

Tyne and Wear Fire and Rescue Authority

Financial Regulations

Part 2 – Financial Regulations

Tyne and Wear Fire and Rescue Authority

Financial Regulations

Introduction

Financial Regulations provide the framework for the financial administration of the Authority with a view to ensuring that the Authority's financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Authority. Financial Regulations are not intended to constitute a set of detailed rules to respond to every contingency. The Regulations allow for variation in detailed controls between departments where justified by local circumstances.

All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action.

Financial instructions and financial procedure notes will be issued from time to time where assistance is needed with the interpretation of Financial Regulations.

Failure to observe Financial Regulations and the codes and guidance issued under Financial Regulations may result in action under the Authority's disciplinary procedures.

Nothing in these Financial Regulations shall hinder the process of securing value for money. These Financial Regulations are designed to assist all staff with financial responsibilities to demonstrate value for money through due financial probity and soundness of financial controls.

The Chief Fire Officer should ensure that any Financial Procedure Notes/Guidelines that are produced in support of financial control are fully compliant with these Financial Regulations. Internal Audit should be consulted in the development of such Financial Procedures.

Amendments and revisions to Financial Regulations require the approval of the Fire and Rescue Authority.

Financial Regulation One

Responsibilities

1.1 Responsibilities to the Authority

- 1.1.1 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, properly authorised and provides value for money.
- 1.1.2 These responsibilities apply equally to members and employees when representing the Authority on outside bodies.

1.2 Personal Responsibilities

- 1.2.1 Any person who has the responsibility for the use or care of the Authority's resources and assets should familiarise themselves with these Financial Regulations. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to Internal Audit.
- 1.2.2 All employees must report to their manager or supervisor any illegality, impropriety, breach of procedure or serious deficiency in the provision of service. In such circumstances managers must record and investigate such reports and take appropriate action.

1.3 Finance Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs

- 1.3.1 The Finance Officer has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden.

The statutory duties arise from:

Section 73 of the Local Government Act 1985

The Local Government Finance Act 1988

The Local Government Act 2003

The Accounts and Audit Regulations as amended from time to time

As the officer designated by the Authority for the purposes of Section 73 of the Local Government Act 1985, the Finance Officer is responsible for ensuring the proper financial administration of the Authority's

services and affairs and acts as financial adviser to the Authority and its Committees, and to such other bodies as the Authority shall approve.

- 1.3.2 The Finance Officer has a statutory responsibility therefore to:
- (i) ensure the proper administration of the Authority's financial affairs
 - (ii) ensure that adequate systems and procedures exist to account for all income due and expenditure made on behalf of the Authority and that controls operate to protect the Authority's assets from loss, waste, fraud or other impropriety
 - (iii) report to the Authority and/or the external auditor if it appears that the Authority's expenditure is likely to exceed the resources available to meet the expenditure
 - (iv) report to the Authority and/or the external auditor any decisions made or actions or taken (or about to be made or taken) which involve unlawful expenditure
 - (v) produce the Statement of Accounts in accordance with the appropriate codes of practice and reporting standards issued from time to time
 - (vi) report to the Authority on the robustness of the estimates for the purposes of the budget calculations and the adequacy of reserves
 - (vii) report to the Authority where reserves are likely to be inadequate, outlining the reasons and the actions to be taken
 - (viii) ensure that all matters required to be taken into account in respect of the Prudential Code for Capital Finance in Local Authorities are reported to the Authority for consideration
 - (ix) establish procedures to monitor and report performance against all prudential indicators
- 1.3.3 The Finance Officer has responsibility to maintain a continuous, adequate and effective internal audit of the Authority's accounting, financial and other processes, including the approval of the Internal Audit Strategy and annual audit plans.
- 1.3.4. The Finance Officer is the Authority's professional adviser on financial matters which involves a responsibility to:
- (i) provide financial advice to the Authority on all aspects of its activity, including the budget, strategic planning and policy making process

Part 2 – Financial Regulations

- (ii) advise the Authority on financial propriety
 - (iii) ensure that accurate financial information is provided to the Authority
 - (iv) prepare statutory and other accounts
 - (v) make all the banking arrangements
 - (vi) provide a treasury management function, including loans and investments, in accordance with the Authority's policy
 - (vii) advise on the security of assets including risk management and insurance
 - (viii) determine, issue and receive the precept
- 1.3.3 The Finance Officer has a duty to report to the Authority where it appears that the Authority, a committee of the Authority, or a person holding any office or employment under the Authority has made or is about to make a decision that would involve unlawful expenditure, has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority or is about to enter an item of account the entry of which is unlawful, or if proposed expenditure is in excess of available resources (Section 114, Local Government Finance Act 1988).
- 1.3.4 Reference to the Finance Officer includes those authorised by him to undertake the various functions concerned.

1.4 The Chief Fire Officer

- 1.4.1 The Chief Fire Officer is responsible for ensuring that Financial Regulations are observed throughout all areas under his control and shall;
- a) provide the Finance Officer with such information and explanations, as the Finance Officer feels is necessary to meet his obligations under Financial Regulations.
 - b) ensure that the Finance Officer has opportunity to comment on all proposals with unbudgeted financial implications.
 - c) inform the Finance Officer of failures of financial control resulting in additional expenditure or liability, or loss of income or assets.
 - d) consult with the Finance Officer where amendment to Financial Regulations is considered necessary.

- e) wherever any matter arises which may involve irregularities in financial or stores transactions consult with the Finance Officer and if a serious irregularity is confirmed, the matter shall be reported to the Monitoring Officer, Chairman of the Authority and the Personnel Advisor to the Authority, City of Sunderland. The Chief Fire Officer is responsible for ensuring the legality of the Service's actions.

Financial Regulation Two

Financial Planning and Annual Estimates

- 2.1 The Finance Officer shall, each year, recommend a programme of revenue and capital estimates for consideration by the Authority. The programme is to include adequate time for such discussions as may be required. The form of the annual estimates shall be agreed by the Authority upon the recommendation of the Finance Officer.
- 2.2 Detailed estimates of income and expenditure on the Revenue account and receipts and payments on the Capital account shall be prepared each year by Chief Fire Officer in the form required by the Authority. The estimates will be in line with the Authority's Strategic Community Safety Plan and follow the guidelines issued annually by the Finance Officer. A copy of the estimates shall be forwarded to the Finance Officer by the Chief Fire Officer in accordance with the agreed programme in order that they can be examined and submitted to the Authority.
- 2.3 The Authority shall review the estimates together with such summaries, statements and reports as are considered desirable and shall recommend the precept to be levied for the ensuing year.
- 2.4 Whenever it is necessary to approve an estimate for any proposed precept a special meeting of the Authority shall be held for the purpose of considering, determining and adopting such estimate.
- 2.5 No precept shall be set by the Authority unless the notice convening the meeting shows the precept which will be moved.
- 2.6 The Authority shall approve the Authority's revenue budget and capital programme and set the level of precept for each year within statutory deadlines and requirements.

2.7 Revenue Budget Preparation

- 2.7.1 The Authority shall keep under review the medium term financial position of the Authority taking into account the Authority's strategic plans and anticipated future levels of capital and revenue resources.
- 2.7.2 The Chief Fire Officer shall, in accordance with the agreed programme, and in conjunction with the Finance Officer prepare revenue estimates for consideration by the Authority. In doing so they should ensure that the estimated expenditure on, or cost of, any proposals submitted by them either in their annual estimates or at any time during the subsequent financial year, to the Authority shall be as complete and accurate as possible and include provision for all running costs salaries and wages and any other out goings involved by or in connection with

the proposal. In the case of proposals involving capital expenditure, the funding of the proposal must be identified together with the full financial implications.

2.8 Revenue Budgetary Control

- 2.8.1 In accordance with the Authority's Delegation Scheme, the Chief Fire Officer has the power to incur revenue expenditure in carrying out the functions allocated to them provided:
- the expenditure is within the law
 - standing orders have been complied with
 - expenditure is within the approved revenue budget or capital programme provision
 - expenditure is in respect of Authority policy
- 2.8.2 Nothing in these Regulations shall prevent the Chief Fire Officer incurring expenditure essential to meet the needs of an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported at the earliest opportunity to the Authority.
- 2.8.3 The Authority shall exercise control over revenue spending and income and may authorise variations to the Authority's budget within the year provided such variations:
- a) are within available resources
 - b) are consistent with Authority policy
- 2.8.4 To enable the Authority to exercise control over revenue spending, the Finance Officer shall report on a regular basis a comparison of revenue expenditure and income against budget.
- 2.8.5 Each officer in charge of a revenue budget shall:
- a) monitor and control expenditure and income within the approved budget
 - b) report progress against the budget to the Authority in consultation with the Finance Officer
 - c) keep the Finance Officer informed of any actual or likely changes which will/may have a significant impact on current or future budgets

- 2.8.6 The Finance Officer shall also provide guidance on and coordinate the budget monitoring process and the form, basis, supporting information and timetable for the preparation thereof.

2.8.7 Non –Delegated Budgets

Ultimately it is the responsibility of the Chief Fire Officer to exercise budgetary control in their Service. However, it is recognised that within certain budgets there are items over which they may have little or no control, and it would be inappropriate to hold an officer accountable for expenditure variances on these budgets. It should be emphasised that this does not reduce their responsibilities regarding budget preparation and monitoring of these items. However, for the purposes of financial control the areas detailed in Appendix A to these regulations should be considered as ‘non-delegated’.

All items of revenue expenditure not specifically identified in the above paragraph are designated delegated budget items.

2.8.8 Virement (or transfers) Between Budgets

The scheme of virement is intended to enable budgets to be managed with a degree of flexibility within the overall policy framework determined by the Authority, and therefore to optimise the use of resources.

- a) Virement should only apply to the transfer of funds within delegated budgets , subject to the budget holder’s approval.
- b) The proposals should be consistent with approved Authority policy.
- c) Virement should only be allowed where the total net delegated budget is still within the delegated costs limit.
- d) There should be no consequential overall revenue effects in later years.

Should virement be requested which is contrary to one of the above conditions, it is necessary to seek the prior approval of the Finance Officer and Authority.

The delegated limits are as follows:

- a) For sums up to £500,000 authorisation of the Chief Fire Officer in consultation with the Finance Officer.
- b) For sums over £500,000 the approval of the Finance Officer and

the Authority is required.

2.9 Capital Programme Preparation

2.9.1 Each year, the Chief Fire Officer in conjunction with the Finance Officer shall draw up a programme of proposals for capital expenditure taking into account:

statutory requirements and strategic plans

capital guidelines issued by Central Government including available resources

Government capital grants and specific borrowing approvals, availability of capital receipts, other resources – including internal resources.

the level of existing capital commitments

2.9.2 The Chief Fire Officer shall ensure that for each capital scheme an appraisal is carried out and the full financial implications of any proposals fully evaluated and disclosed prior to being included in the Capital Programme. The appropriate approval must be secured before any contractual commitments are entered into.

2.9.3 The proposals for capital spending, together with financial implications will then be submitted to the Authority for determination of the Capital Programme.

2.10 Capital Programme Monitoring and Budgetary Control Arrangements

2.10.1 The Chief Fire Officer shall:

- a) make arrangements for the implementation of the agreed Capital Programme in accordance with Standing Orders
- b) monitor progress of spending against the Capital Programme
- c) review and update costings and phasing of projects and programmes as appropriate

2.10.2 The Authority shall exercise control over capital spending and resources and may authorise variations to the Authority's capital programme provided such variations:

are within available resources

are consistent with Authority policy

Part 2 – Financial Regulations

- 2.10.3 To enable the Authority to exercise control over capital spending, the Finance Officer will report to the Authority on a quarterly basis with a review of the latest capital programme position.
- 2.10.4 Where projects in the Capital Programme are included on the assumption of resources becoming available, no financial commitments should be entered on these projects unless resources are confirmed as being available to the satisfaction of the Finance Officer.
- 2.10.5 In the event that project costs are at variance with programme, either in terms of cash flow or in total, the Chief Fire Officer should seek to bring the scheme in line with programme or, if that should not prove possible, should attempt to contain variances within the overall programme for which they are responsible.
- 2.10.6 The Finance Officer must be consulted where significant variances to the Capital Programme are in prospect. Should the Chief Fire Officer be unable to accommodate variations in expenditure within the approved capital programme, the approval of the Authority will be required to vary the Capital Programme subject to resources being available.

Financial Regulation Three

Accounting

3.1 The Finance Officer shall:

- a) determine accounting systems and procedures and the form of financial records and statements;
- b) provide guidance and advice on all accounting matters;
- c) monitor accounting performance to ensure an adequate standard for all services;
- d) certify financial returns, grant claims and other periodic financial reports required of the Authority.

3.2 The Chief Fire Officer shall

- a) implement accounting procedures and adopt the form of financial records and statements as determined by the Finance Officer;
- b) obtain the approval of the Finance Officer prior to introducing or changing the form or method of existing accounting systems and procedures, financial records or statements. Approval is to be requested from the Finance Officer in writing. Internal Audit advice should be sought for all proposed changes at as early a stage as possible.
- c) complete and pass to the Finance Officer financial returns and other financial reports requiring certification;
- d) keep a proper separation of duties for staff with financial responsibilities.

3.3 The following principles shall be observed in connection with accounting systems:

- (a) The duties of providing information regarding sums due to or from the Authority and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

Financial Regulation Four

Internal Audit

- 4.1 A continuous internal audit, under the independent control and direction of the Finance Officer, shall be arranged to carry out an examination of accounting, financial and other operations of the Authority.
- 4.2 The Finance Officer or his authorised representatives shall have authority for audit purposes, in accordance with the Accounts and Audit Regulations, 1996:
- a) to enter at all reasonable times on any Authority premises or land and have access to all records, documents and correspondence relating to any financial and other transactions of the Authority,
 - b) to require and receive such explanations as are necessary concerning any matter under examination; and
 - c) to require any employee of the Authority to produce cash, stores or any other Authority property under his control.
- 4.3 The Finance Officer shall:
- a) maintain an adequate and effective system of internal audit of the accounting records and control systems of the Authority;
 - b) report material failures of financial control to the Authority;
 - c) where evidence of fraud, misappropriation or theft is discovered, decide after consultation with the Chief Fire Officer, whether to refer the matter to the Police.
- 4.4 The Chief Fire Officer shall:
- a) respond without undue delay to any enquiries or recommendations made by the Finance Officer;
 - b) inform the Finance Officer as soon as possible of failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.5 The Finance Officer and the Chief Fire Officer jointly shall investigate failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.6 If a serious irregularity is confirmed the matter shall be reported to the Monitoring Officer to the Authority, and the Personnel Advisor to the Authority.

Financial Regulation Five

Purchasing Arrangements

5.1 Standing Orders

5.1.1 Because of the importance of this subject the rules for purchasing are embodied in Section E of the Authority's Standing Orders.

5.1.2 Standing Orders apply to all orders and contracts for:

- a) the purchase of goods, materials and related services;
- b) the execution of works;
- c) the provision of services.

This includes the award of work to an in-house provider where there is a statutory requirement for competition or the Chief Fire Officer has opted for a competitive process.

Financial Regulation Six

Income

- 6.1 The objective of this financial regulation is to ensure that all income due to the Authority is collected, banked and properly accounted for.
- 6.2 The collection of all sums due to the Authority shall be under the supervision of the Finance Officer who shall in conjunction with the Chief Fire Officer make and maintain adequate arrangements for prompt and proper accounting for all cash, including its collection and deposit.
- 6.3 Particulars of all charges to be made for work done, services rendered, or goods supplied by the Authority, and of all other amounts due, shall be promptly notified to the Finance Officer via the approved finance system and all income due to the Authority shall be collected by the Finance Officer, subject to any other arrangements made by him.
- 6.4 The Finance Officer shall be consulted on any proposal for the introduction of, or a variation in, a scale of charges, other than those agreed at National or Regional level, prior to appropriate approval. Where the source of income is a new one the collection arrangements shall be agreed with the Finance Officer and the sums anticipated shall be notified to him. Where new fees and charges are introduced which result in a change in policy, such charges shall be referred to the Authority for approval.
- 6.5 All sums received by a Cashier or other authorised officer of the Authority shall be immediately acknowledged by the issue of a receipt or by other agreed method. Payments by cheque or by electronic means will be acknowledged unless specifically requested not to. Every transfer of official money from one member of staff to another shall be immediately evidenced in the records by the signature of the receiving officer.
- 6.6 All cheques received must be crossed and be payable to “Tyne and Wear Fire and Rescue Authority”.
- 6.7 All money received on behalf of the Authority in any Department shall be held securely. Money will be paid not less than weekly to the Finance Officer or, as he may direct to the Authority’s bankers provided that amounts in hand do not exceed £1,000 or the insurance limit, whichever is the lesser. Should the amounts exceed £1,000 or the insurance limit, this must be paid over immediately. In these latter circumstances the Chief Fire Officer must ensure that the insurance limit on any safe is adequate to cover the value of monies received and held. No deductions may be made from such money except as expressly authorised by the Finance Officer. The Finance Officer shall, not later than the next following business day after receipt, pay to the Authority’s bankers all monies received by him.

- 6.8 Each officer who pays in money on behalf of the Authority shall enter on the pay-in slip in duplicate or counterfoil, particulars of such payment, including in the case of each cheque paid in:
- (a) The amount of the cheque; and
 - (b) a reference (such as the number of the receipt given, or the name of the debtor) which will connect the cheque with the debt for which it was received;
 - (c) the cheque number.
- 6.9 The Finance Officer may advance such sums as may be necessary for the purpose of change money and the existence of these sums shall be periodically verified.
- 6.10 The basis and level of fees and charges must be reviewed by the Chief Fire Officer on, at least, an annual basis.
- 6.11 Levels of income received must be compared to budget figures of income due on a regular basis and differences promptly investigated.
- 6.12 The advice of the Finance Officer must be sought on agreements which provide for variable income.
- 6.13 Income should be collected in advance of service, or where this is not possible, by an official invoice.
- 6.14 Arrangements for payment by instalment must be authorised by the Finance Officer.
- 6.15 Unused manual receipts must be held securely at all times. A record of these receipts must be maintained and blank receipt books must only be issued to staff on receipt of their signature. Staff holding individual receipt books must keep them in a secure manner.
- 6.16 Security and retention of safe keys must be in accordance with the dictates of the Authority's Insurers.
- 6.17 Authorisation of the Finance Officer must be obtained before uncollected income due is written off.
- 6.18 Grant claims requiring certification in the name of the Finance Officer must be submitted for approval by the Finance Officer in a timely manner.
- 6.19 Personal cheques must not be cashed out of money held on behalf of the Authority.

Financial Regulation Seven

Banking Arrangements and Cheques

- 7.1 The objective of this regulation is to ensure sound banking and payments arrangements by limiting responsibility for these to the Finance Officer.
- 7.2 All arrangements with the Authority's bankers shall be made by or under arrangements approved by the Finance Officer who shall be authorised to operate appropriate banking accounts. No bank accounts or similar may be opened without the consent of the Finance Officer. The maintenance of Authority bank accounts shall be in accordance with arrangements determined by the Finance Officer.
- 7.3 All cheques, and other orders for payment, shall bear the facsimile signature of the Finance Officer, or be signed by the Finance Officer or other authorised officers.
- 7.4 All cheques or similar shall be ordered only on the authority of the Finance Officer who shall make proper arrangements for their secure storage.
- 7.5 The approval of the Finance Officer must be obtained for any proposal to enter into a credit agreement.

Financial Regulation Eight

Orders For Goods and Services

- 8.1 The objective of this regulation is to ensure that work, goods and services are only ordered for the purposes of Authority business and that the resulting expenditure is within budget and properly approved.
- 8.2 The Chief Fire Officer shall be responsible for all orders issued for goods or work to be done or for services rendered. Orders shall be issued for all work, goods or services to be supplied to the Authority, except periodical payments, petty cash purchases or such other exceptions as may be approved. Before orders are made the authorised officer must ensure:
 - (i) that there is adequate budget provision before committing expenditure;
 - (ii) that any necessary Chief Fire Officer or Authority approvals have been obtained;
- 8.3 Official orders shall be in a form approved by the Finance Officer and are to be signed only by a nominated officer authorised by the Chief Fire Officer.
- 8.4 Each order shall conform with the policies of the Authority with respect to purchasing and any standardisation of supplies and materials.
- 8.5 Whenever practicable, the duties of ordering, receiving goods and certifying the respective invoices for payment shall not be performed by one officer.
- 8.6 A list of officers nominated to order goods and/or certify invoices for payment, a sample of their initials and their signature must be supplied by the Chief Fire Officer to the Finance Officer, and updated on a regular basis.

Financial Regulation Nine

Payment of Accounts

- 9.1 The purpose of this regulation is to ensure that all payments made by the Authority are:
- i) lawful
 - ii) properly authorised by an appropriate officer
 - iii) within the amount provided in the Authority's budget.
- 9.2 Apart from petty cash and other payments from the imprest accounts, the normal method of payment of money due from the Authority shall be by direct bank payment drawn on the Authority's bank account by the Finance Officer. Cheques may be issued in exceptional circumstances.
- 9.3 The Chief Fire Officer or designated officer is responsible for examining, verifying and certifying accounts for payment and certification shall mean that:
- a) the goods have been received, the work done or the services rendered and that they are satisfactory as to quality and correct as to quantity;
 - b) the goods or services have not been paid for previously;
 - c) prices are in accordance with the agreement, contract quotation or current market rate, whichever is applicable; that all trade or cash discounts have been deducted;
 - d) any special authority needed with the agreement has been obtained;
 - e) the payment is lawful and is in accordance with the Authority's policy and instructions and complies with the Authority's Standing Orders and Financial Regulations;
 - f) the expenditure is within the amount provided by annual estimates or approved supplementary estimate; that it has been charged in the financial year in which the work is done or the goods received, irrespective of the year in which provision has been made in annual estimates;
 - g) appropriate entries have been made in inventories or stock or stores records;
 - h) the account is arithmetically correct or subject to a sample test agreed by the Finance Officer.
- 9.4 Certificates for payment authorised by a duly appointed Consultant shall be submitted to the Chief Fire Officer who will process the certificate for payment

after examining it to see that it is within the contract sum, subject to any authorised variations, and is reasonable.

- 9.5 Accounts duly certified shall be processed daily in the manner prescribed by the Finance Officer, who shall examine them as he sees necessary. Invoices subject to discount for prompt payment shall be passed in sufficient time to enable the discount to be claimed. All payments should be processed within 30 days. The requirements of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended) and the policies and procedures adopted by the Finance Officer in relation to the Act shall be fully adhered to by the Chief Fire Officer.
- 9.6 All invoices shall be retained for at least 6 years by the Chief Fire Officer. In the case of invoices relating to grant claims these must be kept until after the grant claim has been audited even if this exceeds 6 years. In all cases the Finance Officer should be consulted before any disposal takes place. The Authority has a legal obligation to keep all original invoices, paid and copy debtor accounts for six years from the date they were paid or raised for VAT purposes.
- 9.7 The Chief Fire Officer shall as soon as possible after 31st March in each year notify the Finance Officer of all outstanding expenditure relating to the previous financial year, and normally if accounts are not received during the month following that in which goods were delivered, services rendered or work completed, the creditor shall be asked to supply an account forthwith.

Financial Regulation Ten

Employee Payments

- 10.1 The objective of this regulation is to ensure that staff are appointed in accordance with the Authority's Policies on Recruitment and Selection, are paid in accordance with their Contract of Employment and to ensure leavers are removed from the payroll.
- 10.2 All staff must be appointed in accordance with the Authority's Policies on Recruitment and Selection and there must be written evidence to support this kept on staff files. The payment of all salaries, wages, pensions, compensation and other emoluments shall be made by the Finance Officer or under arrangements approved and controlled by him.
- 10.3 Personal record files will be maintained for each employee within the approved establishment, with sufficient information to identify service, salary scale and current amount payable, sickness leave taken and annual leave due and taken.
- 10.4 The Chief Fire Officer shall notify the Finance Officer in the form prescribed, of all matters affecting the payment of such emoluments, and in particular:
 - (a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - (b) absences from duty for sickness or other reason, apart from paid leave;
 - (c) changes in remuneration including normal increments and pay awards and agreements of general application;
 - (d) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 10.5 All attendance records or other pay documents shall be in a form prescribed or approved by the Finance Officer and shall be certified by the Chief Fire Officer or other designated signatory.
- 10.6 The Chief Fire Officer or other designated officer shall be responsible for the submission of the relevant records within an approved timetable to enable the Finance Officer to make payments by the due dates.
- 10.7 On an annual basis the Chief Fire Officer shall be provided by the Finance Officer with a list of all staff currently paid within their area of responsibility and the rate at which they are currently being paid. The Chief Fire Officer shall certify that every name on their list is a bona fide employee of the Authority and that the rate of payment to the employee is correct.

Financial Regulation Eleven

Imprest and Petty Cash Balances

- 11.1 Where he considers it appropriate, the Finance Officer shall open an account with the Authority's bankers or similar for use by the imprest holder. This account shall not become overdrawn and should this event occur the overdrawn balance shall be notified to the Finance Officer.
- 11.2 A petty cash payment slip must be completed for every reimbursement that is made and signed by the claimant, authorised by his/her manager and signed by the person making the payment. Receipts must be obtained to back up all expenditure made and reclaimed through the petty cash account and attached to the petty cash payment slip
- 11.3 A list of authorised signatories responsible for the petty cash accounts will be maintained by the Chief Fire Officer including specimen signatures.
- 11.4 Income received should not be paid into an imprest account but must be separately banked as provided in these regulations.

Financial Regulation Twelve

Insurance and Risk Management

- 12.1 The objective of this financial regulation is to ensure that the Authority manages all potential risks and liabilities and to limit the authority for arranging insurance cover to the Finance Officer.
- 12.2 The Finance Officer shall devise and arrange appropriate insurance cover for the Authority and be the Authority's principal Risk Management Co-ordinator and advisor.
- 12.3 The Finance Officer is responsible for arranging all insurance cover and for ensuring the annual review of insurance cover.
- 12.4 The Chief Fire Officer is responsible for identifying, assessing and reporting risks to the Finance Officer. Risks are reviewed annually in accordance with the timetable issued by the Finance Officer.
- 12.5 The Finance Officer shall process all claims against the Authority's insurance and negotiate settlements where liability is accepted within the limits and conditions agreed with the Authority's insurers. The Chief Fire Officer shall be responsible for providing the necessary information in a timely manner and every assistance in the defence of claims shall be afforded to the Finance Officer/Insurance Company. Where it is deemed an insurance recovery will not be forthcoming the Finance Officer shall have the authority to write off that amount.
- 12.6 The Finance Officer shall keep a record of all insurances effected by the Authority and the property and risks covered thereby. The Chief Fire Officer shall notify the Finance Officer of all new risks, properties and vehicles which may need to be insured and of any alterations affecting existing risks or insurances and provide all information requested by insurers in connection with these and current risks.
- 12.7 All employees concerned with the receipt, custody and/or disbursement of the monies and property of the Authority shall be included in a suitable fidelity guarantee insurance. The Finance Officer shall keep a record of all insurances effected by the Authority and the property and risks covered thereby including valuations of insured property.
- 12.8 The Chief Fire Officer shall consult the Finance Officer and the Monitoring Officer in respect of the terms of any indemnity which the Authority is requested to give.
- 12.9 The Finance Officer shall be provided with an Annual Risk Management Plan from the Chief Fire Officer.

- 12.10 The Finance Officer shall be consulted about any insurance policies that the Chief Fire Officer may wish to arrange on behalf of other parties.

Part 2 – Financial Regulations

Financial Regulation Thirteen

Treasury Management

- 13.1 All investments and borrowing shall be made on the Authority's behalf by the City of Sunderland under a Service Level Agreement, and shall be subject to the appropriate Financial Regulations of the City Council.

Financial Regulation Fourteen

Reimbursement of Expenses and Payment of Allowances

- 14.1 The objective of this financial regulation is to ensure that the reimbursement of allowances and expenses to staff and members is in accordance with the appropriate agreements and legislation.
- 14.2 All claims by employees for payment of car allowances, other travelling expenses, subsistence allowances and incidental expenses shall be submitted monthly using the approved form, duly certified by the Chief Fire Officer or other nominated officer.
- A list of officers nominated to certify such claims and a sample of their signature must be supplied by the Chief Fire Officer to the Finance Officer, and updated on a regular basis.
- 14.3 Payment to members of the Authority or its Officers who are entitled to claim travelling and subsistence allowance will be made by the Finance Officer upon receipt of the approved authorised form duly completed.
- 14.4 VAT receipts must be provided for all expenditure claimed wherever possible. This is a prerequisite of HMRC. In the event a receipt is not available an authorised memorandum will be produced.
- 14.5 All claims for a financial year are to be submitted not later than one month following 31st March in any year, except with the express approval of the Finance Officer.
- 14.6 Certification of any claim shall be taken to mean that the information in the claim is factual, appropriate, in line with approved rates and was necessarily incurred. Claims submitted must provide sufficient information to allow such certification to take place.

Financial Regulation Fifteen

Security and Control of Assets

- 15.1 The objective of this financial regulation is to ensure the proper use and safeguarding of assets owned by the Authority or for which the Authority has responsibility. This financial regulation applies to all assets, including stocks, stores, furniture, equipment, vehicles, cash, land and buildings, that are owned by, or are in the possession of the Authority and for which the Authority is responsible.
- 15.2 The use of assets is restricted to authorised Authority business
- 15.3 The Deputy Clerk to the Authority shall have custody of all title deeds of properties owned by the Authority and be responsible for their security, and the Deputy Clerk to the Authority shall maintain a terrier of all land and properties owned by the Authority recording the location, extent, plan, reference, purchase details, nature of the interests, tenancies granted, rents payable and purpose for which held.

Stocks and Stores

- 15.4 The Chief Fire Officer shall be responsible for the care and custody of the stocks and stores under their control. These shall not be in excess of normal requirements except with the approval of the Chief Fire Officer.
- 15.5 On an annual basis, the Chief Fire Officer shall organise a complete examination of all existing stocks with a view to reducing the number of slow moving items and disposing of obsolete stock items.
- 15.6 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regards quantity and compliance with specification as soon as practicable thereafter.
- 15.7 Issues of all stores, other than small value materials, shall be supported by the requisition stating the quantity required and signed by a responsible official; a receipt shall be obtained for such issues on the appropriate form.
- 15.8 The Finance Officer shall be entitled to receive from the Chief Fire Officer such information as he requires in relation to stores for accounting, costing and financial records. The Finance Officer shall determine the method of valuation of stores.
- 15.9 The Chief Fire Officer shall arrange for periodical test checks of stocks by persons other than the storekeepers and shall ensure that all stocks are checked at least once every year either on an annual basis or as part of a

rolling programme. A representative of the Finance Officer may similarly make checks from time to time and the Finance Officer must be notified of an annual stock-take and is entitled to be represented. Any shortages or surpluses are to be certified by the Chief Fire Officer and passed to the Finance Officer who may, after any investigation deemed necessary, authorise the adjustment of the stock records to reflect the actual stock position.

- 15.10 Stores equipment, vehicles or materials found to be obsolete or in excess of requirements shall be disposed of by competitive tender, except when it is jointly agreed with the Finance Officer that the financial interest of the Authority is better served by disposal by other means.

Inventories

- 15.11 Inventories shall be maintained and kept up to date. They must contain an adequate description (including serial numbers where appropriate) of furnishings, fittings, equipment, plant, machinery, vehicles and other property of the Authority with an individual value exceeding £150. The extent of the record and the form of the inventory is to be determined by the Chief Fire Officer in consultation with the Finance Officer.
- 15.12 The Chief Fire Officer is responsible for making checks of such inventories not less than once per year and certify with the inventory documentation that the check has taken place. No property of the Authority shall be removed otherwise than in the ordinary course of business or used otherwise than for the Authority's purposes except in accordance with specific instructions issued by the Chief Fire Officer.

Disposal of Assets

- 15.13 The Chief Fire Officer will put in place formal arrangements for the disposal or resale of Authority assets including inventory items found to be obsolete or in excess of requirements.
- 15.14 Assets will be disposed of in a manner which achieves value for money. Where possible the Chief Fire Officer will dispose of items by competitive tender except when it is jointly agreed with the Finance Officer that the financial interest of the Authority is better served by disposal by other means. The Chief Fire Officer or his nominated representative will keep appropriate records detailing how value for money was achieved in the disposal or resale of any assets.
- 15.15 No assets will be donated to any individuals or organisations without the express consent of the Authority.
- 15.16 Leased items including vehicles, plant and equipment shall not be disposed of without the prior approval of the Finance Officer.

Financial Regulation Sixteen Record of Contracts for Capital Works

- 16.1 The Chief Fire Officer shall be responsible for maintaining records and for informing the Finance Officer and the Authority where the final cost is likely to exceed the financial provision.
- 16.2 In every case before the Chief Fire Officer or consultant issues or certifies a final certificate of payment under a contract the Finance Officer shall have an opportunity to examine the contractor's final account together with such relevant documents and information as he may require.

Financial Regulation Seventeen

Grants from External Bodies

- 17.1 The purpose of this regulation is to ensure that all grant claims submitted to external funders (e.g. European Union, Government Office) in respect of specific projects are :
- a) lawful;
 - b) accurate;
 - c) within the approved grant allocation;
 - d) in accordance with each funder's eligibility criteria;
 - e) submitted with due regard to the Authority's continuing commitment to the project.
- 17.2 Where the use of external funding for projects requires a financial commitment from the Authority for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Chief Fire Officer shall provide a written report to the Authority giving a full appraisal of the financial implications for the Authority of the scheme both in the current year and beyond. The approval of the Authority must be secured before the Chief Fire Officer commits the Authority to the funding.
- 17.3 The appropriate officer shall nominate a named responsible officer to be accountable for the performance and financial monitoring of each Project.
- 17.4 Written approval must be obtained from the funder which clearly shows the approved allocation, the purpose of the grant and the financial period to which it relates.
- 17.5 The responsible officer shall ensure, prior to submission of grant claim, all expenditure declared is eligible in accordance with the relevant funder's criteria.
- 17.6 Should there be any uncertainty as to the purpose of such funding, the responsible officer shall make such enquiries as necessary, to the funder, to ensure proper use of grant.
- 17.7 Grant claims and monitoring returns should be signed by the responsible officer and submitted in accordance with the funder's timescales.
- 17.8 Where receipt of funds from a third party (i.e. match funding) are part of any grant submission, the Chief Fire Officer must adhere to the guidance which has

Part 2 – Financial Regulations

been provided by the Finance Officer.

- 17.9 The manner in which external funding is managed shall be in accordance with Authority policy and instructions, Standing Orders and Financial Regulations in addition to the funder's own requirements.
- 17.10 Grant claim working papers should be maintained in a form agreed by the Finance Officer.

Financial Regulation Eighteen

Acquisition of Land and Buildings

- 18.1 When wishing to acquire or dispose of land in execution of their revenue / capital programme the Chief Fire Officer shall refer their proposals to the Finance Officer and Monitoring Officer to the Authority.
- 18.2 Authority approval is required for the purchase and disposal of any freehold or leasehold interest in land, subject to the delegated power granted to the Chief Fire Officer.

Financial Regulation Nineteen

Partnerships

- 19.1 A partnership is defined as “a relationship between two or more independent legal bodies, organisations or individuals working together to achieve a common vision with clear aims and objectives”.
- 19.2 All Members and Officers currently involved in or considering ‘partnership’ working should have regard to the Authority’s Partnership Code of Practice and ensure compliance with it.
- 19.3 It should be noted the selection of partners must be underpinned by a procurement process as set out in the Procurement Procedure Rules except for the following circumstances:
- a) where there is no exchange of funds or resources (e.g. information sharing only);
 - b) where the Authority is providing grant (e.g. this would not apply where funding depends upon detailed specified requirements);
 - c) where it is permitted, required or encouraged by law e.g. joint committees’ pooled budgets.
- 19.4 As this area can be complex and legal challenges can arise the view of the Chief Fire Officer should be sought before any discussions are held with potential partners.
- 19.5 Any financial relationship with a partner must be fully documented and legally binding.
- 19.6 Where the entering into a partnership requires a financial commitment from the Authority, either immediate or potential, for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Chief Fire Officer in conjunction with the Finance Officer shall provide a written report to the Authority giving a full appraisal of the financial implications for the Authority of the scheme both in the current year and beyond. In such circumstances the approval of the Authority must be secured before the Chief Fire Officer commits the Authority to any partnership agreement.
- 19.7 The Chief Fire Officer shall be responsible and accountable for the performance and financial monitoring of each Partnership. A risk assessment should be maintained in relation to the Authority being a party to each Partnership.
- 19.8 Where receipt of funds from a partner or third party (i.e. matched funding) is

part of any grant submission, the Chief Fire Officer must adhere to the guidance which has been provided by the Finance Officer.

- 19.9 Internal Audit Services' rights of access to all officers, buildings, information, explanations and documentation required to discharge the audit role should be written into the appropriate agreements with partner organisations.

Financial Regulations

Appendix A

1. Non – Delegated Budgets

- a) Capital Financing Costs - Debt Charges/Leasing costs etc.
- b) Internal Recharges
- c) Miscellaneous Costs

- Members Allowances.

- Insurances

- Business Rates

- National Insurance

Superannuation and all Nationally prescribed or agreed Allowances.