

# **Buckinghamshire and Milton Keynes Fire Authority**

## **FINANCIAL REGULATIONS**

### **INTRODUCTION**

#### **The Purpose of Financial Regulations**

These Financial Regulations are part of the overall control framework within which the Authority operates. 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.

The Regulations should be read in conjunction with other regulatory documents (for example Standing Orders, the Schemes of Delegation, Codes of Conduct for Members and Officers, Anti Fraud and Corruption Policy). Together they are an integral part of the overall governance framework for the Authority.

#### **The Status of Financial Regulations**

These Financial Regulations provide the framework for managing the Authority's financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf.

The regulations identify the financial responsibilities of the Authority, the Chief Fire Officer, the Monitoring Officer, the Treasurer and other senior officers. Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where such decisions have been delegated or devolved to other responsible officers, references to the Officer in the regulations should be read as referring to these responsible officers.

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

The Authority's Financial Instructions provide detailed financial procedures, setting out how the regulations will be implemented.

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.

The Treasurer 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.

### **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 if you wish to create a new financial procedure or amend an existing one.

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

## **A. FINANCIAL MANAGEMENT**

### **Introduction**

A.1 Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy framework and budget.

### **The Authority**

A.2 The Authority is responsible for approving the policy framework and budget within which it operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control, including the adoption of a Members' Code of Conduct.

A.3 The Authority is responsible for approving procedures for the delegation of powers to committees and procedures for recording and reporting decisions taken. The powers and duties of Committees are contained in the Authority's Standing Orders and Committees' Terms of Reference.

### **Officers**

#### Chief Fire Officer and Chief Executive

A.[4] The Chief Fire Officer 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.

#### Monitoring Officer

A.[5] The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. The monitoring officer also 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.

A[6] The role relates not only to the question of whether the Authority has the legal power to undertake a particular action, but also if it has followed the correct procedure and taken the decision on the appropriate information

A[7] The Authority is required to provide the Monitoring Officer with sufficient staff, accommodation and other resources to carry out his or her duties

## Treasurer

A.8 The Treasurer 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 2003 and the Accounts and Audit (Amendment)(England) Regulations 2006

A.9 The Treasurer 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.

A.10 Section 114 of the Local Government Finance Act 1988 requires the Treasurer 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 Treasurer 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 Treasurer with sufficient staff, accommodation and other resources to carry out the duties under section 114.

A.11 The Treasurer 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 Treasurer shall discharge that responsibility in part by the issue and maintenance of Financial Instructions with which all staff of the Authority shall comply.

A.12 The Treasurer 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 Treasurer. He or she must be consulted on all financial matters and given sufficient opportunity to provide written comments on any report with financial implications.

### **Senior Management Team (SMT)**

- A.13 Officers of the SMT 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 Treasurer.
- A.14 It is the responsibility of SMT officers to consult with the Treasurer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

### **Brigade Managers and Area Managers**

- A.15 Each Brigade Manager and Area Manager is responsible for the observance of Financial Regulations within his or her service area and for the training of staff to enable them to comply with these Regulations.
- A.16 Each Brigade Manager and Area 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.
- A.17 Brigade Managers and Area Managers may delegate responsibilities to their staff. These shall be clearly documented and reviewed. Brigade Managers and Area Managers are responsible for ensuring that all staff are adequately trained to carry out these roles. The competence of staff in these matters should be assessed as part of the Authority's performance management framework.

### **Clerk**

- A.18 The Clerk 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 Clerk has the authority to affix the Common Seal to deeds and documents

## **Other Financial Responsibilities**

### **a) Treatment of year end balances**

A.19 The Executive Committee is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

### **b) Accounting policies, records and returns**

A.20 The Treasurer 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.

A.21 Accounting and other related records must be retained for periods which comply with relevant legislation.

### **c) Annual Statement of Accounts**

A.22 The Treasurer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice' or the Code of Practice for IFRS.

## **B. FINANCIAL PLANNING**

### **Introduction**

B.1 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

### **Policy Framework**

B.2 The policy framework comprises the following plans and strategies of the Authority:

- Integrated Risk Management Plan (IRMP)
- Medium Term Financial Plan, including the
- Capital Programme
- Treasury Management Strategy

These strategy documents are supported by supplementary strategies:

- The Property Strategy
- *Red Fleet Strategy*
- *Procurement Strategy*
- *ICT Strategy*
- *Information Governance Strategy*
- *Equipment Strategy*
- *Personnel Strategy- Workforce Plan*

They are also supplemented by other financial policies and guidance:

- Debt Management Policy (OC 53/03)
- Anti fraud and Corruption policy (OC21)
- Anti Money Laundering policy (draft)
- Whistle blowing policy (OC21-01)
- Standing Orders as to Contracts (website)
- Financial Reserves Policy (OC54-04)
- Invest to Save Policy (OC54-01)
- Imprest accounts and Petty Cash (OC 53-01)
- Brigade Business Card (OC 53-05)
- Invest to Save (OC-01)
- VAT Manual (OC54-05)
- Good Practice Guidance –Creditors (OC54-06)

In addition, there are procedure notes supporting the correct usage of the Financial system (SAP), and financial training and budget monitoring guidance available from the Finance Department.

- B.3 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.

### **Integrated Risk Management Plan**

- B.4 The Chief Fire Officer is responsible for proposing these plans to the Executive Committee for consideration before submission to the Authority for approval.

### **Medium Term Financial Plan**

- B.5 The Treasurer is responsible for coordinating the three-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 Plan.

### **Budgeting**

#### Budget Format

- B.6 The Treasurer 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

- B.7 The Treasurer will issue guidelines for the preparation of the annual revenue budget and capital programme. These will take account of
- Legal requirements
  - IRMP
  - Medium term financial planning prospects
  - Available resources
  - Spending pressures
  - Best value, efficiency savings and relevant government guidelines
  - Other internal policy documents

#### Revenue Budget Preparation

- B.8 The Treasurer 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.

- B.9 It is the responsibility of SMT, Area Managers and other budget holders to provide relevant information, 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 Treasurer.

### Capital Programme Preparation

- B.10 The Treasurer 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).

### Budget Monitoring and Control

- B.11 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 Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- B.12 Each month, in accordance with the budget monitoring timescales set out by the Treasurer, cost centre managers must provide the Treasurer with budget monitoring information. This will include any variances and problems within their areas and any proposals for actions to address these, together with a forecast of projected outturn.
- B.13 The Treasurer is responsible for submitting regular reports to the Executive Committee on the budget monitoring position for both revenue and capital expenditure.

### **Virement**

- B.14 Virement is a transfer of budget provision either within or between budget headings. It is an important facility to assist in managing budgets effectively within a cash limit.
- B.15 The Authority is responsible for agreeing procedures for virement. Cost centre managers and SMT are responsible for agreeing in-year virements within delegated limits. These are set out in Financial Instructions. The Treasurer must be informed of all virements.
- B.16 The approval of the Executive Committee is required to approve a virement if:
- (a) it involves resources not being used for the purposes approved by the Authority (a change in policy); or

- (b) it results in an addition to commitments in future years; or
- (c) it involves a transfer of resources between revenue and capital in excess of £10,000 ; or
- (d) the Treasurer requires it.

### **Maintenance of Reserves**

B.17 It is the responsibility of the Treasurer to advise the Authority on prudent levels of reserves.

## **C. RISK MANAGEMENT AND CONTROL OF RESOURCES**

### **Introduction**

- C.1 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.

### **Risk Management**

- C.2 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 Audit Committee.
- C.3 The Area Manager, Performance and Planning, 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.
- C.4 SMT 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 Audit Committee is responsible for assurance on the robustness of the governance processes for the Corporate Risk Management Policy.
- C.5 All managers are responsible for identifying, and reporting to Area Manager, Performance and Planning, risks in their area which need to be included in the corporate risk register and for risk management within their areas of responsibility.
- C.6 The Treasurer is responsible for advising the Authority on insurance matters and for ensuring that proper insurance cover exists.

### **Internal Control**

- C.7 Internal Control relates to the systems of control implemented by management to help ensure achievement of the Authority's objectives in a way that ensures 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.
- C.8 The Accounts and Audit Regulations 2003 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, in its statement of accounts.

- C.9 The Treasurer 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.
- C.10 It is the responsibility of Brigade Managers and Area 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.

### **Audit Requirements**

- C.11 The Accounts and Audit Regulations 2003 require the Authority to maintain 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.8 above.
- C.12 The Internal Audit function is provided through a Service Level Agreement with Buckinghamshire County Council. The Internal Auditors at Buckinghamshire County Council comply with standards outlined in the CIPFA Code of Practice for Internal Audit in Local Government (2003) and the Auditing Practices Board of the Consultative Committee of Accountancy Bodies.
- C.13 The Internal Auditors have authority to enter any premises or land 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 Treasurer shall be entitled to receive explanation as s/he considers necessary to establish the correctness of any matter under examination.
- C.14 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- C.15 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.

C.16 The Treasurer 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 Anti-Fraud & Corruption Strategy and Whistleblowing Policy.

### **Prevention of Fraud and Corruption**

C.17 The Treasurer is responsible for the development and maintenance of the Authority's Anti Fraud and Corruption Policy. The Area Manager, Performance and Planning is responsible for the Authority's Whistleblowing policy.

C.18 Brigade Managers and Area 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 employees are aware of their responsibilities and comply with the Authority's anti-fraud and corruption policy, and for creating an environment where employees feel able to raise any concerns they may have.

### **Anti-Money Laundering Policy**

C.19 The Treasurer 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 re money laundering.

### **Separation of Duties**

C.20 Financial procedures must be established whenever possible to ensure separation of duties. Therefore, 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.

### **Assets**

C.21 Brigade Managers and Area Managers should ensure that records and assets are properly maintained and securely held. 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.

### **Investments and Treasury Management**

C.22 The Treasurer 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.

- C.23 The Treasurer shall undertake Treasury Management activities in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services.
- C.24 At or before the start of each financial year the Treasurer 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 Treasurer 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.
- C.25 The Treasurer will maintain the Treasury Management Policy Statement setting out the framework for Treasury Management within the Authority.
- C.26 The day to day operation of the Authority's Treasury Management function is provided through a Service Level Agreement with Buckinghamshire County Council.

### **Staffing**

- C.27 The Chief Fire Officer is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- C.28 SMT is responsible for controlling staff numbers 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
  - complying with the Personnel Strategy and *the Workforce Plan*

## **D. SYSTEMS AND PROCEDURES**

### **Introduction**

- D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

### **General**

- D.2 The Treasurer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records.
- D.3 Any changes made by Brigade Managers to the existing financial systems or the implementation of new systems must be approved by the Treasurer prior to any new developments or changes.
- D.4 Brigade Managers are responsible for the proper operation of financial processes in their own departments. Any changes to agreed procedures by Brigade Managers to meet their own specific service needs must be agreed in advance with the Treasurer.
- D.5 Brigade Managers should ensure that their staff receive relevant financial training that has been approved by the Treasurer.
- D.6 Brigade Managers must ensure that, where appropriate, computer and other systems are registered in compliance with data protection legislation. Brigade Managers must also ensure that staff are aware of their responsibilities under any access to information legislation.

### **Procurement**

- D.7 Brigade Managers, Area 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 Procurement Strategy and Standing Orders as to Contracts. The most effective method of procurement must be used including use of the Authority's corporate contracts and processes.

### **Income and Expenditure**

- D.8 The Executive Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

- D.9 Brigade Managers, Area 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 in accordance with the Authority's Debt Management Policy. It must also be receipted properly and banked (see Financial Instructions for further details).
- D.10 Brigade Managers and Area Managers are responsible for the control and use of all purchase orders issued within their area and also for authorisation for access to any system which generates them.
- D.11 Brigade Managers and Area Managers are also responsible for authorisation of access to any system which undertakes authorisation of payments.
- D.12 The Treasurer is responsible for the payment of all accounts.

### **Payments to Employees and Members**

- D.13 The Treasurer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

### **Taxation**

- D.14 The Treasurer is responsible for advising SMT on all taxation issues that affect the Authority in the light of guidance issued by appropriate bodies and relevant legislation.
- D.15 The Treasurer 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.

### **Leases**

- D.16 Any cost centre manager seeking to put in place lease arrangements (other than replacement of lease cars) must seek the advice of the Treasurer. All leases must be approved and signed by the Treasurer on behalf of the Authority.

## **E. EXTERNAL ARRANGEMENTS**

### **Introduction**

- E.1 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.

### **Partnerships**

- E.2 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.
- E.3 The Monitoring Officer and Treasurer 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.
- E.4 The Treasurer 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.
- E.5 SMT members are responsible for:
- (a) ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
  - (b) for evaluating the contribution of partnership working to the achievement of the Authority's objectives.
  - (c) maintaining a register of all contracts entered into with external bodies in accordance with procedures specified by the Treasurer
  - (d) ensuring all partnerships entered into contribute to the Achievement of the Authority's objectives.
  - (e) ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Authority.
  - (f) ensuring that all agreements and arrangements are properly documented.
  - (g) providing appropriate information to the Treasurer to enable a note to be entered into the Authority's statement of accounts concerning material items.

## **External Funding**

- E.6 The Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

## **Work for Third Parties**

- E.7 SMT members are responsible for approving the contractual arrangements for any work for third parties or external bodies, subject to any advice provided by the Treasurer and/or the Head of Legal Services.

## **Local Authority Companies**

- E.8 Prior to the Authority, or any officer on behalf of the Authority, taking an interest (eg membership, share holding or directorship) in a company, advice should be sought from the Head of Legal Services and the Treasurer.
- E.10 Any clauses required by the Treasurer and/or the Head of Legal Services to safeguard the Authority's position must be included in the company's constitutional documents.