Commercial Debts (Interest) Act 1998" and the corporate requirement for all invoices to be paid within 10 days of receipt, unless different terms are mutually agreed with the supplier. The Authority has signed up to the Government's "Prompt Payment Code" and, therefore, all practicable action should be taken to ensure that its terms are complied with.

**Dr6** The Treasurer shall:

- (a) Make payments from the Authority's funds on the Senior Manager's certification by authorised employees that the expenditure has been duly incurred in accordance with financial regulations; and
- (b) Make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

**Dr7** The approval of an invoice for payment shall mean:

- (a) Standing Orders and Financial Regulations have been complied with;
- (b) The receipt of the invoice has been registered and details agreed to the order / requisition;
- (c) The works, supplies, or services have been carried out or received to the correct quantity and quality and approved as in accordance with the specification and that the prices and discounts (if any) are correct and in accordance with the contract, tenders, quotation or order;

- (d) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- (e) Any issues in relation to goods and services provided are resolved with the supplier before payment is made. If payment has been made in advance of provision, the budget holder should seek immediate resolution of any issues and advise Finance of any credit notes or refunds, which are due;
- (f) The net amount of the invoice can be met from within an approved estimate;
- (g) The invoice is arithmetically correct;
- (h) The invoice has not previously been passed for payment;
- (i) A full management trail is maintained to include all appropriate evidence of the transaction and payment documents, which are retained and stored for the defined period, in accordance with the Information Retention Policy;
- (j) Appropriate entries have been made in inventories, stock records, and the asset register, as required;
- (k) Where the invoice includes VAT, it meets the requirements of H M Revenue and Customs, and it is correctly calculated on the account;
- (l) In the case of charges for gas, electricity, and water, any standing charges are correct, consumption is charged on the correct tariff and that the consumption recorded is reasonable in the light of previous and present experience; and
- (m) There are no outstanding credit notes, which are to be applied against the invoice or unresolved disputes.

**Dr8** In the event of a dispute on an invoice, the budget holder shall contact the supplier for a replacement invoice or credit note to be issued or for a refund to be sent.

**Dr9** Invoices shall not be made out by employees of the Authority, except where the payment to be made is in respect of a recurring payment, or another payment, for which the supplier will not issue an invoice. In all such cases the invoice made out shall be in a form approved by the Treasurer.

**Dr10** The Finance Team shall ensure that all invoices are stamped with the date received in the Department. Where invoices are received electronically, the date of the email shall constitute the date of receipt.

**Dr11** Each Budget Holder shall:

- (a) Notify the Treasurer immediately of any expenditure to be incurred as a result of statute / court order, where there is no budgetary provision; and
- (b) As soon as possible after the 31 March in each year supply to the Treasurer schedules of all outstanding accounts in respect of the previous financial year. Such schedules shall be in a form prescribed by the Treasurer.

**Dr12** The Treasurer shall have the right to carry out such additional checks as he considers appropriate in respect of an invoice, either before or after it is paid. In addition, he shall have the right to satisfy himself that the proper procedure laid down as to the authorising and ordering of supplies and services and the examination of accounts has been properly carried out in the spending department. All explanations and information regarding such invoices and all books and documents relating to them and facilities for inspecting supplies provided or work done shall be provided to him or to his appointed representative.

**Dr13** All payments, which include VAT, shall be supported by a VAT invoice or receipt.

**Dr14** Goods and services may be acquired by means of Procurement Cards. All cardholders must be approved by their Senior Manager. Card use will be subject to procedures and terms and conditions of use laid down by the Treasurer, which must be complied with.

**Dt17** Only employees of the Authority may approve payments in respect of goods and services.

### **Explanatory Notes**

*The Treasurer makes all payments on behalf of the Authority.*

*The procedures and checks to be carried out on invoices are set out in the Financial Regulations. Senior Managers are required to check the accuracy and validity of invoices payable by the Authority. They must also ensure that only employees authorised by them certify invoices for payment.*

*Accurate treatment of VAT on invoices is essential, especially as HM Revenue and Customs can impose fines on the Authority for non-compliance with VAT regulations. In extreme cases, HM Revenue and Customs can impose fines on individual employees. Guidance on the correct treatment of VAT can be obtained from Finance or from the HM Revenue and Customs website.*

*The Treasurer will agree procedures with Senior Managers on the records to be maintained at departmental level.*

*The Treasurer will carry out pre and post payment checks, as he considers necessary.*

*The Treasurer needs to be informed as to the details of outstanding accounts or creditors (reserves) in order that the year-end accounts can be finalised.*

*Where corporate procurement cards are used, the relevant procedures and terms and conditions applicable to their use must be complied with.*

*Only Authority employees can approve payment in relation to goods and services. Interim or agency staff or consultants or other persons, who are not directly employed, may not perform this function but may sign to confirm receipt of goods or the performance of quality checks, as directed by management.*

*It is important that the Authority pays its suppliers promptly. It has, by law, to comply with a requirement to pay them within 10 days of receipt of their invoice. In addition, the Authority has signed up to the Government's "Prompt Payment Code". This says that we will pay suppliers on time, within their terms without changing them retrospectively and without altering the length of payment for small firms on unreasonable grounds. We must also give clear guidance to suppliers about our payment procedures, have a disputes / complaints system and communicate this to them and we must advise them promptly, if there is a reason why an invoice will not be paid.*

## Payments to Employees and Members

**Ds1** The ACFO shall make arrangements to:

- (a) Pay all salaries, wages, pension benefits, Members' allowances and other emoluments to existing and former employees, properly payable by the Authority on the due date;
- (b) Record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions;
- (c) Pay Members' travel or other allowances upon receiving the prescribed form, duly completed and authorised.

**Ds2** Senior Managers or their authorised employee shall confirm and certify the correctness of information for all appointments, resignations, dismissals, absences from duty, suspensions, secondments, transfers, and changes in remuneration (other than normal increments) of employees. The information shall then be notified to the HR Manager in order that records of employment and conditions of service can be maintained.

**Ds3** The ACFO shall:

- (a) As soon as possible arrange for the necessary adjustment of any information received under Ds2 that may affect the salaries, wages or emoluments of any employee or former employee; and
- (b) Provide advice and encouragement to secure payment of salaries, wages and Members' allowances by the most economical means.

**Ds4** Senior Managers shall notify the HR Manager of all matters affecting the payment of items referred to in Ds1 and Ds2 above as soon as possible and in the prescribed form, subject to special arrangements agreed by the ACFO and, in particular, of:

- (a) Absences from duty for sickness or other reason, apart from approved annual, compensatory and flexitime leave with pay;
- (b) Changes in remuneration, other than normal increments and pay awards and agreements of general application; and
- (c) Information necessary to maintain records of service for pension, income tax, national insurance, etc.

**Ds5** Senior Managers shall:

- (a) Ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule; and
- (b) Ensure that appointments of all employees are made in accordance with the Authority's policies and the approved establishments, grades and rates of pay and that adequate budget provision is available.

**Ds6** All timesheets and associated records shall be in a form approved by the HR Manager and shall be certified by the appropriate Senior Manager, or his designated employee.

**Ds7** The Treasurer shall impose such checks on wage records, as he considers desirable.

**Ds8** Senior Managers shall:

- (a) Ensure that adequate and effective systems and procedures are operated, so 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; and
  - Employees' names, listed on the payroll, are checked at regular intervals to verify accuracy and completeness;
- (b) Send an up-to-date list of the names of employees authorised to sign records to Finance, together with specimen signatures;
- (c) Give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs apply a tight definition for employee status. In cases of doubt, advice should be sought from the Treasurer and the ACFO;
- (d) Ensure that payments are only allowed through the PAYE system;
- (e) Ensure that the HR Manager is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

### **Allowances to Members, Travel and Subsistence**

**Ds9** Members shall submit claims for travel and subsistence allowances within three months of the date of the meeting or duty to which the claim relates and, in any event, within one month of the year-end.

**Ds10** All claims by Members shall be made in a form approved by the Chief Fire Officer. Claims shall be certified by the Member concerned as a true and correct record and certified as correct by the Head of HR and Administration or his designated employee.

### **Travelling and Subsistence Allowances**

**Ds11** Senior Managers shall:

- (a) Certify travel and subsistence claims. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved;
- (b) Be responsible for the accuracy of the mileage claimed, the validity of the journeys undertaken and for ensuring compliance with the Authority's car allowance regulations, car leasing scheme and such other decisions of the Authority as may be appropriate; and
- (c) Ensure that a fuel VAT receipt is provided to support journeys made by car. The date of the receipt should pre-date the first journey on the claim and is required for HM Revenue and Customs purposes.

**Ds12** The Treasurer shall rely on the certification of employees authorised by each Senior Manager and shall be empowered to pay, on behalf of the Authority, all claims so certified. All claims by employees of the Authority shall be made through MyView.

**Ds 13** Employee's claims must be submitted promptly and those submitted more than three months after the expenses were incurred will only be paid with the express approval of the Chief Fire Officer.



## **Explanatory Notes**

*Employee costs are the largest item of expenditure for most Authority services. It is, therefore, important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the Scheme adopted by the Authority.*

*The ACFO is responsible for the payment of employees on behalf of the Authority. Senior Managers are responsible for notifying and certifying to the ACFO all information necessary to ensure the correct payment of salaries, wages, etc. in accordance with employment contracts.*

*The Treasurer will pay allowances to Members in accordance with the procedures laid down by regulation Ds10. This regulation is subject to review in the light of new legislation or Government guidance.*

*Senior Managers are responsible for checking the accuracy and validity of employees' claims for travelling and subsistence allowances, overtime and payments to retained firefighters and for certifying the claims for payment.*

*All claims, which include mileage, must be supported by a VAT receipt for fuel purchased prior to the date of the first journey on the claim, to satisfy HM Revenue and Customs requirements.*

## **Taxation**

**Dv1** The HR Manager shall make arrangements to ensure completion of all HM Revenue and Customs returns regarding PAYE.

**Dv2** The Treasurer shall make appropriate arrangements for the completion and submission of quarterly VAT returns and for all tax matters relating to SFRMS Ltd. to be dealt with in accordance with HM Revenue and Customs requirements.

**Dv3** Senior Managers shall:

- (a) Ensure that the correct VAT liability is attached to all income due and that all VAT recovered on purchases complies with HM Revenue and Customs regulations; and
- (b) Ensure that all persons employed by the Authority are added to the Authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency;

## **Explanatory Note**

*Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is, therefore, very important for all employees to be aware of their role.*

## Appendix E

### External Arrangements

#### Partnerships

**Ea1** The Risk Management Group (RMG):

- (a) Shall ensure that the Service Lead Officer has clearly defined the responsibilities of each party in the Partnership Agreement and in any associated agreements, or in the Data Sharing Protocol; and
- (b) Shall be responsible for the review and assessment of partnerships before agreements are entered into.

**Ea2** The Service Management Team shall review the Partnership Register on a six monthly basis, or as need arises.

**Ea3** The Treasurer shall:

- (a) Advise on effective controls that will ensure that resources are not wasted;
- (b) Advise on the key elements of funding a project, which include:
  - A scheme appraisal for financial viability in both the current and future years approved by Authority;
  - Risk appraisal and management ;
  - Resourcing, including taxation issues;
  - Audit, security and control requirements; and
  - Carry-forward arrangements;
- (c) Ensure that the accounting arrangements are satisfactory.

The majority of partnerships are of such a nature that they would not require this level of control. However, if a partnership involves significant funding, these controls would need to be rigorously applied.

**Ea4** The Lead Officer for each partnership shall:

- (a) Update the Partnership Register with details of partnerships entered into with external bodies in accordance with procedures specified in the Brigade Order on Partnership Working;
- (b) Ensure that, before entering into agreements with external bodies, the requirements defined within the Brigade Order on Partnership Working are satisfied;
- (c) Ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority;
- (d) Ensure that all agreements and arrangements are properly documented; and
- (e) Provide appropriate information to the Treasurer to enable a note to be entered into the Authority's statement of accounts concerning material items.

**Ea5** Regard shall be had to the content of the Authority's Brigade Orders for Partnerships.

#### **Explanatory Notes**

*The key characteristic of partnerships is that they aim to achieve something that they could not do alone, by pooling skills and / or other resources.*

*To do this they work together to realise their shared goal. This may involve a long-term formal structure, or a shorter-term agreement.*

*Some partnerships are a statutory requirement and the Service does not have the same degree of flexibility as with other types of partnerships. However their activities should still be recorded and performance and risks monitored.*

*Compliance with the Brigade Order on Partnership Working is key for the successful administration, management and monitoring of all partnership activity.*

*Clear reasons must be provided to Authority, where the Authority is the accountable body in the partnership and the regulations in Ea1 are not adopted by the partners.*

## **External Funding**

**Eb1** The Treasurer shall ensure that:

- (a) All funding notified by external bodies is received and properly recorded in the Authority's accounts;
- (b) Any match-funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements; and
- (c) Audit requirements are met.

**Eb2** Senior Managers shall ensure that:

- (a) Funds are acquired only to meet the priorities approved in the policy framework by the Authority;
- (b) The key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are understood;
- (c) All claims for funds are made by the due date; and
- (d) The project progresses in accordance with the agreed project plan, timetable or framework and that all expenditure is properly incurred and recorded.

## **Explanatory Notes**

*External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies, such as the National Lottery, provide additional resources to enable the Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.*

**Appendix F**  
**Virement and Debt Write Off Limits**

**December 2016**

<b>Virement – revenue and capital</b>	<b>Budget Holder and Head of Finance</b>	<b>Chief Fire Officer and Treasurer</b>	<b>Chair and Vice Chair</b>	<b>Fire Authority</b>
Up to £10k	✓			
£10k to £30k		✓		
£30k to £50k		✓	✓	
Over £50k, plus change in policy				✓

<b>Debt Write Off</b>	<b>Head of Finance</b>	<b>Head of Finance and officer requesting invoice (ie Special Service)</b>	<b>Chief Fire Officer and Treasurer</b>	<b>Fire Authority</b>
Up to £200	✓			
£200 to £1000		✓		
£1000 to £2500		✓	✓	
Over £2500				✓