

## SECTION 10 – FINANCIAL REGULATIONS

### FINANCIAL REGULATIONS

<u>INDEX</u>	<u>Paragraph No</u>
<u>Purpose</u>	10.1 – 10.5
<u>Roles and Responsibilities</u>	10.6 – 10.8
<u>Revenue Budgets</u>	
- Approval of the Revenue Budget	10.9
- Virement of Revenue Budget	10.10 –10.14
- Dealing with Overspending on Revenue Budgets	10.15 –10.17
<u>Reserves</u>	10.18–10.23
<u>Capital</u>	10.24–10.29
<u>Assets</u>	
- Land and Buildings	10.30–10.31
- Management of Assets	10.32–10.36
- Stock	10.37–10.40
- Write off of Assets	10.41–10.43
- Disposal of Assets	10.44
<u>Procuring Goods and Services</u>	
- Ordering Goods and Services	10.45–10.49
- Quotations and Tenders	10.50–10.62
- Payments and Creditors	10.63–10.65
<u>Imprest Accounts</u>	10.66–10.74
<u>Payroll and Pensions</u>	10.75–10.77
<u>Cash and Bank</u>	10.78-10.83
<u>Income Collection</u>	10.84-10.87
<u>Debtors</u>	10.88
<u>Insurance</u>	10.89-10.90
<u>Third Party Funds</u>	10.91-10.95
<u>Internal Audit</u>	10.96-10.97
<u>Fraud and Irregularity</u>	10.98-10.100
<u>Joint Arrangements and Partnerships</u>	10.101-10.103
<u>Donations, Grants to Other Bodies, and Contributions</u>	10.104-10.105
<u>Sponsorship</u>	10.106-10.108
<u>Risk Management</u>	10.109

### APPENDIX 1 – Responsibility Matrix

## **SECTION 10 – FINANCIAL REGULATIONS**

### **Purpose**

- 10.1 The Financial Regulations (the Regulations) set out in this document define the roles and responsibilities of the officers and Members of Cheshire Fire Authority (the Authority) in relation to financial matters.
- 10.2 The basic principle which underpins these regulations is that responsibility is delegated to an appropriate officer, within systems which the Authority, the Chief Fire Officer and Chief Executive, the Treasurer (who is the Section 151 Officer) and the Head of Finance feel are suitably controlled. Internal Audit and other reports help them form their judgement on the adequacy of control mechanisms.
- 10.3 Managers must provide effective induction and training to enable staff to understand these Regulations and deal appropriately with financial matters.
- 10.4 There may be circumstances where an officer feels unable to comply with the Regulations. Before the officer proceeds with an action which does not comply with the Regulations, he/she must seek guidance from the Treasurer and the Head of Finance. Member approval may be required.
- 10.5 The Regulations will be reviewed by the Chief Fire Officer and Chief Executive, the Treasurer and the Head of Finance annually and by Members at least every three years. Minor changes will be made to these Regulations to reflect new risk or changing circumstances with the agreement of the Chief Fire Officer and Chief Executive, the Treasurer and Head of Finance.

### **Roles and Responsibilities**

- 10.6 The respective roles and responsibilities, in relation to financial matters, of the Authority, the Chief Fire Officer and Chief Executive, the Head of Finance, the Treasurer, the Monitoring Officer, Directors and Heads of Departments are contained in the table which forms Appendix 1.
- 10.7 Members approve the revenue budget, the council tax precept, the annual capital programme and the statutory accounts, and receive quarterly reports on the Authority's budgetary position.
- 10.8 The Treasurer/Head of Finance regularly reports financial matters to the Authority's Service Management Team, (SMT), which is chaired by the Chief Fire Officer and Chief Executive, and which meets every month.

### **Revenue Budgets**

#### **Approval of the revenue budget**

- 10.9 The revenue budget and council tax precept are approved by the Authority in February each year for the following financial year.

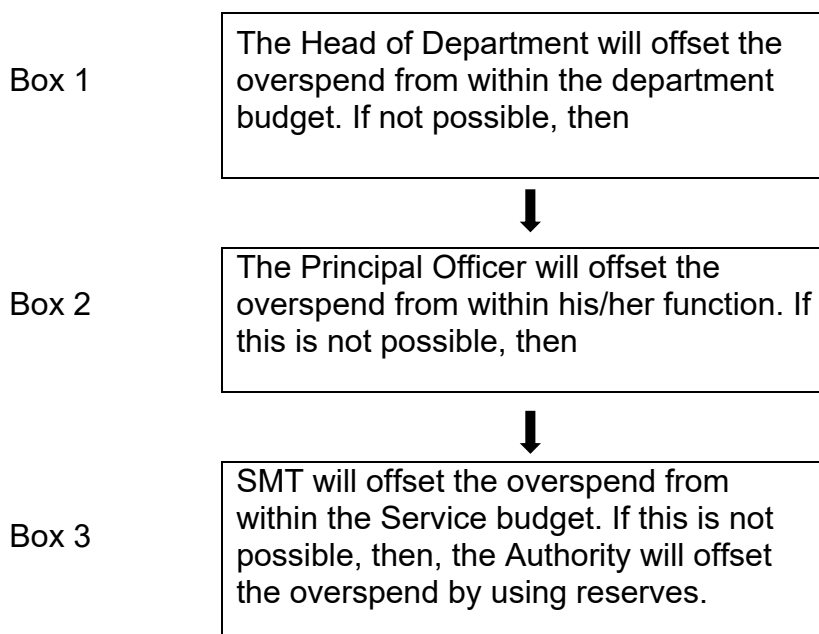
## SECTION 10 – FINANCIAL REGULATIONS

### Virement of revenue budgets

- 10.10 Virement is the transfer of budget in order to prevent overspends or to accommodate changes in activity.
- 10.11 If, in the opinion of the Chief Fire Officer and Chief Executive, the Treasurer and the Head of Finance any virement would result in a significant change to Authority policy it must be approved by the Authority.
- 10.12 Any virement of more than £50k must be approved by the Authority.
- 10.13 Any virement of less than £50k must be approved the Chief Fire Officer and Chief Executive.
- 10.14 Performance and Overview Committee receive quarterly financial reports which include temporary virements of revenue budgets. This enables the Authority to revise its budget in year as it goes along. All such virements are reversed at year end and any necessary changes to the base budget would form part of the formal budget approval agreed by the Authority.

### Dealing with overspending of revenue budgets

- 10.15 All Heads of Department must regularly scrutinise their budgets and seek to avoid overspends wherever possible.
- 10.16 Where a revenue overspend is projected, the following process will apply. Where this process involves the virement of budget (in boxes 1 to 3 below), then the rules in paragraphs 10.12 and 10.13 will apply.



- 10.17 The treatment of any year end overspends and underspends will be determined by the Authority.

## **SECTION 10 – FINANCIAL REGULATIONS**

### **Reserves**

10.18 The Chief Fire Officer and Chief Executive, the Treasurer and the Head of Finance will advise the Authority on prudent levels of reserves.

10.19 The Authority holds two categories of reserves as set out by the Code of Practice on Local Authority Accounting:

- Usable - these are available to meet future expenditure demands. They consist of the General Fund and earmarked reserves.
- Unusable – these are prescribed in accounting regulations and do not impact directly upon the Medium Term Financial Plan, budget, or precept setting decisions.

10.20 The Authority will hold usable reserves for the following three main purposes:

- As a contingency to cushion the impact of unexpected events or emergencies (the General Fund);
- As a means of meeting known or predicted liabilities (earmarked reserves);
- As a means of smoothing expenditure as part of the medium term financial strategy (earmarked reserves).

10.21 The need for any new reserve and the movement on existing reserves will be reported to Performance and Overview Committee as part of the regular quarterly reporting process.

10.22 For each reserve the Authority will set out:

- The purpose of the reserve;
- How and when the reserve can be used;
- A process and timescale for review of the reserve to ensure its continuing relevance and adequacy.

10.23 The Treasurer will provide the Authority with an annual statement on the adequacy of reserves at the meeting at which the annual budget is approved.

### **Capital**

10.24 In order to qualify as capital, expenditure must satisfy the following criteria:

- Be in excess of £10k
- Create an asset which has benefits which last for more than one year
- Comply with guidance in the appropriate CIPFA code

## **SECTION 10 – FINANCIAL REGULATIONS**

- 10.25 Where a capital scheme is estimated to be overspent, if the overspend is estimated to be 10% or more than £100k, whichever is the lower (with a minimum of £10k), then approval to fund the overspend must be sought from the Authority.
- 10.26 Where the overspend is estimated to be less than 10% and less than £100k, SMT will consider the overspend in the context of the overall programme, and if the overspend is unavoidable will either utilise the capital contingency, vire budget from an existing scheme or fund the overspend by contribution from the revenue budget or from reserves.
- 10.27 Income which is the result of disposing of an asset and which is greater than £10k will be considered as a capital receipt. All other income will be treated as revenue. Paragraph 10.44 deals with the procedure for disposing of assets.
- 10.28 The Chief Fire Officer and Chief Executive and the Treasurer or the Head of Finance may jointly increase the amount of the Capital Programme by a maximum of £100k per annum, providing that any increase is for a new scheme(s), and the Head of Finance is satisfied with the funding arrangements.
- 10.29 An increase approved by the Chief Fire Officer and Chief Executive and the Treasurer or the Head of Finance will be reported to Performance and Overview Committee at the earliest opportunity.

### **Assets**

#### **Land and Buildings**

- 10.30 Proposals for the acquisition or sale of land or buildings must be fully appraised and may only be approved by the Authority. Proposals to enter into a lease with a term of 5 years or more will also require Authority approval.
- 10.31 Sales of land and/or buildings and the surrender of a lease with a term of five years or more will require Authority approval.

#### **Management of assets**

- 10.32 The Joint Head of Estates will maintain an Asset Management Strategy.
- 10.33 Any manager who has responsibility for managing and/or operating Authority assets will make proper arrangements to ensure that assets are held securely and properly maintained.
- 10.34 Assets may only be used in accordance with relevant service policy, and any procedures relating to the use of assets must be followed.
- 10.35 Managers with responsibility for managing assets must ensure that where necessary assets have the appropriate licence and are covered by insurance.
- 10.36 All assets (as defined within the Asset Management Strategy) must be included

## **SECTION 10 – FINANCIAL REGULATIONS**

on an inventory, in a form determined by the Head of Operational Policy and Assurance.

### **Stock**

- 10.37 Stock is defined as a supply of items constantly required and held in stores.
- 10.38 The Authority maintains a central stores, and, wherever possible, all stock should be held in the stores.
- 10.39 Where small amounts of stock are held locally they will be subject to procedures as agreed by the Head of Service Delivery and the Head of Procurement.
- 10.40 Stock checks will be carried out wherever stock is held in a form determined by the Head of Procurement and the Head of Finance, in accordance with timescales agreed by them.

### **Write off of assets**

- 10.41 Assets, including stock, up to the value of £5k may only be written off with the approval of the Head of Finance.
- 10.42 Assets, including stock, with a value between £5k and £10k may only be written off with the approval of the Chief Fire Officer and Chief Executive.
- 10.43 Assets, including stock, with a value greater than £10k may only be written off with the approval of the Fire Authority.

### **Disposal of Assets**

- 10.44 The disposal of assets other than land and buildings (see paragraph 10.31 above) will be in accordance with procedures agreed by the Head of Procurement and the Head of Finance.

## **Procuring Goods and Services**

### **Ordering goods and services**

- 10.45 Only goods and services relating to official Authority business may be procured.
- 10.46 The Scheme of Financial Delegation will include authorised limits for individual officers in relation to the ordering of goods and services.
- 10.47 Official orders must be raised for all goods and services except for rent, business rates, Council Tax, public utility services and petty cash purchases, except with the prior agreement of the Head of Procurement and the Head of Finance.
- 10.48 Orders must be made using the official Authority procurement system as determined by the Head of Procurement and the Head of Finance.
- 10.49 Oral orders may only be made in cases of urgency and with the prior approval of the Head of Procurement and the Head of Finance; all such oral orders must

## SECTION 10 – FINANCIAL REGULATIONS

be confirmed by hard copy, but care must be taken not to create duplicate orders.

### Quotations and tenders

- 10.50 All purchases expected to cost between £500 and £5k must be subject to three verbal quotations, and a record of such quotations must be maintained by the officer raising the order.
- 10.51 For purchases expected to cost between £5k and £50k, three written formal quotations must be obtained by the Procurement team.
- 10.52 For purchases expected to cost more than £50k, a below EU threshold competitive contract notice will be issued via the tendering portal by the Procurement Team.
- 10.53 Where the purchase is expected to exceed the Official Journal of the European Union (OJEU) threshold, the Head of Procurement must ensure compliance with the tendering process as prescribed by the appropriate European Community Procurement Directive.
- 10.54 Tendering processes are managed by the Head of Procurement using a secure e-tendering system with agreed rules of access, which controls and records activity and automates elements of the procurement.
- 10.55 The Member Champion for Procurement has access to the e-tendering system, and can at his/her discretion examine any part of the tender process he/she wishes to, and examine the transactional details of any individual procurement.
- 10.56 If any error is identified in a tender, the tenderer will be asked to correct the tender before the tender award is decided; in the case of building or civil engineering works, errors will be dealt with in accordance with the rules laid down by the Institute of Civil Engineering or the National Joint Consultative Committee for Building Codes of Single Stage Selective Tendering, as appropriate.
- 10.57 Tenderers must not be permitted to adjust their tenders after receipt other than in accordance with paragraph 10.56.
- 10.58 The determination of the successful tenderer will be in accordance with the approved evaluation model as settled by the Head of Procurement and typically using the principle of Most Economically Advantageous Tender.
- 10.59 A formal award must be made to the tenderer in writing. All works must be the subject of an official order and subject to a formal contract executed on behalf of the Authority by the Monitoring Officer.
- 10.60 Contracts may only be varied or extended in accordance with the terms contained within the contract and with the approval of the Monitoring Officer.
- 10.61 Where goods or services are procured using a public buying organisation framework (for example Government Procurement Services), a further

## **SECTION 10 – FINANCIAL REGULATIONS**

competition will normally be undertaken to evidence value for money. However, on occasion and at the discretion of the Monitoring Officer and Head of Procurement a direct award can be made (if the framework rules permit and in all of the circumstances this course of action is justified).

- 10.62 Exceptionally, quotations or tenders are not required where the purchase is:
- From a public auction with the prior approval of the Head of Finance
  - Of such a unique nature that in the opinion of the Head of Procurement and Head of Finance it can only be acquired from a single supplier (requests for approval should be submitted in a form as determined by the Head of Procurement).
  - In response to an emergency with the approval of the Chief Fire Officer and Chief Executive and Head of Finance.

### **Payments to creditors**

- 10.63 The Head of Finance is responsible for the payment of creditors.
- 10.64 Heads of Departments must ensure that adequate separation of duties operates in all areas of procurement and purchasing. Guidance on this may be sought from the Head of Finance.
- 10.65 The work flow for approving payment will be in accordance with systems approved by the Head of Finance.

### **Imprest accounts**

- 10.66 Imprest accounts are sums made available in the form of bank current accounts and petty cash from which officers may make purchases of less than £50.
- 10.67 All expenditure paid through imprest accounts must be supported by receipts, except with the prior approval of the Head of Finance, and records must be maintained in a form agreed by the Head of Finance.
- 10.68 Imprest accounts are Authority funds and must only be used for official business.
- 10.69 Imprest accounts may only be opened with the approval of the Head of Finance.
- 10.70 Each imprest account will have a nominated holder.
- 10.71 All imprest accounts must be reconciled monthly and certified by the imprest account holder.
- 10.72 Imprest accounts will be for minor items of expenditure only, and no salaries, wages, allowances or mileage expenses may be paid out of imprest accounts.
- 10.73 No income may be paid into imprest accounts.
- 10.74 Claims for reimbursement of imprest accounts must be completed in accordance with guidelines and in a form agreed by the Head of Finance.



## **SECTION 10 – FINANCIAL REGULATIONS**

### **Payroll and pensions**

- 10.75 The Director of Transformation is responsible for instructing the payroll and pension contractors and for providing accurate and timely information to enable the contractors to pay salaries, wages, mileage, other expenses and pensions. He/she will ensure that the amounts deducted from employees' salaries are paid to the appropriate body within agreed timescales.
- 10.76 The Director of Transformation will determine the format in which information is transmitted to the payroll and pension contractors.
- 10.77 The Director of Transformation is responsible for ensuring that all information transmitted to the payroll and pension contractors is suitably authorised and reconciled.

### **Cash and bank**

- 10.78 The Authority will appoint bankers, and approve the terms under which banking services are delivered.
- 10.79 All bank accounts will include "Cheshire Fire Authority" in the title.
- 10.80 No arrangement of any kind with any banking service may be made without the approval of the Treasurer and the Head of Finance.
- 10.81 All payments or transfers from any Authority bank account will be approved by an appropriate officer in accordance with the Financial Scheme of Delegation.
- 10.82 All income will be received, stored, banked and accounted for in accordance with procedures approved by the Treasurer and the Head of Finance.
- 10.83 Cash kept at any Authority premises will be held securely, and the amount held must not exceed limits agreed by the Treasurer and the Head of Finance.

### **Income collection**

- 10.84 Any officer of the Authority who is arranging for payment for any Authority service must inform the Finance Team, in a form to be agreed by the Head of Finance, to ensure that all income is properly recognised and collected.
- 10.85 Only official receipts will be issued.
- 10.86 Cash will be stored separate from any personal monies and be banked as soon as reasonably possible.
- 10.87 No payment for any purpose may be made out of income received.

### **Debtors**

- 10.88 The Head of Finance will maintain a debtors policy, and every effort should be made to collect income due in line with this policy. Where this proves not to be possible, debts up to £5k may be written off with the approval of the Head of

## **SECTION 10 – FINANCIAL REGULATIONS**

Finance, those between £5 and £10k with the approval of the Chief Fire Officer and Chief Executive and those above £10k with the approval of the Fire Authority.

### **Insurance**

- 10.89 The Authority will have in place protection policies commensurate with risk, as agreed by the Chief Fire Officer and Chief Executive.
- 10.90 Any excesses on policies will be agreed by the Chief Fire Officer and Chief Executive and the Treasurer.

### **Third Party Funds**

- 10.91 Third Party Funds are funds controlled by Fire Authority staff but which belong to other organisations.
- 10.92 In general, the Authority should seek not to hold Third Party Funds due to the obligations and resourcing implications they bring.
- 10.93 The approval of the Chief Fire Officer and Chief Executive and the Treasurer must be obtained before the Authority assumes any responsibility for Third Party Funds.
- 10.94 The Treasurer will make suitable banking arrangements for Third Party Funds.
- 10.95 Officers managing Third Party Funds must keep records in a format agreed by the Treasurer and the Head of Finance.

### **Internal Audit**

- 10.96 The Chief Fire Officer and Chief Executive must ensure that an independent internal audit service operates within the Authority, carrying out audits in accordance with a risk based programme.
- 10.97 Internal audit will have full access to all premises, assets and records and Authority staff will provide internal audit with all information, explanations and records which they require.

### **Fraud and irregularity**

- 10.98 If any officer has suspicion that there has been any fraud or irregularity of any sort, including bribery, within the Authority, he/she must inform his/her line manager immediately (or grandparent line manager if necessary). If he/she does not feel able to do this, the Authority's Code of Conduct includes a Whistle Blowing Policy, which he/she may utilise.
- 10.99 The Chief Fire Officer and Chief Executive and the Treasurer must be informed immediately of any allegation of fraud or irregularity.
- 10.100 Senior officers are required to be familiar with the Anti-Fraud and Bribery Policies. They should make other staff aware of the existence of the policies

## **SECTION 10 – FINANCIAL REGULATIONS**

and who to contact if they have concerns relating to fraud or irregularity.

### **Joint arrangements and partnerships**

- 10.101 Formal joint arrangements and partnerships of any kind must (at the very least) be approved by the Chief Fire Officer and Chief Executive, Monitoring Officer and Treasurer, and will be the subject of a business case.
- 10.102 Significant joint arrangements and partnerships must be approved by Fire Authority.
- 10.103 In all cases, it is the responsibility of the Chief Fire Officer and Chief Executive, Monitoring Officer and the Treasurer to ensure that any arrangement is subject to appropriate levels of governance and stewardship.

### **Donations, grants to other bodies, and contributions**

- 10.104 Any donation, grant to another body or contribution must be approved by the Chief Fire Officer and Chief Executive, Monitoring Officer and the Treasurer..
- 10.105 If any donation, grant or contribution exceeds £20k it must be approved by the Authority.

### **Sponsorship**

- 10.106 Sponsorship is defined as the voluntary provision or donation of funds, goods or services to the Authority by an external body.
- 10.107 All offers of sponsorship must be considered in the context of the integrity of the Service, and must not involve, or imply, any warranty or guarantee of a sponsor's products or reputation.
- 10.108 All offers of sponsorship must be considered by the Chief Fire Officer and Chief Executive, Monitoring Officer and the Treasurer.. They may wish to refer any offer to the Authority if they feel the nature of the sponsorship warrants it, and must do so where the offer is judged to exceed £20,000.

### **Risk Management**

- 10.109 The Chief Fire Officer and Chief Executive will ensure that a suitable process is in place for the management of risk in the Authority.

The attached Appendix outlines the responsibilities contained in these regulations in tabular form.

## SECTION 10 – FINANCIAL REGULATIONS

### APPENDIX 1

#### Responsibility Matrix

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
<b>Strategic Activity</b>								
Approve the Financial regulations	x							
Make strategic financial decisions	x							
Prepare the Medium Term Financial Plan (MTFP) and Integrated Risk Management Plan (IRMP)			x(IRMP)	x (MTFP)	x(MTFP)			
Approve the MTFP and IRMP	x							
<b>Revenue and Capital Budgeting</b>								
Ensure that any Revenue or Capital budget bids considered significant by the Treasurer and HOF are fully costed and completed using the Authority's Business Case template								x
Prepare the draft Revenue Budget and Capital Programme(Budget) and calculate the draft Council Tax precept				x	x			
Report on the robustness of the estimates used in the budget, and the adequacy of the Authority's reserves for which the budget provides as part of the budget approval process				x	x			

## SECTION 10 – FINANCIAL REGULATIONS

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
Monitor and review the Authority's Reserves Policy				x	x			
Approve the Revenue Budget, Capital Programme and Council Tax Precept	x							
Consider any additional items of expenditure which would lead to new or significant variation in policy.	x							
<b>Delegation of and management of revenue and capital budgets</b>								
Maintain a scheme of Financial Delegation which includes limits to individual officers' approval, and ensures that all revenue and capital budgets are allocated to a HOD. Budget delegation below HOD will be at HOD discretion, but the HOD will retain responsibility for the budget.			x	x	x			
Ensure appropriate delegation of budget management takes place, and ensure budget managers have regular reports to help them effectively manage budgets.				x	x			
Plan to spend budgets in accordance with the Authority's objectives and effectively control the spending within budget.								x
Provide timely and accurate financial monitoring information					x			

## SECTION 10 – FINANCIAL REGULATIONS

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
Regularly monitor budgets and consider how to deal with any variances								x
Report financial performance to Members at least quarterly					x			
Consider performance against the budget and capital programme regularly		x						
<b>Statutory Accounts</b>								
Prepare the statutory accounts of the Authority (including certifying the draft accounts by the end of the June following the year end)				x	x			
Approve the statutory accounts by the end of September following the year end	x							
<b>Treasury Management</b>								
Appoint the Authority's bankers	x							
Ensure that adequate Treasury Management practices are in place, including arranging any necessary loans or investments in accordance with Cash Flow forecasts				x	x			
Prepare and manage the annual Treasury Management Strategy including approval of and monitoring of Prudential Indicators				x	x			
Approve the annual Treasury Management Strategy	x							

## SECTION 10 – FINANCIAL REGULATIONS

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
<b>Financial management and control</b>								
Ensure that SMT consider all appropriate financial matters.			X	X				
Offer advice on all financial matters				X	X			
Ensure the provision of financial services including the payment of invoices, financial information, imprest accounts, and the collection of income				X	X			
Ensure the provision a payroll and pensions service							X	
Ensure suitable financial and control systems are in place, including financial procedures			X	X	X			
Ensure assets are properly managed			X	X	X			
Ensure tendering procedures are in place and followed			X	X	X			
Ensure that all financial transactions pass through the Authority's financial system.								X
If requested, provide the Chief Fire Officer and Chief Executive, Treasurer, Head of Finance, and External or Internal Auditor with access to any document or record under their control.								X

## SECTION 10 – FINANCIAL REGULATIONS

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
Ensure that all officers who are responsible for any financial activity receive appropriate induction and training					X			X
Ensure that joint arrangements and partnerships are properly managed.			X	X		X		
Approve offers of sponsorship and refer to FA if necessary			X	X		X		
Ensure a suitable Risk Management process is in place			X					
Ensure that the Authority has appropriate insurance arrangements in place.			X					
Statutory functions								
Ensure that the Authority meets its statutory and regulatory requirements (which includes the Accounts and Audit regulations; the Local Authority Accounting Code of Practice; the Code of Practice for Treasury Management; and the Internal Audit Code of Practice)	X		X (advisory)					
Fulfil the responsibilities of a Chief Finance Officer under Section 151 of the Local Government Act 1972, and act as Treasurer to the Authority				X				
Fulfil the duties of a Chief Finance Officer under Section 114 of the Local Government Act 1988				X				



## SECTION 10 – FINANCIAL REGULATIONS

Activity	FA	P&O	CFO	S151	HOF	MO	DoT	HOD
Appoint a deputy Section 151 Officer			x	x				
Maintain an effective internal audit function			x					
<b>KEY</b>								
<b>FA</b>		<b>Fire Authority</b>						
<b>CFO</b>		<b>Chief Fire Officer and Chief Executive</b>						
<b>S151</b>		<b>Treasurer (Section 151 Officer)</b>						
<b>HOF</b>		<b>Head of Finance</b>						
<b>MO</b>		<b>Monitoring Officer</b>						
<b>DoT</b>		<b>Director of Transformation</b>						
<b>HOD</b>		<b>Head of Department</b>						