

# Financial Regulations



## Table of Contents

<a href="#">Preamble</a>	<a href="#">2</a>
<a href="#">Introduction and overview</a>	<a href="#">3</a>
<a href="#">Financial Regulation A – Financial accountabilities and management</a>	<a href="#">7</a>
<a href="#">Financial Regulation B – Financial Planning</a>	<a href="#">15</a>
<a href="#">Financial Regulation C – Risk Management and Control of Resources</a>	<a href="#">20</a>
<a href="#">Financial Regulation D – Systems and Procedures</a>	<a href="#">24</a>
<a href="#">Financial Regulation E – External Arrangements</a>	<a href="#">28</a>

## **Preamble**

Financial Regulations are the regulatory framework within which the financial affairs of the Authority operate; they apply to all the Authority's activities. The regulations identify responsibilities in full, but from a common sense point of view can be summarised as follows:

- Major financial decisions, including setting the annual revenue and capital budgets, must be taken by the Members of the Authority, as advised by the Chief Finance Officer.
- The Authority encourages the Chief Fire Officer and his staff to take day-to-day responsibility for financial management of the service within the agreed budget.
- The Chief Finance Officer (for financial matters) and the Director of Legal & Governance have statutory responsibilities and should be consulted on significant issues or where members or officers have any doubt about the correctness of a possible action.
- Spending must be regularly monitored to ensure that it stays within approved budgets.
- Members, as advised by the Chief Finance Officer, Director of Legal & Governance and Chief Fire Officer, are responsible for identifying significant risks to the Authority and for putting in place a strategy to deal with them.
- Payments, including to staff, can only be made through arrangements approved by the Chief Finance Officer and within the detailed procedures laid down.
- All partnership arrangements must take account of appropriate financial and legal matters.

## **Introduction and overview**

### **1.1 What are the financial regulations?**

These regulations identify the financial responsibilities of the Buckinghamshire and Milton Keynes Fire and Rescue Authority, Members, the Chief Fire Officer, the Monitoring Officer, the Chief Finance Officer and other officers.

Members and officers should maintain a written record of any decision-making that has been delegated to members of their staff, including seconded staff. When decisions have been delegated or have been devolved to other bodies or responsible officers, references to members or officers in the regulations should be read as referring to them.

### **1.2 Who should read this document?**

The regulations and procedures apply to all staff (including temporary staff) and members of the Authority. The prime audience for financial regulations consists of:

- Members
- Chief Fire Officer
- Finance Officers
- Staff with financial responsibilities.

More detailed guidance on how the regulations should be implemented in practice is contained in The Financial Instructions, which apply to all Members and all staff and anyone acting on the Fire Authority's behalf.

### **1.3 Why have financial regulations?**

Financial Regulations form part of the means by which the Fire Authority manages its business. They clarify responsibilities and provide a framework for decision-making. Where there are specific statutory powers and duties, the financial regulations seek to ensure that these are duly complied with, as well as setting out best professional practices and processes for all activities and decisions of the Fire Authority, its committees and staff.

In summary, financial regulations are the regulatory framework within which the financial affairs of the Authority operate.

Rather than a barrier to action they should be viewed as providing the framework within which action can be taken, setting out best practice throughout the Authority and ensuring a high quality of financial information, enabling better decision making and improved service delivery.

## 1.4 Corporate governance and financial regulations

All staff and Members must comply with the seven “principles of public life” as set out in the Committee on Standards in Public Life (the Nolan Committee):

### ***Selflessness***

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### ***Integrity***

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### ***Objectivity***

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### ***Accountability***

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### ***Openness***

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### ***Honesty***

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### ***Leadership***

Holders of public office should promote and support these principles by leadership and example.

These regulations also reinforce the corporate governance “standards”, as recommended by the Nolan Committee, governing:

- organisational structures and processes
- financial reporting and internal controls
- standards of behaviour.

## 1.5 What do financial regulations cover?

The regulations apply to all the Authority’s activities. In practice, this means all budgets, money and funds administered by Members and Officers in carrying out their duties across all the Authority’s services and activities. This also includes:

- funds managed on behalf of third parties such as trust funds, community accounts and unofficial funds
- partnership arrangements where the Authority is the accountable body

- external providers such as outsourced services, contractors and consultants are managed through the contract process. The contract document will set out the financial requirements. These include, for example, compliance with key control procedures; performance standards and statistics; attendance at service client meetings' and access to accounts.

## **1.6 Awareness and access**

The Chief Fire Officer is responsible for ensuring that all staff with financial responsibilities are made aware of and have access to these regulations, and to the accompanying financial instructions that set out in more detail how they should implement and comply with the regulations.

Managers are responsible for ensuring that all staff 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.

All members and 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, provides value for money and achieves best value.

The Chief Finance Officer is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Authority are required to follow.

## **1.7 Non-compliance with financial regulations**

Failure to comply with these regulations and the accompanying financial instructions may have the following consequences:

- For staff, these regulations supplement the code of conduct for employees, so a breach will normally be considered a disciplinary offence that will invoke disciplinary procedures (and can lead to dismissal).
- For Members, these regulations supplement the code of conduct for Members, so a breach may be reported to the Monitoring Officer, which may lead to sanctions being imposed upon the Member.
- For the Authority, there is an overriding duty to secure value for money by conducting its business in an economical, efficient and effective manner. Failing to comply with the regulations will have wider implications which could result in the misuse or waste of funds received from tax payers and the Government.

These regulations provide clarity about the financial accountabilities of everyone acting on behalf of the Authority, individually or as a whole. To conduct its business efficiently, the Authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to.

## **1.8 Review of the financial regulations**

The Chief Finance Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Authority for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority.

## **1.9 Other rules**

Apart from these regulations, all members and officers must comply with certain other rules. These include:

- standing orders
- scheme of delegation to officers
- contract standing orders
- human resources policies and procedures, e.g. employee code of conduct
- financial instructions, procedures and guidance notes
- counter-fraud and corruption policy
- anti-money laundering policy.

## **1.10 Further Assistance**

Finance staff are ready and willing to provide assistance in all areas relating to financial management and financial control. In particular you must seek advice and authorisation if you wish to create a new financial procedure or amend an existing one.

The Chief Finance Officer welcomes feedback on the operation of the Financial Regulations and Financial Instructions to ensure they remain relevant and effective.

## **1.11 List of Financial Regulations**

- A.** Financial accountabilities and management
- B.** Financial Planning
- C.** Risk management and control of resources
- D.** Systems and procedures
- E.** External arrangements

## **2 FINANCIAL REGULATIONS**

### **Financial Regulation A – Financial accountabilities and management**

#### **A.1 Introduction**

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

#### **A.2 The Fire Authority**

The Members of the Authority are responsible for:

- approving and adopting the Authority's pay policy and members' code of conduct
- approving the Corporate Strategy and budget (revenue and capital) within which all officers operate
- approving the Treasury Strategy and Prudential Borrowing Limits
- approving and monitoring compliance with the Authority's overall framework of accountability and control, monitoring compliance with the agreed policy and related executive decisions.

The Members are responsible for approving procedures for the delegation of powers to committees and procedures for recording and reporting decisions taken. These include decisions taken by the Authority or delegated by them. These delegations include any subsequently made to committee. The powers and duties of Committees are contained in the Authority's Standing Orders and Committees' Terms of Reference.

The Authority aims to delegate financial management to the Chief Fire Officer so that, as far as possible, the financial affairs are managed by Authority staff.

The Members of the Authority, advised by the Chief Finance Officer, must be satisfied that the Chief Fire Officer exercises delegated financial responsibilities in a proper and effective manner.

The Authority will:

- agree a budget requirement and set a precept after receiving the advice of the Chief Finance Officer
- approve the Chief Fire Officer's proposed allocation of resources as set out in a format agreed by the Chief Fire Officer and Chief Finance Officer
- monitor financial outcomes
- identify and agree indicative longer term spending commitments.

### **A.3 Executive Committee**

#### The Terms of Reference of the Executive Committee

- to make recommendations to the Authority as to its revenue budget and capital programme
- to consider and determine the annual programme for the replacement of vehicles and other major capital schemes
- to consider and advise the Authority on the financial effects of significant development strategies, plans, major acquisitions, contracts etc.
- to oversee the use of land and property and other significant resources (e.g. information technology, vehicles and communications equipment)
- to deal with any other urgent business that cannot reasonably be held over to the next full meeting of the Authority
- to deal with such other matters of financial significance that the Authority or other committees may refer to it.

### **A.4 Overview and Audit Committee**

#### The Terms of Reference of the Audit Committee

- to receive, consider and approve the Fire Authority's statutory final accounts
- to consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice
- to monitor the Authority's compliance with its own and other published standards and controls
- to monitor the effective development and operation of risk management and corporate governance within the Authority
- to consider and make recommendations for action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed
- to oversee investigations arising out of fraud and corruption allegations
- to determine insurance matters not delegated to officers, or another committee
- to consider and determine as appropriate such other matters as are required in legislation or guidance and make recommendations to Executive Committee as appropriate.



## **A.5 Officers**

### **A.5.1 The Chief Fire Officer:**

The Chief Fire Officer of the Authority acting as the Chief Executive to the Authority together with the Monitoring Officer, is responsible for the system of record keeping in relation to all Authority decisions (see below); and

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

### **A.5.2 The Monitoring Officer (Director of Legal & Governance):**

The Monitoring Officer, together with the Chief Executive, is responsible for the system of record keeping in relation to all Authority decisions, and

- is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Overview and Audit Committee
- has statutory duties to report to the Authority if it appears to him or her that any proposal decision or omission did or could cause the Authority to act unlawfully or in such a manner as to constitute maladministration and for ensuring that procedures for recording and reporting are operating effectively
- must ensure that all Authority decisions and the reasons for them are as transparent as possible. He or she must also ensure that Members are aware of decisions made by the Authority and those made by officers who have delegated executive responsibilities
- is responsible for advising all members and officers about who has authority to take a particular decision
- is responsible for advising all Authority Committees about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework
- is responsible (together with the Chief Finance Officer) for advising the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be “contrary to the budget” include:
  - initiating a new policy
  - committing expenditure in future years to above the budget level
  - incurring interdepartmental transfers above virement limits
  - causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount

- the monitoring officer is responsible for maintaining an up-to-date constitution
- the Authority is required to provide the Monitoring Officer with sufficient staff, accommodation and other resources to carry out his or her duties
- all reports to the Authority and committees must set out the full financial and legal implications arising from the proposals contained within the report. The full legal appraisal must be agreed with the Monitoring Officer. He or she must be consulted on all legal matters and given sufficient opportunity to provide written comments on any report with legal implications
- The Monitoring Officer deals with all matters relating to the preparation and despatch of Authority and Committee agendas, reports and minutes and also the preparation and issue of Decision and Action summaries. The Monitoring Officer has the authority to affix the Common Seal to deeds and documents.

### **A.5.3 The Chief Finance Officer:**

The Director of Finance and Assets acts as Chief Finance Officer of the Authority.

The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden. The duties arise from:

- The Local Government Act 1972
- Sections 112 -114 Local Government Finance Act 1988
- Local Government and Housing Act 1989
- The Accounts and Audit Regulations

~~2011~~2015. The Chief Finance Officer is

responsible for:

- The proper administration of the Authority's financial affairs
- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- Ensuring the provision of financial information
- Preparation of the revenue budget and capital programme
- Treasury management.

▪ The Authority's insurance arrangements

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Authority and the external auditor:

- if the Authority or one of its committees or officers has made a decision or taken an action, or is about to do so, which involves incurring unlawful expenditure
- if it appears that the Authority's expenditure is likely to exceed available resources
- it also requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform these duties. The Authority is required to provide the Chief Finance Officer with sufficient staff, accommodation and other resources to carry out the duties under section 114.

The Chief Finance Officer has a responsibility for ensuring that adequate systems and procedures exist to account for all income due and expenditure disbursements made on behalf of the Authority and that controls operate to protect the Authority's assets from loss, waste, fraud or other impropriety. The Chief Finance Officer shall discharge that responsibility in part by the issue and maintenance of Financial Instructions with which all staff of the Authority shall comply.

The Chief Finance Officer is responsible for advising the Authority on all financial matters. All reports to the Authority and committees must contain a financial appraisal setting out the full financial implications arising from the proposals contained within the report. The financial appraisal must be agreed with the Chief Finance Officer. He or she must be consulted on all financial matters and given sufficient opportunity to provide written comments on any report with financial implications.

#### **A.5.4 Strategic Management Board (SMB):**

Officers of the SMB are responsible for ensuring that Authority members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.

It is the responsibility of SMB officers to consult with the Chief Finance Officer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

#### **A.5.5 All Managers and Officers with financial responsibilities:**

All Managers are responsible for the observance of Financial Regulations within their service area and for the training of staff to enable them to comply with these Regulations.

Each Manager is individually responsible for the proper financial management of resources allocated to his/her service area through the budget making process and for the identification of income arising from activities within his/her operational areas. This includes the control of staff and the security, custody and management of assets including plant, equipment, buildings, materials, cash and stores relating to his/her service area.

Managers, in consultation with the Chief Finance Officer, may delegate responsibilities to their staff. These shall be clearly documented and reviewed. The Manager will be responsible for ensuring that all staff are adequately trained prior to delegation, to carry out these roles. The competence of staff in these matters should be assessed as part of the Authority's performance management framework.

## **A.6 Other financial accountabilities**

### **A.6.1 Virement**

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

Executive Committee and/or Directors are responsible for agreeing in-year virements within delegated limits in consultation with the Chief Finance Officer. The Chief Finance Officer must sign off all virements.

### **A.6.2 Treatment of year end balances**

The Executive Committee is responsible for agreeing procedures for carrying forward under and over-spending on budget headings.

### **A.6.3 Accounting policies, records and returns**

The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently. He or she shall determine the accounting procedures and records for the Authority.

Accounting and other related records must be retained for periods which comply with relevant legislation.

### **A.6.4 Annual Statement of Accounts**

The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared and certified in accordance with the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom: Based on International Financial Reporting Standards (the Code)'.

### **A.6.5 Grants and Other External Contributions**

The Fire Authority is responsible for agreeing additional budgets over and above the approved budget for the year, including match-funding requirements.

The Executive Committee and/or Directors have delegated responsibility for ensuring that any funding conditions are compatible with the aims and objectives of the Authority prior to acceptance of the grant.

The Executive Committee and/or Directors delegated responsibility for agreeing additional expenditure budgets with 100% grant funding within delegated limits

in consultation with the Chief Finance Officer. The Chief Finance Officer must sign off all grant applications.

The Chief Finance Officer must examine and certify where required any submission, estimate or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding and where appropriate adhere to the Authority's Minimum Standards for External Funding. (See regulation E, External Arrangements).

The Chief Finance Officer must examine and certify all financial returns to government departments or other bodies.

#### **A.6.6 Pensions**

It is the responsibility of officers preparing to outsource activities of the Fire Authority that involve the transfer of pension rights and liabilities to notify the Chief Finance Officer of any proposal prior to substantive negotiations taking place with third parties.

In consultation with the Chief Finance Officer the full cost and implication of the transfer of pension rights and liabilities must be disclosed in the financial appraisal that is prepared in relation to the outsourcing proposal.

The Chief Finance Officer must be consulted about and approve revised pension arrangements before formal agreements are made.

#### **A.6.7 Use of capital receipts**

All receipts from the sale of assets which were originally purchased from capital financing will be treated as capital receipts and must be notified to the Chief Finance Officer.

## Financial Regulation B – Financial Planning

### B.1 Introduction

The Authority is responsible for approving its policy framework and budget. In terms of financial planning the key elements are:

- The Medium Term Financial Plan
- The annual revenue budget
- The capital programme.

### B.2 Policy Framework

The policy framework comprises the following plans and strategies of the Authority:

- Integrated Risk Management Plan (IRMP)/~~Public Safety Plan (PSP)~~
- ~~Public Safety Plan (PSP)~~
- Corporate Plan
- ~~Finance and Value for Money Strategy~~
- Medium Term Financial Plan, including the
- Capital Programme
- Treasury Management Strategy
- Prudential Indicators and Minimum Revenue Provision (MRP) Policy.

These strategy documents are underpinned by supplementary strategies:

- Asset Management Strategy
- ~~The~~ Property Strategy
- ~~Red~~ Fleet Strategy
- ICT Strategy
- Information Governance Strategy
- Equipment Strategy
- People Strategy - Workforce Plan.

They are also supplemented by other financial policies and guidance:

- Counter fraud and Corruption policy
- Anti - Money Laundering policy
- Whistle blowing procedure
- Standing Orders as to Contracts
- ~~Invest to Save Policy~~
- ~~Good Practice Guidance – Creditors~~
- ~~Good Practice Guidance – Budget Management and Monitoring~~
- Financial Instructions and other guidance.

In addition, there are procedure notes supporting the correct usage of the Financial System—~~(SAP)~~<sub>IL</sub> and financial training available from the Finance Department.

The Authority is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.

### **B.3 Integrated Risk Management Plan (IRMP) / Public Safety Plan (PSP) and Corporate Plan**

The Chief Fire Officer is responsible for proposing these plans to the Executive Committee for consideration before submission to the Authority for approval.

### **B.4 Medium Term Financial Plan**

The Chief Finance Officer is responsible for coordinating the four-year Medium Term Financial Plan each year for consideration by the Executive Committee before submission to the Authority. The Medium Term Financial Plan should be clearly linked to the Integrated Risk Management /Public Safety and Corporate Plans.

### **B.5 Budgeting**

#### Budget Format

The Chief Finance Officer will determine the general format of the Medium Term Financial Plan and the budget. The draft budget should include allocation to different services and projects, proposed taxation levels (precept) and the nature and level of contingency funds and reserves.

### Guidelines

The Chief Finance Officer will issue guidelines for the preparation of the annual revenue budget and capital programme. These will take account of

- Legal requirements
- Integrated Risk Management Plan (IRMP)
- ~~Public Safety Plan (PSP)~~
- Medium term financial planning prospects
- Available resources
- Spending pressures
- Best value, efficiency savings and relevant government guidelines
- Other internal policy documents.

### Revenue Budget Preparation

The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Executive Committee and submission to the Authority. The Authority may amend the budget before approving it.

It is the responsibility of The Strategic Management Board (SMB), Directors, second tier managers and other budget holders to provide relevant information to the Finance Team, to ensure that budget estimates reflecting agreed service plans are submitted to the Executive Committee and that these estimates are prepared in line with the guidance issued by the Chief Finance Officer.

The precept has to be notified to the collecting authorities by February in respect of the ensuing financial year. It must be supported by a balanced budget approved by the Authority in consultation with the Chief Fire Officer and Chief Finance Officer.

### Capital Programme Preparation

The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive Committee and submission to the Authority. This will include advice to the Authority in setting an affordable borrowing limit and an assessment of the impact on the Prudential Indicators as required by the Prudential Code (the CIPFA professional code of practice for local authorities in taking investment and borrowing decisions).

The draft capital programme for the ensuing year should be submitted to the Authority for approval and include:



- details of all schemes, showing the total cost and the phased cost to completion
- the proposed method of funding
- an estimate of the revenue implications and confirmation as to whether this can be contained within the agreed revenue budget.

### Budget Monitoring and Control

It is the responsibility of cost centre managers to control and monitor income and expenditure within their area. They should also take any action necessary to avoid exceeding their budget allocation. The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively.

Each month, in accordance with the budget monitoring timescales set out by the Chief Finance Officer, cost centre managers must provide the Chief Finance Officer with budget monitoring information. This will include any variances and problems within their areas and must include any proposals for actions to address these, together with a forecast of projected outturn.

The Chief Finance Officer is responsible for submitting regular reports to the Executive Committee on the budget monitoring position for both revenue and capital expenditure.

### Virement

A virement does not create additional overall budget liability. It is a transfer of budget provision either within or between budget headings and can be used as an effective tool to assist in managing budgets effectively within a cash limit.

The Authority is responsible for agreeing procedures for virement. Cost centre managers and SMB are responsible for agreeing in-year virements within delegated limits and budget line restrictions. These are set out in Financial Instructions. The Chief Finance Officer must sign-off all virements.

The Executive Committee is required to approve a virement if:

- it involves resources not being used for the purposes approved by the Authority (a change in policy); or
- it results in an addition to commitments in future years; or
- ~~▪ it involves a transfer of resources from revenue to capital in excess of £10,000 (transfers from capital to revenue are not permitted); or~~
- the Chief Finance Officer requires it.

## **B.6 Maintenance of General Fund Balance and Reserves**

It is the responsibility of the Chief Finance Officer to advise the Authority on prudent levels of reserves.

It is incumbent on the Authority to review the level of reserves each year before deciding the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained.

All requests for movements, transfers and changes to reserves must be formally approved by the Executive Committee on the advice of the Chief Finance Officer.

## **Financial Regulation C – Risk Management and Control of Resources**

### **C.1 Introduction**

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

### **C.2 Risk Management**

The Executive Committee is responsible for approving a Corporate Risk Management Policy statement and strategy and for reviewing the effectiveness of risk management, after considering recommendations from the Overview and Audit Committee.

The Chief Operating Officer is responsible for preparing the Authority's Corporate Risk Management Policy and for promoting it throughout the Authority. He/she is responsible for maintaining the corporate risk register, which will be reviewed annually by the Executive Committee.

The Strategic Management Board (SMB) is responsible for identifying and reporting corporate risks of the Authority to the Executive Committee and for monitoring and reviewing corporate risks on a regular basis. The Overview and Audit Committee is responsible for review of the Corporate Risk Management Policy. The Overview and Audit Committee is also responsible for the assurance on the robustness of the governance processes for the Corporate Risk Management Policy.

All managers are responsible for identifying and reporting to The Chief Operating Officer, risks in their area which need to be included in the corporate risk register and for risk management within their areas of responsibility.

The Chief Finance Officer is responsible for advising the Authority on insurance matters and for ensuring that proper insurance cover exists.

### **C.3 Internal Control**

Internal Control refers to the systems of control implemented by management to help ensure achievement of the Authority's objectives in a way that promotes economical, efficient and effective use of resources. In addition, the systems of control ensure that the Authority's assets are kept secure and interests are protected.

| The Accounts and Audit Regulations ~~2011~~2015 require the Authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include an approved Annual Governance Statement (previously the Statement on Internal Control), prepared in accordance with proper practices, with its statement of accounts.

The Chief Finance Officer is responsible for advising on effective systems of internal control.

These arrangements must ensure compliance with all relevant 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.

It is the responsibility of Directors and second tier managers to 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.

#### **C.4 Audit Requirements**

The Accounts and Audit Regulations ~~2011~~2015 require the Authority to undertake an adequate and effective internal audit. A review of the effectiveness of the system of internal audit should be conducted at least once a year and the findings considered as part of the consideration of the system of internal control, referred to in C.3 above.

The Internal Audit function is provided through a Service Level Agreement with Buckinghamshire County Council. The Internal Auditors at Buckinghamshire County Council comply with codes and standards outlined in the CIPFA Code of Practice for Internal Audit in Local Government ~~(2006)~~—and International Standards on Auditing (ISA) set by the International Auditing and Assurance Standards Board (IAASB) of the Financial Reporting Council (FRC).

The Internal Auditors have the authority to enter land or any premises used by the Authority at any time and have access to all Authority correspondence, systems, documents, books, property or other records related to the Authority's business. The Chief Finance Officer shall be entitled to receive explanation as s/he considers necessary to establish the correctness of any matter under examination.

The basic duties of the external auditor are governed by ~~sectionpart~~ 5 of the Local Audit and Accountability Act 2014.  
~~Commission Act 1998.~~

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

The Chief Finance Officer and the Monitoring Officer should be notified immediately of any financial irregularities or suspected irregularities, or any circumstances which may suggest the possibility of irregularities in any of the Authority's functions. Any investigation should be undertaken in accordance with the Authority's Counter-Fraud and Corruption Policy and Whistleblowing Policy.

#### **C.5 Prevention of Fraud and Corruption**

The Chief Finance Officer is responsible for the development and maintenance of the Authority's Counter Fraud and Corruption Policy. The Director of People and Organisational Development is responsible for the Authority's Whistleblowing policy.

Directors and second tier managers are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption, for addressing key business risks, for ensuring that staff are aware of their responsibilities and comply with the Authority's counter-fraud and corruption policy, and for creating an environment where all staff feel able to raise any concerns they may have.

### **C.6 Anti-Money Laundering Policy**

The Chief Finance Officer is responsible for the development and maintenance of the Authority's Anti-Money Laundering Policy. All members of staff are required to comply with this policy in terms of reporting concerns regarding money laundering.

### **C.7 Separation of Duties**

Financial procedures must be established whenever possible to ensure separation of duties. This means different members of staff should undertake different parts of a sequence of operations in order to ensure that no one individual authorises an entire series of transactions.

### **C.8 Assets**

Directors and second tier managers should ensure that records and assets are properly maintained and securely held in a method approved by the Chief Finance Officer. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### **C.9 Investments and Treasury Management**

The Chief Finance Officer is responsible for the arrangements for managing the Authority's cash flow, its borrowing activities and its lending activities, in accordance with policies agreed by the Authority.

The Chief Finance Officer shall undertake Treasury Management activities in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services.

At or before the start of each financial year the Chief Finance Officer will prepare a report on the Treasury Management Strategy for the coming year for consideration by the Executive Committee before submission to the Authority for approval. The Chief Finance Officer will also report to the Executive Committee and the Authority on the annual performance of the Treasury Management function following the end of the financial year.

The Chief Finance Officer will maintain the Treasury Management Policy Statement setting out the framework for Treasury Management within the Authority.

### **C.10 Staffing**

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

The Strategic Management Board (SMB) is responsible for controlling staffing by:

- advising the Authority on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level which can be funded within approved budget provision, varying the level as necessary within that budget constraint in order to meet changing operational needs
- the proper use of agreed appointment procedures
- maintaining staffing levels within the Workforce Plan.

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

### **D.1 Introduction**

Sound systems and procedures are essential to an effective framework of accountability and control.

### **D.2 General**

The Chief Finance Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records.

Any changes made by Directors to the existing financial systems or the implementation of new systems must be approved by the Chief Finance Officer prior to any new developments or changes.

Directors are responsible for the proper operation of financial processes in their own departments. Any changes to agreed financial procedures by Directors to meet their own specific service needs must be agreed in advance with the Chief Finance Officer.

Directors should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.

Directors must ensure that, where appropriate, computer and other systems are registered in compliance with data protection legislation. Directors must also ensure that staff are aware of their responsibilities under any access to information legislation.

The Chief Fire Officer must ensure there is a corporate approach to systems development in line with the ICT and e-government initiatives.

### **D.3 Devolved Budget arrangements**

The Chief Finance Officer will agree standards, systems and procedures for all budget-holding officers within the Service, and the Chief Fire Officer will ensure that all budget-holding officers are accountable to the Chief Finance Officer on all financial matters.

### **D.4 Procurement**

Directors, second tier managers and cost centre managers must ensure that the Authority obtains value for money from procurement and that it is in compliance with the Authority's Standing Orders as to Contracts. The most effective method of procurement must be used including use of the Authority's corporate contracts and processes.

### **D.5 Income and Expenditure**

The Executive Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

As part of the overall control framework of accountability and control, the Chief Finance Officer is responsible for specifying procedures for ordering, making payments and for collecting income.

Directors, second tier managers and cost centre managers must ensure that all income due to the Authority is identified and charged correctly in accordance with the Authority's current charging policy. They must also ensure that all income due to the Authority is collected in a timely manner. It must also be receipted properly and banked (see Financial Instructions for further details).

Directors and second tier managers are responsible for ensuring compliance with procedures set out by the Chief Finance Officer on ordering, making payments and for collecting income.

The Chief Finance Officer is responsible for the payment of all accounts.

## **D.6 Payments to Staff and Members**

The Director of People and Organisational Development is responsible for the preparation and input to ~~SAP~~the financial system of all payments for salaries and wages to all staff, including payments for overtime, for payment of allowances to members and for ensuring the accuracy and reasonableness of all output payroll files.

## **D.7 Taxation**

The Chief Finance Officer is responsible for advising SMB and officers with financial responsibilities on all taxation issues that affect the Authority in the light of guidance issued by appropriate bodies and relevant legislation.

The Chief Finance Officer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

In accordance with advice received from HMRC and The Anti-Money Laundering Policy, the Authority will not accept settlement in cash in excess of prevailing limits set under the legislation for Anti-Money Laundering and Combating Terrorist Financing.

## **D.8 Stocks, stores and inventories**

Inventories shall be kept ~~at each location~~by the relevant department of:

- all items of operational equipment
- all vehicles and plant with a purchase value of over £100
- all items of non-operational equipment and moveable furniture with a purchase value over £100. However, local managers should also include items (e.g. mobile phones) if required.



The Chief Fire Officer is responsible for maintaining proper security of all assets and should aim to achieve the maximum utilisation of such assets in the provision of services.

The advice of the Chief Finance Officer must be sought for the disposal of assets and be in compliance with the Standing Orders relating to Contracts (OC 53).

#### **D.9 Leases**

Any cost centre manager seeking to put in place lease arrangements must seek the advice of the Chief Finance Officer. All leases must be approved and signed by the Chief Finance Officer on behalf of the Authority.

#### **D.10 Information technology systems**

The Chief Fire Officer must ensure there is a corporate approach to systems development in line with the IT and e-government strategy.

## **Financial Regulation E – External Arrangements**

### **E.1 Introduction**

There are and will continue to be requirements to work collaboratively to further the efficiencies of the Authority's activities. The Authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.

### **E.2 Partnerships**

The Authority/Executive Committee is responsible for approving partnership arrangements/joint working initiatives with other local public, private, voluntary and community sector organisations to address local needs.

The Monitoring Officer and Chief Finance Officer are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Authority. They must also consider the overall corporate governance arrangements and legal issues when contracts are being arranged with external bodies.

The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and that the risks have been fully appraised before agreements are entered into with external bodies.

Strategic Management Board (SMB) members are 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 Chief Finance Officer
- ensuring all partnerships entered into are evaluated and contribute to the achievement of the Authority's objectives
- ensuring that appropriate insurance arrangements are made
- ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Authority
- ensuring that all arrangements comply with any prevailing Partnership Policy and are registered on the Partnership Register
- ensuring that such agreements and arrangements have been properly risk-assessed and linked to the Risk Register.

### **E.3 External Funding**

The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

The Chief Finance Officer must be consulted on the financial and probity implications of all projects involving funding from external sources (e.g. Specific Government Grants, Lottery Grants, and European Social Funds etc).

In promoting or committing the Authority to any externally funded projects Directors must consult with the Chief Finance Officer, where;

- the additional income is likely to exceed the costs of delivering the outcomes required to qualify for that grant; or
- the acceptance of that new grant or contribution would result in costs being incurred prior to receipt; and/or
- the additional cost commitment exceeds the approved budget for the current or future years.

Once agreed, the Chief Finance Officer must approve a virement to correct the current budget, before the grant offer can be accepted.

All funding received from external bodies or associated parties must be properly recorded in the Authority's accounts.

Key conditions of funding and any statutory requirements must be understood and followed.

Any match-funding requirements must be given due consideration prior to entering into long term agreements and future revenue budgets must reflect those requirements.

#### **E.4 Work for Third Parties**

The Strategic Management Board (SMB) is responsible for approving the contractual arrangements for any work for third parties or external bodies, subject to any advice provided by the Chief Finance Officer and/or the Director of Legal & Governance.

#### **E.5 Local Authority Companies**

Prior to the Authority, or any officer on behalf of the Authority, taking an interest (e.g. membership, share-holding or directorship) in a company, advice should be sought from the Director of Legal & Governance and the Chief Finance Officer.

Any clauses required by the Chief Finance Officer and/or the Director of Legal & Governance to safeguard the Authority's position must be included in the company's constitutional documents.

#### **E.6 Sponsorship and advertising**

Prior to entering into any sponsorship arrangements, formal approval should be sought from the Strategic Management Board (SMB) who in turn has sought advice from the Chief Finance Officer and/or the Director of Legal & Governance.

This advice should also be sought for services in-kind arrangements where no or little money changes hands.

For advertising, there are rules set by HMRC for the recovery of VAT. If the advertising is in the form of promoting statutory duties for Fire and Rescue Services then there are no VAT implications. However, if the arrangement can be construed as commercial and in competition with other businesses in the private sector then we will be unable to recover the VAT on those transactions. This would effectively be an additional cost to the Authority and holds penalty risks if not dealt with correctly through the VAT return process. Advice from the Chief Finance Officer should be sought before entering into arrangements which advertise or promote services of the Authority.

## **~~RESPONSIBLE OFFICERS GLOSSARY AND CONTACTS LIST~~**

### **Directors**

Chief Fire Officer  
Chief Operating Officer  
Director of Legal & Governance  
Director of People and Organisational Development  
Director of Finance and Assets

### **Contacts**

Head of Service Delivery Tel: 07979 747172

Head of Service Development Tel: 07736 336686

Head of Finance & Deputy Director Extn 175

Resources Manager Extn 182

Organisation Development Manager Extn 220

Chief Finance Officer — Extn 174 (Director of Finance and Assets)

Technical Accountant — Extn 140

Management Accountant — Extn 178

Head of Procurement — Extn 136

ICT Manager — Extn 150

Corporate Planning Manager — Extn 135

Business Continuity — Extn 165

**~~Second Tier Managers~~** — for contextual purposes only. Any manager who reports to a Director and/or has line management responsibilities for cost centre managers and staff handling cash and assets.