

# Financial Regulations for Shropshire and Wrekin Fire Authority

*The notes to these Standing Orders (printed in italics) are for guidance only and are NOT part of these Standing Orders. The Supporting Procedures attached as an appendix will be those agreed by the Authority under these Standing Orders but will not form part of the Standing Orders.*

## Status of Financial Regulations

Financial regulations provide the framework for managing an Authority's financial affairs. They apply to every Member and officer of an Authority and everyone working on behalf of an Authority.

These regulations identify the financial responsibilities of the Authority and its Committees, the Chief Fire Officer, the Monitoring Officer and the Treasurer. These officers should maintain a written record where these responsibilities have been delegated to members of their staff, including seconded staff. Where responsibilities have been delegated or devolved to other responsible officers, references to 'Brigade Managers' (i.e. the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer (Corporate, Performance and Operations) and Assistant Chief Fire Officer (Human Resources) or other statutory title in the regulations should be read as referring to them.

All members of staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.

The Treasurer is responsible for maintaining a continuous review of the financial regulations and advising the Authority of any additions or changes necessary. The Treasurer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority.

Brigade Managers are responsible for ensuring that all staff in their departments are aware of their responsibilities according to the financial regulations and other internal regulatory documents and comply with them.

The Treasurer is responsible for issuing advice and guidance to underpin the financial regulations, which Members, officers and others, acting on behalf of the Authority, are required to follow.

# Financial Regulation 1 – Financial Management and Control

## 1.1 The Authority and its Committees

The Authority is responsible for adopting the constitution and code of conduct and for determining the financial management 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 Standing Orders. The Authority is responsible for monitoring compliance with policies in the decision making process.

## 1.2 The Standards Committee

The Standards Committee is responsible for promoting and maintaining high standards of conduct amongst members. In particular, it has responsibility for advising on the adoption of the code of conduct, its operation, and its updating.

## The Statutory Officers

### 1.3 Chief Fire Officer

The Chief Fire Officer is responsible for the strategic management of the Authority as a whole. He or she must report to, and provide information for the Authority and its other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

### 1.4 It is the responsibility of the Chief Fire Officer:

- To ensure that all Section Heads (i.e. those officers, not being Brigade Managers, who have service delivery responsibilities and the power to make decisions, which have, or could have, financial consequences) are advised of the financial implications of all proposals and that they are agreed by the Treasurer;
- To sign contracts on behalf of the Authority;
- To establish protocols to ensure that Section Heads consult with relevant officers before taking a decision within his/her delegated authority. In doing so he/she must take account of legal and financial liabilities and risk management issues, which may arise from the decision; and
- To consult with the Treasurer on any matter, which is liable to affect the Authority's finances materially, before any commitments are made.

### 1.5 Monitoring Officer

The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and, therefore, provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any breaches of the law to the Authority.

## **1.6 The Monitoring Officer must ensure that:**

- Decisions made by Section Heads and the reasons for them are made public. He or she must also ensure that members are aware of decisions made by Section Heads and of those made by officers, who have delegated responsibility;
- Members are advised about who has authority to take particular decisions;
- Members are advised, by him/her and the Treasurer, about any decision, which is likely to be considered contrary or not wholly in accordance with the policy framework or budget.

Contrary to the budget may mean:

- Initiating a new policy;
- Committing expenditure in future years to above the budget level;
- Causing the total expenditure financed from precepts to increase by more than a specified amount.

## **1.7 Treasurer**

The Treasurer has statutory duties in relation to financial administration and stewardship on behalf of the Authority. The statutory responsibility cannot be overridden. The statutory duties arise from the following legislation, as amended:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit (England) Regulations 2011

## **1.8 The Treasurer is responsible to the Authority for:**

- The proper administration of the Authority's financial affairs;
- Setting financial management standards and monitoring their compliance;
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- Preparing the revenue budget, capital programme and borrowing plan;
- Advising on the Finance Procedures Manual, the documentation of financial processes and procedures for reference purposes.

## **1.9 Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to the Authority, if one of its officers:**

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

## **1.10 Virement**

The Authority is responsible for agreeing procedures for virement of expenditure between budget headings.

*[These procedures are set out as an appendix to these standing orders]*

The Chief Fire Officer is responsible for agreeing in-year virements within delegated limits, in consultation with the Treasurer.

## **Financial Regulation 2 – Financial Planning**

### **2.1 The Authority is responsible for approving the following:**

- The policy framework
- The Medium Term Corporate Plan
- The budget
- The capital programme and borrowing plan
- The Annual Report

### **2.2 The Policy Framework**

The Authority is responsible for determining a policy framework proposed by Section Heads. The framework includes:

- The Annual Report
- The community fire safety strategy
- The Medium Term Corporate Plan

The Authority is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.

The Authority is also responsible for determining when a decision will be deemed contrary to the budget or policy framework and should, therefore, be referred back to the Authority by the Treasurer and/or the Monitoring Officer.

The Authority is responsible for setting the level at which Section Heads may reallocate budget funds. Section Heads are responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Authority.

*[These procedures are set out as an appendix to these standing orders]*

### **2.3 Preparation of the Medium Term Corporate Plan**

The Chief Fire Officer is responsible for proposing the Medium Term Corporate Plan to the Authority for approval.

## **Budgeting**

### **2.4 Budget Guidelines**

Guidelines on budget preparation are issued to Members and Section Heads following consultation with the Treasurer. The guidelines will take account of:

- Legal requirements
- Medium-term planning prospects (at least 3 years)
- Available resources
- Spending pressures
- Public value, value for money and relevant Government guidelines
- Cross-cutting issues (where relevant)

### **2.5 Budget Format**

The general format of the budget will be determined by the Authority in consultation with the Treasurer. The draft budget may include allocation to different services and projects, proposed taxation levels, as appropriate, and contingency funds.

### **2.6 Budget Preparation**

The Treasurer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Authority and/or its committees. The Authority may amend the budget before approving it.

It is the responsibility of Section Heads to ensure that budget estimates reflecting agreed service plans are submitted to the Authority.

### **2.7 Preparation of the Capital Programme and Funding Plan**

The Treasurer is responsible for ensuring that a capital programme and funding plan are prepared on an annual basis for consideration by the Authority.

### **2.8 Preparation of the *Medium Term Corporate Plan***

The Chief Fire Officer is responsible for proposing the Medium Term Corporate Plan to the Authority for consideration.

### **2.9 Resource Allocation**

The Chief Fire Officer is responsible for securing a resource allocation process, which ensures due consideration of the Authority's policy.

## **Financial Regulation 3 – Control of Resources**

### **3.1 Internal Controls**

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

The Treasurer is responsible for advising on effective systems of internal control.

It is the responsibility of Section Heads to establish sound arrangements for planning, appraising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance target.

### **3.2 Staffing**

The Chief Fire Officer is responsible for providing overall management to staff. He or she is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

The Chief Fire Officer is responsible for controlling total staff numbers by:

- Advising the Authority on the budget necessary in any given year to cover estimated staffing levels
- Adjusting the staffing numbers to that which can be funded within approved budget provision, or varying the provision as necessary within that constraint to meet changing operational needs
- Obtaining proper approval for staffing numbers as set by legislation
- The proper use of appointment procedures

### **3.3 Budget Monitoring**

The Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor the control of expenditure against budget allocation and report to the Authority on variances.

It is the responsibility of budget holders and delegated officers to control income and expenditure within their area and to monitor performance. They should also take any action necessary to avoid exceeding their financial allocation.

### **3.4 Register of Members' Interests**

The Authority is responsible for agreeing procedures for registering Members' interests.

### **3.5 Risk Management**

The Authority is responsible for approving its risk management policy statement and for effecting proper insurance.

The Chief Fire Officer is responsible for preparing the Authority's risk management policy statement and for promoting it throughout the Authority and for advising officers on proper insurance cover.

### **3.6 Security**

The Chief Fire Officer should ensure that records are properly maintained and securely held. He should also ensure that sound arrangements for the security and continuity of service in the event of disaster are in place.

## **Financial Regulation 4 – Systems and Procedures**

### **4.1 Decision-Making Procedures**

The Authority is responsible for approving procedures for reporting key decisions and the financial information associated with them.  
*[These procedures are set out as an appendix to these standing orders]*

The Chief Fire Officer should provide a system for record keeping for all the Authority's decisions.

### **4.2 Income and Expenditure**

It is the responsibility of the Chief Fire Officer to ensure that a proper scheme of delegation has been established and is operating effectively. It should identify staff authorised to act on the Chief Fire Officer's behalf, in respect of payments, income collection and for placing orders together with their limits of authority. The Authority is responsible for approving procedures for writing off debts as part of its overall control framework of accountability and control.

### **4.3 Financial Systems and Procedures**

The Treasurer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes by Section Heads to the existing financial systems or the establishment of new systems must be approved by the Treasurer.

Any changes to Authority instructions and procedure notes by Section Heads to meet their own specific service needs should be agreed with the Treasurer.

The Chief Fire Officer should ensure that all messing, social and other funds, managed by employees other than Authority funds, are declared to him on an annual basis. The Treasurer is responsible for advising on the financial statements required, and the audit arrangements.

The Treasurer should ensure that staff receive relevant financial training.

#### **4.4 Data Protection**

The Chief Fire Officer should ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under Freedom of Information legislation.

### **Financial Regulation 5 – External Arrangements**

- 5.1** The Authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.

The Chief Fire Officer is responsible for approving delegations, including frameworks for partnerships. He/she is the focus for forming partnerships with other local public, private, voluntary and community sector organisations

- 5.2** The Chief Fire Officer represents the Authority on partnership and external bodies, as required by statute or the Authority.
- 5.3** The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial affairs in partnerships that apply throughout the Authority.
- 5.4** The Treasurer must specify the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and to consider the overall corporate governance arrangements, when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

**5.5 The Chief Fire Officer is responsible for:**

- Ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies;
- Maintaining a register of all contracts entered into with external bodies in accordance with procedures specified by the Treasurer;
- Ensuring that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Treasurer;
- Ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Authority;



- Ensuring that all agreements and arrangements are properly documented; and
- Providing appropriate information to the Treasurer to enable a note to be entered into the Authority's statement of accounts.

## **Financial Regulation 6 - Accounting**

In compliance with the Accounts and Audit (England) Regulations 2011, the Authority shall produce financial statements at the end of its accounting period, namely 31 March. These statements, the content and format of which are specified in the Regulations, include:

### **Revenue Account**

This will record the revenue income and expenditure of the Authority during the accounting period.

“Expenditure” – liability to pay for goods and services received by the Authority

“Income” – sums due for goods and services supplied by the Authority

### **Capital Account**

This will record the capital payments made and capital sums received by the Authority during the accounting period, unless directed otherwise by the Treasurer.

All accounting procedures of the Authority and its officers will be determined by the Treasurer.

## **Financial Regulation 7 – Treasury Management**

All treasury management operations of the Authority shall be carried out in accordance with its Treasury Policy and Strategy and with its Investment Strategy. All operations must be within guidelines based upon the CIPFA Code of Practice for Treasury Management.

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 shall be held in accordance with arrangements approved by the Treasurer.

## Supporting Procedures

### Budget Variations and Virements

*[A virement is the transfer of sums approved for a specified purpose to another purpose]*

The Authority shall be provided with, and scrutinise, its current financial year and future five revenue and capital estimates ('the Budget') on the minimum of an annual basis.

#### 1 The Revenue Budget

- 1.1 The Authority Revenue Budget will set out revenue 'votes' and budgets within votes.
- 1.2 Approval of the Budget by the Authority shall, subject to exceptions identified by the Authority and exclusive of contingency provisions, include approval of the revenue votes and budgets within votes.
- 1.3 Approval of votes and budgets in accordance with these guidelines will form authority to incur expenditure or to collect income.
- 1.4 Underspendings (or additional income) on a particular vote or budget within a vote shall not be vired to any other purpose without **prior** approval as indicated below:

Amount	Requires Approval by:
Under £10,000	Chief Fire Officer and Treasurer
£10,000 to £30,000	Chief Fire Officer and Treasurer after consultation with the Chair and Vice-Chair
Over £30,000	The Authority

Each virement of £30,000 and under, approved under these delegated powers, shall be reported to the next Authority meeting.

No vote or budget can be varied by more than £50,000 in a financial year without the Authority's **prior** approval.

All virements involving a change to approved policy shall be referred to the Authority for decision **prior** to approval.

- 1.5 No expenditure (or reduction in income) in excess of the Budget shall be incurred until a supplementary vote has been approved by the Authority. The sum of supplementary votes approved under this guideline must not exceed the total of the contingency vote or budgets contained in the Budget approved by the Authority.

## 2 Capital Budget

- 2.1 The Authority shall be provided with, and consider, capital programme proposals.
- 2.2 In respect of first-year schemes, the Authority shall approve formal capital votes.
- 2.3 No expenditure or income shall be incurred in respect of capital votes until the Authority has received and approved a detailed written report containing information with regard to compliance with procurement procedures, capital and revenue financial consequences and risk.
- 2.4 No expenditure or reduction in income in excess of the total of approved votes shall be incurred until a supplementary vote has been approved by the Authority.
- 2.5 Substitute schemes must be referred to the Authority for approval, as set out in these guidelines.
- 2.6 The Chief Fire Officer and Treasurer may approve variations arising from pay and price increases, subject to **prior** Authority approval to the schemes and these variations being contained within the Authority's contingency provision.
- 2.7 The sum of supplementary votes approved under this guideline must not exceed the total of the contingency sums contained in the Capital Budget approved by the Authority.
- 2.8 All other additional costs must be offset by underspendings (or additional income) on another vote and **prior** approval must be obtained as indicated below:

Amount	Requires Approval by:
Under £10,000 or 2% of scheme cost (whichever is greater)	Chief Fire Officer and Treasurer
£10,000 or 2% to £30,000 or 3% (whichever is greater)	Chief Fire Officer and Treasurer after consultation with the Chair and Vice-Chair
Over £30,000 or 3%	The Authority
Each virement of £30,000 and under, approved under these delegated powers, shall be reported to the next Authority meeting.	