

# ***ESSEX FIRE AUTHORITY FINANCIAL REGULATIONS***



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## **OVERVIEW OF FINANCIAL REGULATIONS**

- 1 These 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. All financial and accounting procedures must be carried out in accordance with the regulations.
- 2 For the purpose of these regulations the term "Principal Officers" includes the posts of the Chief Fire Officer, Deputy and Assistant Chief Fire Officers, Directors and the Finance Director & Treasurer. The "Finance Director & Treasurer" is the Officer designated to undertake the duties specified under Section 151 of the Local Government Act 1972.
- 3 The Regulations should be read in conjunction with and as part of the set of documents setting out the regulatory framework for the Authority. This includes Standing Orders and Delegation arrangements. These Regulations are subject to all applicable UK legislation, general financial guidance provided by UK accountancy institutes and specific guidance to Fire and Rescue Services provided by the Government.

### **Financial responsibilities**

- 4 The regulations identify the financial responsibilities of the Authority, the Policy & Strategy Committee, the Chief Fire Officer and Principal Officers. A written record should be retained where decision-making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible Officers, references to the Principal Officers in the regulations should be read as referring to them.
- 5 The Authority is responsible for adopting the Members' code of conduct and for approving the policy framework and budget within which the Authority operates. It is also responsible for approving and monitoring compliance with the overall framework of accountability and control. The Authority is responsible for approving procedures for the delegation of powers to committees and Officers.

### **Security of assets**

- 6 All Authority 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.

### **Reviewing and changing financial regulations**

- 7 The Finance Director & 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 Finance Director & Treasurer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority. Any non-compliance with the Regulations must be reported to the Finance Director & Treasurer.

- 8 Any-one wishing to act outside the provisions of these regulations, in a specific instance, must seek the written approval of the Finance Director & Treasurer.

### **Awareness of existence and content of financial regulations**

- 9 The Principal Officers are responsible for ensuring that all of their staff are aware of the existence and content of the Authority's financial regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference.
- 10 The Finance Director & 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. Notes and guidance may expand, but not contradict the regulations. Any consultation required under these regulations must allow sufficient time for a proper consideration of any issues.

### **Financial Management**

- 11 Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy framework, revenue budget, and capital programme.
- 12 The Authority is responsible for agreeing the Financial Procedures and the Members' code of conduct and for approving the annual budget and the policy framework within which the Chief Fire Officer operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control. The Authority is also responsible for monitoring compliance with the agreed procedures and policy.
- 13 The Authority is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Authority, its committees and the Chief Fire Officer. These delegations, and details of who has responsibility for what decisions, are set out in the Constitution. At present responsibility for these matters is delegated by the Authority to the Policy and Strategy Committee.

### **Other Committees and Groups**

- 14 The roles of Standards Committee, the Policy and Strategy Committee, the Challenge and Innovation Committee and the Audit and Review sub-committee can be found in the document detailing the Authority's Constitution<sup>1</sup>. With particular reference to these regulations, the Policy & Strategy Committee has responsibility for considering financial matters appertaining to the Authority. The Audit and Review sub-committee has responsibility for considering the annual external audit letter and the annual report of the Internal Auditor.

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<sup>1</sup> Available on the Authority's website at [http://www.essex-fire.gov.uk/images/pics/ECFRSEFACConstitutionBook\\_2.pdf](http://www.essex-fire.gov.uk/images/pics/ECFRSEFACConstitutionBook_2.pdf)

## The Statutory Officers

- 15 The **Chief Fire Officer** is responsible for the corporate and strategic management of the Fire and rescue Service as a whole. The Chief Fire Officer must report to and provide information for the Authority and its committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Fire Officer is also responsible, together with the Clerk, for the system of record keeping in relation to all the Authority's decisions.
- 16 The **Monitoring Officer** is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or mal-administration to the Authority. In addition, the Authority must approve delegation arrangements to Officers. The Monitoring Officer is responsible for advising all Members and Officers about who has authority to take a particular decision.
- 17 The Monitoring Officer (together with the Finance Director & Treasurer) is responsible for advising the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- a) Committing expenditure in future years to above the budget level; and
  - b) Authorising virements outside the limits set under financial regulations;
- 18 The **Finance Director & Treasurer** 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:
- a) Section 151 of the Local Government Act 1972;
  - b) The Local Government Finance Act 1988;
  - c) The Local Government and Housing Act 1989; and
  - d) The Accounts and Audit Regulations 2003.
- 19 The Finance Director & Treasurer is responsible for:
- a) The proper administration of the Authority's financial affairs;
  - b) Setting and monitoring compliance with financial management standards;
  - c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
  - d) Ensuring the provision of appropriate financial information;
  - e) Ensuring that the above standards apply to the preparation of the revenue budget and capital programme;

- f) The overall management of the internal audit function in accordance with the Accounts and Audit Regulations 2003; and
  - g) Borrowing and Lending within limits approved by the Authority.
- 20 Section 114 of the Local Government Finance Act 1988 requires the Finance Director & Treasurer to report to the Authority and external auditor if the Authority, Policy & Strategy Committee or one of its Officers or Members:
- a) Has made, or is about to make, a decision which involves incurring unlawful expenditure;
  - b) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority; or
  - c) Is about to make an unlawful entry in the Authority's accounts.
- 21 Section 114 of the 1988 Act also requires the Finance Director & Treasurer to nominate a properly qualified Member of staff to deputise should the Finance Director & Treasurer be unable to perform the duties under section 114 personally. The Authority shall provide the Finance Director & Treasurer with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114. The Deputy Finance Director is the nominated deputy.
- 22 Under part 2 of the Local Government Act 2003 there is a duty on the Finance Director & Treasurer to report at Authority Tax setting on "the robustness of the estimates and the adequacy of proposed reserves".
- 23 Principal Officers are responsible for ensuring that Members are advised of the financial implications of all proposals, that the financial implications have been agreed by the Finance Director & Treasurer; and for signing contracts on behalf of the Authority.
- 24 It is the responsibility of Principal Officers to consult with the Finance Director & Treasurer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

### **Audit Requirements**

- 25 The Accounts and Audit Regulations 2003 require every local Authority to maintain an adequate and effective internal audit. The Authority has a contract with Tribal Business Assurance to provide this service.
- 26 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. The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

## **Preventing fraud and corruption**

- 27 The Finance Director & Treasurer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

## **Assets**

- 28 Principal Officers 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.

## **Income and Expenditure**

- 29 It is the responsibility of Principal Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Principal Officer's behalf, or on behalf of the Policy & Strategy Committee, in respect of payments, income collection and placing orders, together with the limits of their authority. The Policy & Strategy Committee is responsible for approving procedures for writing off debts as part of the overall framework of accountability and control.
- 30 The Finance Director & Treasurer is responsible for advising Principal Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority. The Finance Director & 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.

## **External Funding**

- 31 The Finance Director & Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts. The Chief Fire Officer is responsible for approving the contractual arrangements for any work for third parties or external bodies.

## **FINANCIAL PROCEDURES**

- 32 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.
- 33 The key controls and control objectives for financial management standards are:
- a) Their promotion throughout the Authority;
  - b) A monitoring system to review compliance with financial standards; and
  - c) Regular comparisons of performance indicators and benchmark standards that are reported to the Policy & Strategy Committee and Authority.

## **Responsibilities of the Finance Director & Treasurer**

- 34 The Finance Director & Treasurer's responsibilities are set out in regulations 18 to 21. They include the responsibility for setting and monitoring compliance with financial management standards.

## **Responsibilities of Principal Officers**

- 35 The responsibilities of Principal Officers are:
- a) To promote the financial management standards set by the Finance Director & Treasurer in their Services and to monitor adherence to the standards and practices; and
  - b) To promote sound financial practices in relation to the standards, performance and development of staff in their services.

## **Virement**

- 36 Virement is intended to enable the Principal Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Authority, and therefore to optimise the use of resources. The Finance Director & Treasurer administers it within guidelines set by the Authority. Any variation from this scheme requires the approval of the Authority;
- 37 The overall budget is agreed by the Policy & Strategy Committee and approved by the Authority. Principal Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement (i.e. switching resources between approved estimate headings of expenditure or income).
- 38 Virement does not create additional overall budget liability. Principal Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Principal Officers must plan to fund such commitments from within their own budgets.
- 39 The Finance Director & Treasurer must report with the Chief Fire Officer where revenue and capital virements, between policy based budgets, in excess of specified financial limits are proposed (see regulations 203 to 211 – Financial Limits).
- 40 Virements are not permitted in relation to asset charges or other budget headings that are outside the direct control of the Principal Officers or where a proposal would adversely affect long-term revenue commitments. Member approval is not required for budget movements arising from support service variations, which are the consequence of Authority approved service variations.

### **Treatment of year-end balances**

- 41 The Policy & Strategy Committee determines the treatment of year-end balances. The Finance Director & Treasurer administers the scheme in accordance with the guidelines set by the Policy & Strategy Committee. The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. Appropriate accounting procedures are in operation to ensure that carried forward totals are correct.
- 42 The Finance Director & Treasurer's responsibilities are to administer the scheme of carry-forward within the guidelines approved by the Policy & Strategy Committee.
- 43 Principal Officers must submit to the Finance Director & Treasurer all requests for approval of carry-forward of under-spends with supporting reasons for the request.
- 44 All internal trading activity and business unit surpluses shall be carried forward, subject to a report by the Finance Director & Treasurer to the Policy & Strategy Committee if it is considered that the level of cash balances held is greater than deemed necessary for the business needs of the operation.

### **Accounting policies**

- 45 The Finance Director & Treasurer is responsible for the preparation of the Authority's statement of accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for each financial year ending 31 March.
- 46 Suitable accounting policies are determined by the authority, on the advice of the Finance Director & Treasurer, applied consistently and set out in the Statement of Accounts.

### **Accounting records**

- 47 The Finance Director & Treasurer is responsible for determining the accounting procedures and records for the Authority. The Finance Director & Treasurer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The Authority is responsible for approving the annual statement of accounts in accordance with the timetable specified in the Accounts and Audit Regulations 2003.
- 48 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility in preparing its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

- 49 All the Authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis. Procedures are in place to enable accounting records to be reconstituted in the event of systems failure. Reconciliation procedures are carried out to ensure transactions are correctly recorded; Prime documents are retained in accordance with legislative and audit requirements.
- 50 The Finance Director & Treasurer shall comply with the following principles when allocating accounting duties:
- a) Separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
  - b) Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 51 The Finance Director & Treasurer shall make proper arrangements for the audit, approval and publication of the Authority's accounts in accordance with the Accounts and Audit Regulations 2003. They shall ensure that all claims for funds including grants are made by the due date.
- 52 The responsibilities of the Principal Officers are to comply with the principles detailed above when allocating accounting duties and to maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.

## **FINANCIAL PLANNING**

- 53 Each Fire and Rescue Authority has a statutory responsibility to publish various performance plans, including integrated risk management plans and efficiency reports.
- 54 More detailed departmental plans of activities in support of the Authority's corporate strategy and priorities will be prepared to support the budget bids for each area of activity.
- 55 The Chief Fire Officer is responsible for ensuring that all relevant plans are produced and that they are consistent; meet statutory requirements and that all performance information is accurate, complete and up to date. He shall propose improvement targets that are meaningful, realistic and challenging.
- 56 The Authority is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Chief Fire Officer. In terms of financial planning, the key elements are the:
- a) Integrated Risk Management Plan;
  - b) Revenue Budget;
  - c) Capital programme.

## **Integrated Risk Management Plan**

- 57 Integrated Risk Management Plans (IRMPs) were introduced in 2003 with the first years proposals implemented during 2004-05. An effective IRMP should:
- a) Identify existing and potential risks to the community within the authority area;
  - b) Evaluate the effectiveness of current preventative, protective, and response arrangements;
  - c) Identify opportunities for improvement and determine policies and standards for prevention and intervention;
  - d) Determine resource requirements to meet these policies and standards; and
  - e) Include arrangements for implementation, monitoring, audit and review.
- 58 Because the plans include proposals for the allocation of resources it is essential that they be fully reflected in the operational budgets of the Authority. Development of IRMPs to cover longer term planning horizons will also need to be reflected in three-year financial forecasts. The Chief Fire Officer is responsible for the preparation of the IRMP and submitting it to the Fire Authority for approval. The IRMP is also subject to public consultation.
- 59 The Finance Director & Treasurer is responsible for agreeing the financial impact of all proposals within the IRMP – even if there is no net cost of the action proposed.
- 60 It is the responsibility of Principal Officers to ensure that revenue budget and capital programme proposals reflect the proposals and timescales for change included within the IRMP.

## **Revenue Budget**

- 61 The general format of the budget will be approved by the Authority and proposed by the Chief Fire Officer on the advice of the Finance Director & Treasurer. The budget should include allocation to different services and projects, proposed taxation levels and contingencies.
- 62 The Finance Director & Treasurer is responsible for preparing a revenue budget on an annual basis and a general revenue plan on a three-yearly basis for consideration by the Policy & Strategy Committee, before submission to the Authority. The Authority may amend the budget or ask the Policy & Strategy Committee to reconsider it before approving it.
- 63 It is the responsibility of Principal Officers to ensure that revenue budget and capital programme proposals reflecting agreed service plans are submitted to the Finance Director & Treasurer and that these estimates are prepared in line with guidance issued by the Finance Director & Treasurer.

- 64 The Finance Director & Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Finance Director & Treasurer must monitor expenditure against budget allocations and report to the Policy & Strategy Committee on the overall position on a regular basis.
- 65 It is the responsibility of Principal Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Finance Director & Treasurer. They should explain variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Finance Director & Treasurer to any problems.

### **Budget preparation, monitoring and control**

- 66 Budget management ensures that once the Authority has approved the budget, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls managers to account for defined elements of the budget.
- 67 By identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service function. Budgetary control should take place at the lowest practical level.
- 68 Budget managers should be responsible only for income and expenditure that they can influence with only one nominated budget manager for each department. Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
- 69 Budget managers shall follow an approved certification process for all expenditure; Performance levels/levels of service should be monitored in conjunction with the budget and necessary action is taken to align service outputs and budget. Senior managers should supervise the financial management of those reporting to them.
- 70 The Finance Director & Treasurer shall ensure there is an appropriate framework of budgetary management and control that ensures that budget management is exercised within annual cash limits unless the Authority agrees otherwise. They shall provide budget holders with timely information on receipts and payments on each budget that is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- 71 All Officers responsible for committing expenditure shall comply with relevant guidance, and the financial regulations. Each cost centre shall have a single named manager, determined by the relevant Principal Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.

Significant variances from approved budgets shall be investigated and reported by budget managers regularly.

- 72 The Finance Director & Treasurer shall oversee the Authority's scheme of virement. He shall provide reports to the Policy & Strategy Committee and to the Authority, in consultation with the Chief Fire Officer, where the Chief Fire Officer is unable to balance expenditure and resources within existing approved budgets under his or her control.
- 73 Reports shall be submitted on the Authority's projected income and expenditure compared with the budget on a regular basis.
- 74 The responsibilities of the Principal Officers are to:
- a) Maintain budgetary control within their Service, in adherence to principles of the budgetary management and control framework outlined above, and to ensure that all income and expenditure are properly recorded and accounted for;
  - b) Ensure that an accountable budget manager is assigned for each item of income and expenditure under the control of the Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure;
  - c) Ensure that spending remains within the service's overall cash limit, and that monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast do not overspend individual budget headings;
  - d) Ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively;
  - e) Assist the Finance Director & Treasurer in the preparation and submission to the Policy & Strategy Committee, reports on the service's projected expenditure compared with its budget;
  - f) Ensure prior approval by the Authority or Policy & Strategy Committee (as appropriate) for new proposals, of whatever amount, that create financial commitments in future years; change existing policies, initiate new policies or cease existing policies; or materially extend or reduce the Authority's services;
  - g) Ensure compliance with the scheme of virement; and
  - h) Agree with the relevant Principal Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.

### **Budgets and medium-term planning**

- 75 The Authority is responsible for delivering a variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be

allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Authority's plans and policies.

- 76 A report on new proposals should explain the full financial implications, following consultation with the Finance Director & Treasurer. Unless the Authority or Policy & Strategy Committee has agreed otherwise, Principal Officers must plan to contain the financial implications of such proposals within their cash limit.
- 77 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Authority. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Authority to budget for a deficit.
- 78 Medium-term planning (or a three to five year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the Authority is always preparing for events in advance.
- 79 The key controls for budgets and medium-term planning are:
- a) Specific budget approval for all expenditure;
  - b) Budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Policy & Strategy Committee for their budgets and the level of service to be delivered; and
  - c) A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.
- 80 The Finance Director & Treasurer shall prepare and submit reports to the Policy & Strategy Committee on the aggregate spending plans of Services and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied. They will advise on the medium-term implications of spending decisions and encourage the best use of resources and value for money. The Finance Director & Treasurer will work with Principal Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 81 It is the responsibility of the Finance Director & Treasurer to advise the Authority on budget proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972 and the Local Government Act 2003.
- 82 The responsibilities of the Principal Officers are to prepare estimates of income and expenditure, in consultation with the Finance Director & Treasurer. They shall prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Finance Director & Treasurer.

- 83 Principal Officers shall integrate financial and budget plans with service planning, so that budget plans can be supported by financial and non-financial performance measures. When drawing up draft budget requirements, the Principal Officers should have regard to spending patterns and pressures revealed through the budget monitoring process. They shall reflect legal and Fire Authority policy requirements.

### **Resource allocation**

- 84 Since available resources are never adequate to fulfil all service needs, it is imperative that service objectives are carefully prioritised, taking account of the Authority's legal responsibilities and that all resources are allocated properly to meet identified priorities.
- 85 The key controls for resource allocation are that resources are:
- a) Acquired in accordance with the law and using an approved authorisation process;
  - b) Used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
  - c) Securely held for use when required; and
  - d) Used with the minimum level of waste, inefficiency or loss for other reasons.
- 86 The Finance Director & Treasurer shall advise on methods available for the funding of resources, such as grants from central government and borrowing requirements and assist in the allocation of resources to budget managers.
- 87 The responsibilities of the Principal Officers are to deliver the Authority's key objectives within budget limits and to utilise resources allocated in the most efficient, effective and economic way. They shall identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

### **Capital programme**

- 88 The Finance Director & Treasurer is responsible for preparing capital programmes on an annual basis for consideration by the Policy & Strategy Committee before submission to the Authority. The Finance Director & Treasurer will issue guidelines on revenue budget and capital programme preparation to Principal Officers.
- 89 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. Capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.
- 90 The key controls for capital programmes are:

- a) Specific approval by the Authority for the programme of capital expenditure;
  - b) A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared, within the approved sum, for each capital project, for approval by the Chief Fire Officer. Schemes estimated to cost less than a specified limit may be approved by Principal Officers (see regulations 203 to 211 – Financial Limits);
  - c) The development and implementation of asset management plans;
  - d) Accountability for each proposal is accepted by a named manager; and
  - e) Monitoring of progress in conjunction with expenditure and comparison with approved budget.
- 91 The Finance Director & Treasurer shall prepare capital programmes and estimates jointly with the Chief Fire Officer and to report them to the Policy & Strategy Committee for approval. The Policy & Strategy Committee will make recommendations on the capital programmes and estimates and on any associated financing requirements to the Authority. The approval of the Policy & Strategy Committee is required where a Principal Officer Service proposes to bid for an increase in the approved capital programme.
- 92 Reports will be prepared and submitted to the Policy & Strategy Committee on the projected income, expenditure and resources compared with the approved estimates.
- 93 The Finance Director & Treasurer shall issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The Finance Director & Treasurer, having regard to government regulations and accounting requirements, will determine the definition of capital.
- 94 The responsibilities of the Principal Officers are:
- a) To comply with guidance concerning capital schemes and controls issued by the Finance Director & Treasurer;
  - b) To prepare regular reports reviewing the capital programme provisions for their services;
  - c) To obtain authorisation from the Policy & Strategy Committee for individual schemes where the estimated expenditure under a contract exceeds the contract sum by more than a specified amount;
  - d) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Finance Director & Treasurer;
  - e) To ensure that adequate records are maintained for all capital contracts;
  - f) To proceed with projects only when there is adequate provision in the capital programme;

- g) To prepare and submit reports, jointly with the Finance Director & Treasurer, to the Policy & Strategy Committee, of any increase in contract costs in excess of the approved scheme and estimate, unless the excess can be met by virement from elsewhere within the capital programme; and
  - h) Not to enter into leasing arrangements as defined by the Finance Director & Treasurer without prior approval, where the aggregate costs of the assets included in the lease exceeds a specified limit.
- 95 The financial limits are detailed in regulations 203 to 211.

### **Reserves**

- 96 It is the responsibility of the Finance Director & Treasurer to advise the Policy & Strategy Committee and the Authority on prudent levels of reserves for the Authority. The level of reserves should make a general recognition of potential expenditure in respect of emergencies/disasters including those that may be subject to eventual funding under the Bellwin Scheme of Government support.
- 97 The Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council tax. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items. Reserves shall be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies. For each reserve established, the purpose, usage and basis of transactions should be clearly identified. Authorisation of expenditure from reserves shall be by the Policy & Strategy Committee with the advice of the Finance Director & Treasurer.
- 98 Under section 114 of the Local Government Finance Act 1988 the Finance Director & Treasurer must report to Authority if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.
- 99 Part 2 of the Local Government Act 2003 imposed a duty upon the Finance Director & Treasurer to report, at Council Tax setting, on “the robustness of estimates and the adequacy of proposed reserves”.

### **RISK MANAGEMENT**

- 100 Robust, integrated systems are used to identify and evaluate all significant operational risks to the Authority. This includes the proactive participation of all those associated with planning and delivering services.
- 101 All organisations face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-

being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

102 It is the overall responsibility of the Policy & Strategy Committee to approve the Authority's risk management strategy, and to promote a culture of risk management awareness throughout the Authority.

103 The key controls for risk management are:

- a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Authority;
- b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
- c) Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
- d) Provision is made for losses that might result from the risks that remain;
- e) Procedures are in place to investigate claims within required timescales;
- f) Acceptable levels of risk are determined and insured against where appropriate; and
- g) The Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

104 The Chief Fire Officer is responsible for the preparation and promotion of the Authority's risk management policy statement. They are responsible for the development of risk management controls, including Business Continuity Planning, in conjunction with other Principal Officers.

105 The responsibilities of the Principal Officers are to notify the Finance Director & Treasurer immediately of any loss, liability or damage that may lead to a claim against the Authority, together with any information or explanation required by the Finance Director & Treasurer or the Authority's insurers.

106 Principal Officers will take responsibility for risk management, having regard to advice from the Finance Director & Treasurer and the Chief Fire Officer. They shall ensure that there are regular reviews of risk within their department and that they notify the Finance Director & Treasurer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. Principal Officers shall consult the Finance Director & Treasurer and the Head of Law and Administration on the terms of any indemnity that the authority is requested to give.

- 107 All employees, or anyone covered by the Authority's insurances, shall not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

### **Internal Control**

- 108 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded. The Finance Director & Treasurer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable 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.
- 109 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives. The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations. The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 110 The system of internal controls is established in order to provide measurable achievement of:
- a) Efficient and effective operations;
  - b) Reliable financial information and reporting;
  - c) Compliance with laws and regulations; and
  - d) Risk management.
- 111 The key controls and control objectives for internal control systems are:
- a) Key controls should be reviewed on a regular basis and the Policy & Strategy Committee must make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;
  - b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
  - c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems; and

- d) An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.
- 112 The responsibilities of Principal Officers are to:
- a) Manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks;
  - b) Review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line with guidance from the Finance Director & Treasurer. Principal Officers should also be responsible, after consultation with the Finance Director & Treasurer, for removing controls that are unnecessary or not cost or risk effective –for example, because of duplication; and
  - c) Ensure staff have a clear understanding of the consequences of lack of control.

### **Internal Audit**

- 113 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2003 (SI 2003/533), Regulation 6, more specifically require that the 'relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.
- 114 Accordingly, internal audit is an independent and objective appraisal function established by the Authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 115 The key control for internal audit is that it is independent in its planning and operation. The Internal Auditor shall have direct access to the Chief Fire Officer, all levels of management and elected Members. The internal auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 116 The Finance Director & Treasurer shall ensure that internal auditors have the authority to access premises at reasonable times; access all assets, records, documents, correspondence and control systems. They shall receive any information and explanation considered necessary concerning any matter under consideration and may require any employee of the Authority to account for cash, stores or any other asset under his or her control.

- 117 Internal Audit may access records belonging to third parties, such as contractors, when required and have direct access to the Chief Fire Officer, the Audit & Review sub-Committee and Authority Members
- 118 The Audit & Review Sub-Committee will approve the strategic and annual audit plans prepared by the Internal Auditor, which shall take account of the characteristics and relative risks of the activities involved.
- 119 The responsibilities of the Principal Officers are to:
- a) Ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work;
  - b) Ensure that auditors are provided with any information and explanations that they require in the course of their work;
  - c) Respond to internal and external audit reports in writing, within a timescale agreed by the appropriate Head of Service and the Internal Auditor or External Auditor, detailing the action intended to address any recommendations; and
  - d) Ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 120 Any suspicion of fraud, corruption or other financial irregularity in respect of either Authority or private funds, shall be reported to the Internal Auditor for investigation. The Internal Auditor must then arrange for appropriate investigation of the matter. The relevant Principal Officer must agree any further investigative action with the Internal Auditor before proceeding. The Internal Auditor, in consultation with the relevant Principal Officer, the Head of Law and Administration and, if appropriate, the Director of Workforce Development will advise whether any matter should be referred to the police for further investigation.
- 121 The Finance Director & Treasurer shall ensure that the Internal Auditor is given an opportunity, in a timely manner before live operation, to evaluate the adequacy of new systems for maintaining financial records, or records of assets, or changes to such systems.

### **External audit**

- 122 The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes. The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties.
- 123 The code of audit practice sets out the auditor's objectives to review and report upon:

- a) The financial aspects of the audited body's corporate governance arrangements;
  - b) The audited body's financial statements; and
  - c) Aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information.
- 124 The Authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts "presents fairly" the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.
- 125 The Audit Commission appoints external auditors normally for a minimum period of five years.
- 126 The responsibilities of the Finance Director & Treasurer are to:
- a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work;
  - b) Ensure there is effective liaison between external and internal audit; and
  - c) Work with the external auditor and advise the Authority, Policy & Strategy Committee and Principal Officers on their responsibilities in relation to external audit.
- 127 The responsibilities of the Principal Officers are to:
- a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work; and
  - b) Ensure that all records and systems are up to date and available for inspection.

### **Preventing fraud and corruption**

- 128 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 129 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.
- 130 The key controls regarding the prevention of financial irregularities are that:
- a) The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption;

- b) All Members and staff act with integrity and lead by example;
  - c) Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt;
  - d) High standards of conduct are promoted amongst Members by the Standards Committee;
  - e) The maintenance of a register of interests in which any hospitality or gifts accepted must be recorded;
  - f) Whistle blowing procedures are in place and operate effectively; and
  - g) Legislation including the Public Interest Disclosure Act 1998 is adhered to.
- 131 The responsibilities of the Finance Director & Treasurer are to develop and maintain an anti-fraud and anti-corruption policy. They shall maintain adequate and effective internal control arrangements and ensure that all suspected irregularities are reported to the Internal Auditor.
- 132 The Internal Auditor will periodically report significant matters to the Chief Fire Officer and Audit & Review Sub-Committee.
- 133 The responsibilities of the Principal Officers are to instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour. They shall ensure that all suspected irregularities are reported to the Internal Auditor. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Internal Auditor, to ensure that the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

### **Security of assets**

- 134 The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
- 135 The key controls for the security of resources such as land, buildings, fixed plant, machinery, equipment, software and information are:
- a) Resources are used only for the purposes of the Authority and are properly accounted for;
  - b) Resources are available for use when required;
  - c) Resources no longer required are disposed of in accordance with the law and the regulations of the Authority so as to maximise benefits;

- d) An asset register is maintained for the Authority, assets are recorded when they are acquired by the Authority and this record is updated as changes occur with respect to the location and condition of the asset;
  - e) All staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation; and
  - f) All staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's computer and Internet security policies.
- 136 The responsibilities of the Finance Director & Treasurer are to ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of a specified financial limit (see regulations 203 to 211 – Financial Limits). The function of the asset register is to provide the Authority with information about fixed assets so that assets are:
- a) Safeguarded;
  - b) Used efficiently and effectively; and
  - c) Adequately maintained.
- 137 The Finance Director & Treasurer shall ensure that each Principal Officer provides information for costing and the maintenance of financial records. They shall ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom:
- 138 A property database shall be maintained in a form approved by the Finance Director & Treasurer for all properties, plant and machinery and moveable assets currently owned or used by the Authority. Any use of property by a Service or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 139 Principal Officers shall ensure that lessees and other prospective occupiers of Authority land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Finance Director & Treasurer and Head of Legal Services has been established as appropriate. Title deeds for all property shall be passed to the Head of Law and Administration who is responsible for custody of all title deeds.
- 140 Principal Officers shall ensure the proper security of all buildings and other assets under their control. Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Principal Officer and the Finance Director & Treasurer. Principal Officers shall ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority. They will ensure that assets are identified, their location recorded and that they are appropriately marked and insured, after consultation with the Finance Director & Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- 141 Disposal or part exchange of assets that are no longer required should normally be by competitive tender or public auction, unless, following consultation with the Finance Director & Treasurer, the Policy & Strategy Committee agrees otherwise.
- 142 All employees have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way.

### **Inventories**

- 143 Principal Officers shall:
- a) Maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery;
  - b) Carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings;
  - c) Make sure that property is only used in the course of the Authority's business, unless the Head of Service concerned has given permission otherwise;
  - d) Make arrangements for the care and custody of stocks and stores in the Service;
  - e) Ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion;
  - f) Investigate and remove from the Authority's records (i.e. write off) discrepancies as necessary, or to obtain Policy & Strategy Committee approval if they are in excess of a specified financial limit; and
  - g) Authorise or write off disposal of redundant stocks and equipment.
- 144 Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the Finance Director & Treasurer, the Policy & Strategy Committee decides otherwise in a particular case.

### **Intellectual property**

- 145 Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Authority may give rise to items that may be

patentable, for example, software development. These items are collectively known as intellectual property.

146 In the event that the Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Authority's approved intellectual property procedures.

147 Principal Officers shall:

- a) To develop and disseminate good practice through the Authority's intellectual property procedures; and
- b) Ensure that controls are in place to ensure that staff do not carry out private work in Authority time and that staff are aware of an employer's rights with regard to intellectual property.

## **FINANCIAL SYSTEMS AND PROCEDURES**

148 Sound systems and procedures are essential to an effective framework of accountability and control. The Finance Director & Treasurer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Principal Officers to the existing financial systems or the establishment of new systems must be approved by the Finance Director & Treasurer.

149 Principal Officers are responsible for the proper operation of financial processes in their own departments. Any changes to agreed procedures by Principal Officers to meet their own specific service needs should be agreed with the Finance Director & Treasurer. Principal Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Principal Officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

150 The Authority has many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. Most systems are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

151 The Finance Director & Treasurer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore agree any new developments or changes in any system involving financial transactions, assets, purchasing, stock or sales.

152 The key controls for systems and procedures are:

- a) Basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated;
- b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis;

- c) Early warning is provided of deviations from target, plans and budgets that require management attention; and
  - d) Operating systems and procedures are secure.
- 153 The Finance Director & Treasurer shall make arrangements for the proper administration of the Authority's financial affairs, including to:
- a) Ensure that appropriate advice, guidance and procedures for Officers and others acting on the Authority's behalf are issued;
  - b) Determine the accounting systems, form of accounts and supporting financial records;
  - c) Establish arrangements for audit of the Authority's financial affairs;
  - d) Approve any new financial systems to be introduced, including the financial element of integrated systems; and
  - e) Approve any changes to be made to existing financial systems, including the financial element of integrated systems.
- 154 Principal Officers shall:
- a) Ensure that source records are properly maintained and held securely;
  - b) Ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Finance Director & Treasurer;
  - c) Ensure that a complete management trail; allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained;
  - d) Incorporate appropriate controls to ensure that, where relevant: all input is genuine, complete, accurate, timely and not previously processed; all processing is carried out in an accurate, complete and timely manner; output from the system is complete, accurate and timely;
  - e) Ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
  - f) Ensure there is a documented and tested business continuity plan to allow information system processing to resume quickly in the event of an interruption;
  - g) Ensure that systems are documented and staff trained in their operation;
  - h) Consult with the Finance Director & Treasurer before changing any existing system or introducing new systems;
  - i) Establish a scheme of delegation identifying Officers authorised to act upon the Chief Fire Officer's behalf in respect of payments, income

collection and placing orders, including variations, and showing the limits of their authority;

- j) Supply lists of authorised Officers, with specimen signatures and delegated limits, to the Finance Director & Treasurer, together with any subsequent variations;
- k) Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building;
- l) Ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation;
- m) Ensure that relevant standards and guidelines for computer systems issued by the Head of Information Services are observed;
- n) Ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc; and
- o) Comply with the copyright, designs and patents legislation and, in particular, to ensure only software legally acquired and installed by the Authority is used on its computers; staff are aware of these legislative provisions and that in developing systems, due regard is given to the issue of intellectual property rights.

### **Treasury management**

- 155 The Authority has adopted CIPFA's Code of Practice for Treasury Management. The Authority is responsible for approving the treasury management policy statement setting out the matters detailed in Sections 6 and 7 of CIPFA's Code of Practice for Treasury Management. The Finance Director & Treasurer has delegated responsibility for implementing and monitoring the statement. All money in the hands of the Authority is controlled by the Finance Director & Treasurer.
- 156 The Finance Director & Treasurer is responsible for reporting to the Policy & Strategy Committee a proposed treasury management strategy for the coming financial year at or before the start of each financial year. All Authority and Policy & Strategy Committee decisions on borrowing, investment or financing shall be delegated to the Finance Director & Treasurer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management an annual report on treasury management will be drawn up for presentation by 30 September of the succeeding financial year.
- 157 Many millions of pounds pass through the Authority's accounts each year and Codes of Practice have been established to deal with the management of cash flows and the associated risks. These seek to provide assurances that the Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Authority's investment.

- 158 The Finance Director & Treasurer shall arrange the borrowing and investments of the Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Authority's treasury management policy statement and strategy. All investments of money shall be made in the name of the Authority or in the name of nominees approved by the Authority. All securities that are the property of the Authority or its nominees and the title deeds of all property in the Authority's ownership shall be held in the custody of the Head of Law and Administration or under arrangements approved by the Finance Director & Treasurer.
- 159 The Finance Director & Treasurer shall effect all borrowings in the name of the Authority and act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Authority.
- 160 Principal Officers shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Authority, following consultation with the Finance Director & Treasurer.
- 161 For trust funds and funds held for third parties these should be held, wherever possible, in the name of the Authority. All Officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Finance Director & Treasurer, unless the deed otherwise provides. Where funds are held on behalf of third parties, arrangements shall be made for their secure administration, approved by the Finance Director & Treasurer with written records of all transactions. Trust funds shall be operated within any relevant legislation and the specific requirements for each trust.
- 162 The Finance Director & Treasurer shall operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Finance Director & Treasurer. All payments made on behalf of the Authority shall be authorised by the Finance Director & Treasurer or such Officers as they nominate for that purpose. The Authority may provide employees of the Authority with cash or bank imprest accounts to meet minor expenditure on behalf of the Authority and the Finance Director & Treasurer shall prescribe rules for operating these accounts. The arrangements for the operation of these accounts shall be reviewed periodically.
- 163 Principal Officers shall ensure that employees operating an imprest account obtain and retain vouchers to support each payment from the account. Where appropriate, an official receipted VAT invoice must be obtained. They shall make adequate arrangements for the safe custody of the account and record transactions promptly. Imprest accounts may not be used to make personal loans and the only payments into the account shall be the reimbursement of the float and change relating to purchases where an advance has been made.

## **Income**

- 164 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted

and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts.

165 The key controls for income are:

- a) All income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- b) All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- c) All money received by an employee on behalf of the Authority is paid without delay to the Authority's bank account, and properly recorded. The responsibility for cash collection should be separated from that: for identifying the amount due or for reconciling the amount due to the amount received;
- d) Effective action is taken to pursue non-payment within defined timescales;
- e) Formal approval for debt write-off is obtained;
- f) Appropriate write-off action is taken within defined timescales;
- g) Appropriate accounting adjustments are made following write-off action; and
- h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule;

166 The responsibilities of the Finance Director & Treasurer are to:

- a) Agree arrangements for the collection of all income due to the Authority and to approve the procedures, systems and documentation for its collection;
- b) Ensure that a suitable system exists for the order and supply to Services of all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control;
- c) To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums to the Policy & Strategy Committee;
- d) Approve all debts to be written off in consultation with the relevant Principal Officer and to keep a record of all sums written off up to the approved limit;
- e) Obtain the approval of the Policy & Strategy Committee in consultation with the relevant Principal Officer for writing off debts in excess of a specified financial limit (see regulations 203 to 211 – Financial Limits); and

- f) Ensure that appropriate accounting adjustments are made following write-off action.
- 167 The responsibilities of the Principal Officers are to:
- a) Establish a charging policy for the supply of goods or services, including the appropriate charging of VAT (in consultation with the Finance Director & Treasurer where appropriate), and to review it regularly, in line with corporate policies;
  - b) Separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable;
  - c) Establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly;
  - d) Issue official receipts or to maintain other documentation for income collection;
  - e) Hold securely receipts, tickets and other records of income for the appropriate period;
  - f) Lock away all receipts to safeguard against loss or theft, and to ensure the security of cash handling;
  - g) Ensure that income is paid fully and promptly into the appropriate Authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis;
  - h) Ensure cash received is not used to cash personal cheques or other payments; and
  - i) Supply the Finance Director & Treasurer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Finance Department to record correctly the sums due to the Authority and to ensure accounts are sent out promptly.
- 168 Principal Officers have a responsibility to assist the Finance Director & Treasurer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Authority's behalf. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

## **Procurement**

- 169 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in

conjunction with the Authority's Procurement Rules and Procurement Procedures.

- 170 Every Officer and Member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct. Official orders must be in a form approved by the Finance Director & Treasurer. Official orders must be issued for all work, goods or services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, e-ordering of approved supplies from an agreed supplier or other exceptions agreed by the Finance Director & Treasurer.
- 171 Each order must conform to the guidelines approved by the Authority on central purchasing and the standardisation of supplies and materials . Standard terms and conditions must not be varied without the prior approval of the Finance Director & Treasurer.
- 172 The normal method of payment from the Authority shall be by BACS or other instrument or approved method, drawn on the Authority's bank account by the Finance Director & Treasurer. The use of direct debit shall require the prior agreement of the Finance Director & Treasurer. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority contracts.
- 173 The key controls for ordering and paying for work, goods and services are:
- a) All goods and services are ordered only by appropriate persons and are correctly recorded;
  - b) All goods and services shall be ordered in accordance with the Authority's codes of practice on tenders and contracts;
  - c) Goods and services received are checked to ensure they are in accordance with the order. It is preferable that goods should not be received by the person who placed the order;
  - d) Payments are not made unless goods have been received by the Authority to the correct price, quantity and quality standards;
  - e) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
  - f) All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule;
  - g) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected; and
  - h) For e-business/e-commerce and electronic purchasing, processes shall be in place to maintain the security and integrity of data for transacting business electronically.

- 174 The responsibilities of the Finance Director & Treasurer are to:
- a) Ensure that all the Authority's financial systems and procedures are sound and properly administered;
  - b) Approve any changes to existing financial systems and to approve any new systems before they are introduced;
  - c) Ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports;
  - d) Make payments from the Authority's funds on the authorisation of Principal Officers that the expenditure has been duly incurred in accordance with financial regulations;
  - e) Make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order;
  - f) Make payments to contractors on the certificate of the appropriate Principal Officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified; and
  - g) Provide advice and encouragement on making payments by the most economical means.
- 175 The responsibilities of the Principal Officers are to:
- a) Ensure that unique pre-numbered official orders are used for all goods and services, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, e-ordering or other exceptions agreed by the Finance Director & Treasurer;
  - b) Ensure that orders are only used for goods and services provided to the Services. Individuals must not use official orders to obtain goods or services for their private use;
  - c) Ensure that only those staff authorised by him or her sign orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Authority's approach to procurement. Value for money should always be achieved;
  - d) Ensure that goods and services are checked on receipt to verify that they are in accordance with the order. A difference Officer from the person who authorised the order should, where possible, carry out this check. Appropriate entries should then be made in inventories or stores records;

- e) Ensure that payment is not made unless a proper VAT invoice, where appropriate, has been received, checked, coded and certified for payment, confirming receipt of goods or services; that expenditure has been properly incurred and is within budget provision; that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices; and that the invoice is correctly coded;
- f) Ensure that two authorised Members of staff are involved in the ordering, receiving and payment process. If possible, a different Officer from the person who signed the order, and in every case, a different Officer from the person checking a written invoice, should authorise the invoice;
- g) Ensure that the Service maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising Officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Finance Director & Treasurer;
- h) Ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice;
- i) Encourage suppliers of goods and services to receive payment by the most economical means for the Authority;
- j) Ensure that the Service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Finance Director & Treasurer, which are in line with best value principles and contained in the Authority's code of practice on tenders and contracts;
- k) Notify the Finance Director & Treasurer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement from elsewhere within the budget or by way of a supplementary estimate; and
- l) Ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

## **STAFFING**

- 176 The Chief Fire Officer is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job. Principal Officers are responsible for controlling total staff numbers by adjusting the staffing to a level that can be funded within approved budget provision and the proper use of appointment procedures.
- 177 In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.
- 178 The key controls for staffing are:

- a) An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched;
  - b) Procedures are in place for forecasting staffing requirements and cost;
  - c) Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority; and
  - d) Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.
- 179 The responsibility of the Finance Director & Treasurer is to act as an advisor to Principal Officers, in conjunction with the Head of Human Resources, on areas such as National Insurance and pension contributions, as appropriate.
- 180 The responsibilities of the Principal Officers are to:
- a) Produce an annual staffing budget;
  - b) Ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads);
  - c) Monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff;
  - d) Ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided; and
  - e) Ensure that the Head of Human Resources and the Finance Director & Treasurer are immediately informed if the staffing budget is likely to be materially over or under spent.

### **Payments to employees and Members**

- 181 Staff costs are the largest item of expenditure for most Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Authority.
- 182 The key controls for payments to employees and Members are:
- a) Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to Starters, Leavers, Variations, Enhancements, Timesheets, and Claims. And those payments are made only on the basis of proper authorisations;
  - b) Segregation of duties in the operation of the SAP HR and Payroll system with employees and their pay elements maintained by the HR department

and responsibility for payment and the accounting for payroll cost within the Finance department;

- c) Frequent reconciliation of payroll expenditure against approved budget and bank account;
- d) All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule; and
- e) Compliance with Inland Revenue regulations.

183 The Finance Director & Treasurer shall:

- a) Arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date;
- b) Ensure that there are adequate arrangements for administering pension matters on a day-to-day basis;
- c) Record and make arrangements for the accurate and timely payment of tax, pensions and other deductions;
- d) Make arrangements for payment of all travel and subsistence claims and to record details of taxable allowances for submission to the Inland Revenue;
- e) Make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised; and
- f) Establish procedures so that Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

184 The Director of Workforce Development shall:

- a) Ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- b) Notify the Finance Director & Treasurer of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee,
- c) Ensure that adequate and effective systems and procedures are operated to link the payroll notifications to underlying contractual information; and
- d) Ensure that payroll transactions are processed only through the payroll system.

185 Principal Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Deputy Finance Director.

- 186 Principal Officers shall:
- a) Certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Finance Director & Treasurer is informed where appropriate;
  - b) Ensure that the Finance Director & Treasurer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system; and
  - c) Make, having regard to the particular circumstances of each case, ex-gratia payments not exceeding a specified financial limit (see regulations 203 to 211 – Financial Limits) in any one case, subject to consultation with the Finance Director & Treasurer. The circumstances of the proposed payment must not have the effect of circumventing other Authority pay and allowance policies, tax rules or other legislation.
- 187 Members shall submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

### **Taxation**

- 188 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Officers to be aware of their role.
- 189 The key controls for taxation are:
- a) Budget managers are instructed on required record keeping;
  - b) All taxable transactions are identified, properly carried out, accounted for within stipulated time-scales and paid through appropriate financial systems;
  - c) Records are maintained in accordance with HM Revenue and Customs guidance; and
  - d) Returns are made to the appropriate authorities within the stipulated timescale.
- 190 The Finance Director & Treasurer shall:
- a) Maintain up to date guidance for Authority employees on taxation issues;
  - b) Complete a monthly return of VAT inputs and outputs to HM Revenue and Customs;
  - c) Provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme;

- d) Provide details to the HM Revenue and Customs of employees' taxable benefits on form P11D; and
- e) Complete all HM Revenue and Customs returns regarding PAYE.

## **PARTNERSHIPS**

- 191 Partnerships play a key role in delivering community strategies and in helping to promote and improve the well being of the area. Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.
- 192 The main reasons for entering into a partnership are to provide new and better ways of delivering services or to access new resources.
- 193 A partner is defined as either:
- a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project; or
  - b) A body whose nature or status gives it a right or obligation to support the project.
- 194 Partners may act as a project deliverer, sponsor, funder or beneficiary. They have responsibilities in common with the Authority for the project. They must act in good faith at all times and in the best interests of the partnership's aims and objectives, being open about any conflict of interests that might arise;
- 195 Partners must encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors and hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- 196 The key controls for Authority partnerships are:
- a) To be aware of their responsibilities under the Authority's financial regulations and Procurement Rules and Procurement Procedures;
  - b) To ensure that risk management processes are in place to identify and assess all known risks;
  - c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
  - d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences; and
  - e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- 197 The Finance Director & Treasurer shall:

- a) Advise on effective controls that will ensure that resources are not wasted;
  - b) Advise on the key elements of funding a project; and
  - c) Ensure that the accounting arrangements are satisfactory;
- 198 Principal Officers shall:
- a) Maintain a partnership register;
  - b) Maintain a register of all contracts entered into with external bodies;
  - c) Ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared;
  - d) Ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority; and
  - e) Ensure that all agreements and arrangements are properly documented.

**Work for third parties**

- 199 Legislation enables the Authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.
- 200 Trading activities is only possible through the separate company (EFA Trading) formed in accordance with the amendment to the Local Government (Best Value Authorities) (Power to Trade) (England) Order (SI 2004/1705).
- 201 The Finance Director & Treasurer shall issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.
- 202 Principal Officers shall:
- a) Maintain a register of all contracts entered into with third parties;
  - b) Ensure (in conjunction with the Finance Director & Treasurer) that appropriate insurance arrangements are made;
  - c) Ensure that the Authority is not put at risk from any bad debts;
  - d) Ensure that no contract is subsidised by the Authority;
  - e) Ensure that the Service has the appropriate expertise to undertake the contract; and
  - f) Ensure that such contracts do not impact adversely upon the services provided for the Authority.

## FINANCIAL LIMITS

203 The purpose of this section is to set out the limits approved by the Authority, which are subject to review at least every 2 years.

### Revenue Virement

Limits <sup>2</sup>	Virement to be approved by			
	Principal Officer	Chief Fire Officer	Finance Director & Treasurer	Policy & Strategy Committee
Up to £20,000	✓			
£20,000 to £100,000	✓	✓		
£100,000-£250,000	✓	✓	✓	
Over £250,000	✓	✓	✓	✓

204 Virements are subject to the following requirements:

- a) The cumulative value of virements actioned by Chief Fire Officer in a financial year to a single budget head shall be reported to the Policy & Strategy Committee if it exceeds £250,000 or 10% of the budget head whichever is the lower.
- b) Virement is not permitted in relation to financing items such as asset charges or to the estimate heads where a proposal would adversely affect the long-term revenue commitments of the Authority.
- c) Member approval is not required when the virement is between an income estimate head and an expenditure estimate head, which are directly related and is approved by the Treasurer.

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<sup>2</sup> These limits apply to the estimate head which is being increased

## Capital Virements

Limits <sup>3</sup>	Virement to be approved by			
	Principal Officer	Chief Fire Officer	Finance Director & Treasurer	Policy & Strategy Committee
Up to £20,000	✓			
£20,000-£100,000	✓	✓		
£100,000-£250,000	✓	✓	✓	
Over £250,000	✓	✓	✓	✓

## Capital Expenditure Initiation

Limits <sup>4</sup>	Project to be approved by			
	Principal Officer	Chief Fire Officer	Finance Director & Treasurer	Policy & Strategy Committee
Up to £100,000	✓			
£100,000-£500,000	✓	✓		
£500,000-£1,000,000	✓	✓	✓	
Over £1,000,000	✓	✓	✓	✓

## Revenue and Capital Contract Overspends

- 205 Where it appears that the final cost of a revenue or capital contract will exceed the contract sum by more than both 5% and £12,000, (except by the operation of a fluctuating cost clause), a report shall be made to and approval sought of the Policy & Strategy Committee as soon as possible.

## Leasing

- 206 The Chief Fire Officer will consult the Finance Director & Treasurer before entering into any leasing agreement where the aggregate costs of the assets included in the lease exceeds £10,000.

## Write-offs

- 207 The Chief Fire Officer shall have the authority to write off a debt, deficiencies of stocks or stores, an item in an inventory or to declare equipment and

<sup>3</sup> The limits apply to the programme head being increased

<sup>4</sup> The limits apply to the programme head being increased

materials surplus to the fire service's requirements; subject to a limit of £6,000 in any one case and subject to the concurrence of the Finance Director & Treasurer.

- 208 The Finance Director & Treasurer shall issue procedures for the authorisation and recording of the debts to be written off.

### **Assets**

- 209 Registers are to be kept for items that have an individual value of £500 or more **and** are considered to be susceptible to theft or other risks. Such registers are to be in a form agreed with the Internal Auditor.

### **Ex Gratia Payments**

- 210 The Chief Fire Officer shall have the authority to make, having regard to the particular circumstances of each case, ex gratia payments not exceeding £10,000 in any one case, subject to consultation with the Finance Director & Treasurer and the Chairman. The circumstances of the proposed payment must not have the effect of circumventing other Authority pay and allowance, policies, rates and rules.

### **Declaring Land Surplus to Requirements**

- 211 The Chief Fire Officer shall have the authority to declare surplus to the Authority's requirements, land of a minor nature and a value not exceeding £50,000.

### **Procurement Limits**

- 212 The following financial limits will apply during the procurement process:

'Minor' Contracts – verbal confirmation	Less than £3,000
Minor' Contracts – 1 written quotation	Less than £5,000
Minor' Contracts – 3 written quotations	Less than £10,000
'Medium' Contracts	Between £10,000 and £60,000
'Large' Contracts	Over £60,000

**Approved by Policy & Strategy Committee  
26 March 2008**