



Welland & Deepings
Internal Drainage Board

FINANCIAL REGULATIONS

FEBRUARY 2018

DEEPING HOUSE
WELLAND TERRACE
SPALDING
LINCS
PE11 2TD

WELLAND & DEEPINGS INTERNAL DRAINAGE BOARD

Financial Regulations

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A. INTRODUCTION

Financial Regulations set out the framework of the rules for the proper financial administration of the Board and the responsibility of those charged with carrying out duties with financial implications.

Responsibility for Financial Control

The Chief Executive shall be responsible to the Board for overall financial control of the Board's financial affairs and the continuous provision of financial management information.

1. The Chief Executive and Operations Engineer shall, where appropriate, prepare additional rules of procedure, supplementary to these Regulations, to ensure the maintenance of financial control and security.
2. The Chief Executive shall be responsible for determining the format of the Board's accounting systems, annual accounts and supporting records and shall ensure that the accounting systems determined by her are observed and that the accounts of the Board and supporting records are kept up to date.
3. The Board shall appoint an Internal Auditor who will be responsible for maintaining an adequate and effective internal audit of the accounts of the Board.
4. The Chief Executive and Operations Engineer shall ensure that the Board's annual Accounts are prepared as soon as possible after 31st March, and in accordance with the dates as set out in the Accounts and Audit Regulations 2015 (as amended).

B. CONTRACTS

1. The following procedures shall be employed in connection with the procurement of goods and services:-

<u>Estimated Value of Goods / Services</u>	<u>Action to be taken</u>
< £2,000	No quotation / tenders required
£2,001 - £10,000	Obtain 2 verbal quotations
£10,001 - £30,000	Obtain 2 written quotations
£30,001 and over	Obtain 3 tenders

2. Tendering may be selective or open, although, whenever possible, selective tendering shall be used and tenders invited to ensure that the required number of tenders are actually received.
3. Where it is considered there are valid reasons for departing from the procedures in (1) above, the approval of the Chairman and Vice Chairman shall be obtained.

Valid reasons would include the purchase of specialist goods or services for which there are only one or two suppliers or in emergency situations.

4. Tenders shall be opened, not earlier than the closing date prescribed in the tender documents, in the presence of two of the following; Chief Executive, Operations Engineer, Chairman, Vice Chairman or other suitable member. A declaration shall be signed to such effect by the persons present at the opening of the tender(s).
5. Where a tender is accepted other than the lowest, the approval of the Chairman and Vice Chairman shall be obtained.

C. RESPONSIBILITY OF OFFICERS

1. All staff of the Board have a general responsibility for the security of the property of the Board for the avoidance of loss and for economy, efficiency and effectiveness in the use of resources.

D. ANNUAL ESTIMATES

1. The Chief Executive and the Operations Engineer shall, each financial year, prepare estimates of income and expenditure for the ensuing financial year. Such estimates will be presented to the Executive Committee to allow recommendations to be put to the Board in February on the level of the penny rate and council special levies.
2. The Chief Executive shall also each year produce a 5 year projection to estimate levels of balances, so that the penny rate can be set at appropriate levels.
3. The Board meeting in February will set and seal the Rate for the ensuing financial year.
4. The Board shall be kept informed by the Chief Executive of the overall financial position of the Board's finances through monthly management accounts, Finance Reports to Board Meetings and other reports as necessary.

E. BANKING AND TREASURY MANAGEMENT

1. The Chief Executive shall ensure that an up to date Bank Mandate is maintained for each bank account that is operated by the Board. Bank Accounts must be held in the name of the Welland and Deepings Internal Drainage Board.
2. Payments shall be made by the Board's electronic banking facility or direct debit. Payment by cheque will be made if it is not possible to use electronic banking. All cheques will be signed by two of the following – Chief Executive, Operations Engineer, Assistant Engineer, Chairman or Vice-Chairman.
3. Monthly payroll will be paid by BACS and authorised by two signatories as in (2) above.
4. The Chief Executive shall ensure that bank account balances are managed so as to produce maximum benefits for the Board whilst taking into account financial security.

5. Surplus funds may be invested on short term deposits (not exceeding 1 year) with the UK top 50 building societies, subject to a £250,000 limit with each institution. Short term deposits with the Boards Bankers (currently Lloyds TSB) may exceed £250,000 as these will be generally smaller amounts that may in total exceed the £250,000 limit.
6. The Chief Executive may hold a business credit card with a monthly limit of £5,000. Statements are to be certified monthly by the Operations Engineer.
7. Petty Cash payments shall be made by the Finance Assistant. All claims will be supported by a receipt and recorded on a voucher. The Chief Executive will certify the analysis each month end. A maximum of £200 shall be held for the purpose of Petty Cash.
8. Bank reconciliations shall be performed on a weekly basis by the Chief Executive. These will be reviewed monthly by a Finance Assistant or other responsible officer.

F. INCOME

1. A record shall be kept for all cheque and cash payments received by the Board and must show:-
 - (a) Date of receipt
 - (b) Amount received
 - (c) Type of remittance
 - (d) Receiving Officer

Copies of all records shall be retained.

2. Board monies shall not be used for the encashment of private cheques.
3. All cheques, cash etc. received shall be banked at least weekly. Disbursements shall not be made from cash received. Banking shall be daily when unusually large sums are received.
4. Keys to safes, cash boxes etc. shall be carried by the designated officers.
5. The Chief Executive shall be responsible for ensuring that all monies received are properly brought to account in the Board's accounting records.
6. Invoices for private works and services undertaken by the Board should be raised upon the completion of the job or at the month end following completion of the job.
7. Any debts not recoverable should only be written off with the Board's approval if over £500 and Chief Executive approval if below this figure.

G. PROCUREMENT

1. The Chief Executive and Operations Engineer to the Board shall have the authority to effect the purchase of goods and services up to the value of £20,000 and the ordering of general repairs to the Board's assets up to the value of £20,000.
2. The Chief Executive and Operations Engineer shall seek the Chairman of the Board's authority to effect the purchase of goods and services over the value of £20,000.
3. For all goods and services with a value of £30,000 and over, the Board's approval shall be obtained prior to the purchase being effected.
4. The requirement under Financial Regulation G3 may be dispensed with if the goods or services are required urgently such that it would not be feasible or practical to obtain the Board's approval. In such cases, the Chairman's approval shall be obtained and later ratified by the Board.
5. It shall be the duty of the Chief Executive and Operations Engineer to ensure that goods and services in excess of £100 are officially ordered in writing according with the Board's Procurement Procedure.
6. All invoices for payment shall be examined, coded and approved by the person responsible for the order and certified by the Chief Executive or Operations Engineer or his deputy
7. The Chief Executive shall ensure that the purchase of all goods and services are legal and within the powers of the Board. The procurement of all goods and services will comply with current VAT regulations.
8. See Section B "Contracts" for further Financial Regulations in connection with the procurement of goods and services.

H. EMPLOYEES

The Chief Executive shall keep a record of all employees to show details of the appointment, grade and payments in respect of each employee of the Board.

1. The Board's approval shall be required for the employment of additional permanent staff.
2. The Chief Executive shall have authority to employ additional temporary staff, provided the revenue consequences are contained within the current annual Estimates.
3. All time records and other pay records shall be in a form approved by the Chief Executive and shall be certified and submitted in accordance with her instructions.
4. The Chief Executive shall be responsible for the proper compilation of the payroll and for the final determination of pay.

5. The Chief Executive shall ensure that all current PAYE legislation is adhered to.

I. STORES

1. Stores records shall be in such a form and shall comply with such systems of control as the Chief Executive shall approve.
2. All goods received shall be checked as regards quantity and / or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier, wherever possible, and signed by the person receiving the goods.
3. All goods issued from stores shall be properly accounted for and recorded.
4. All breakages and losses of goods held in store shall be recorded and reported to the Chief Executive to take appropriate action.
5. There shall be a physical check of all items in store at least 6 monthly and the stock taking records shall be signed by the responsible persons.

J. ASSETS

1. All assets over £1000 in value owned by the Board shall be accounted for in an asset register maintained by the Chief Executive. The asset register shall reflect additions and disposals of assets and record the cost or valuation of the assets.
2. At least once a year, the Chief Executive shall prove the accuracy of the asset register with a physical inspection of the Board's assets.
3. The asset register shall be available for inspection by the Board at the earliest opportunity following the completion of the annual Accounts.
4. Any sale of Board assets will be disposed of through competitive Tender where the estimated value of the asset exceeds £1,000.
5. Tenders shall be confidential in a sealed envelope and shall be opened not earlier than the closing date prescribed in the presence of two of the following; Chief Executive, Operations Engineer, Chairman, Vice Chairman or other suitable member.
6. Where a Tender is accepted, other than the highest, the approval of the Chairman and Vice Chairman shall be obtained.

K. AUDIT

1. As a requirement of the Accounts and Audit Regulations 2015 (as amended) the Chief Executive shall arrange for an internal audit of accounting, financial management and other operations of the Board to take place. This audit will be undertaken by an external person qualified to perform this function. The Internal Auditor shall report to the Board as well as the Chief Executive.

2. Authority of Internal Audit

Auditors are authorised to:

- a) Access/enter at all reasonable times any Board premises or land
- b) Have access to all assets, records, documents, minutes, correspondence and control systems relating to any aspect of the Board
- c) Require and receive any information and explanation considered necessary concerning any matter under examination
- d) Require any employee of the Board to produce or account for cash, stores or any other Board asset under his or her control
- e) Request access to records belonging to third parties, such as contractors or partners
- f) Have full and free access to all Officers, Members and Committees
- g) Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accompany audit objectives
- h) Carry out two unscheduled checks on wages and salaries and report findings to the Chairman and Vice-Chairman.

Auditors are not authorised to:

- a) Perform any operational duties for the Board, unless in exceptional circumstances where specific approval is given by the Chief Executive
- b) Initiate or approve accounting transactions
- c) Direct the activities of any Board employee, except to the extent such employees have been appropriately assigned to assist the Internal Auditor.

3. In addition all employees of the Board are required to assist the External Auditor, or his/her authorised representative, in the performance of his/her duties under the Audit Commission Act 1998 and any amending legislation.

L. FRAUD OR OTHER IRREGULARITIES

1. The Responsible officer or any other officer concerned shall immediately notify the Chief Executive and or the Internal Auditor of any matter which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Board or any suspected irregularity in the exercise of the functions of the Board.
2. Any financial irregularity involving an employee of the Board will be considered as gross misconduct, and will be dealt with in accordance with the Disciplinary Procedures of the employee's Terms and Conditions of Contract.

M. WRITE OFFS

1. The Chief Executive shall have the authority to write off the following:-
 - (a) any debt under Officer Delegated Powers – (see F6 above)

- (b) damaged or stolen goods for which it is not considered that the Board may make a valid insurance claim, where those goods do not form part of a stock account.
 - (c) surplus goods and materials.
 - (d) goods, vehicles or materials that are considered to have no material value due to deterioration or obsolescence.
2. Responsible officers shall inform the Chief Executive of any item under 1 (b) – (d) above that they consider should be written off together with:-
- details of the item or debt to be written off
 - the circumstances necessitating the write off
 - the reasons why he/she considers that the debt is irrecoverable or that no proceeds on sale would accrue to the Board.
3. Where any items to be written off do constitute part of a stock account, the procedures for recording the write off within the Board's accounts and the method of disposing of the goods shall be approved by the Chief Executive. The Chief Executive shall then make the appropriate adjustments to accounting records.

N. EMPLOYEE PAYMENTS

1. All new appointments shall be approved by the Board, and will be made in accordance with the local grading structure and scales of pay.
2. The payment of all salaries, wages and other emoluments to employees shall be made by the Chief Executive or under arrangements controlled by her.
3. Authorised officers shall notify the Chief Executive immediately of all matters affecting payments including resignations, suspensions, absences from duty and changes in remuneration.
4. Timesheets or other pay documents shall be in a form prescribed or approved by the Chief Executive and shall be certified in writing by or on behalf of the responsible officer.

O. BOARD EMPLOYEES

1. All employees of the Board shall conduct themselves in a polite and courteous manner as expected by the Board.
2. Employees must declare to an appropriate responsible officer any financial or other interest, which could conflict with the Board's interests.
3. It is a criminal offence for an employee to receive or give any gift, loan, fee reward or advantage for doing or not doing anything, or showing favour or disfavour, to any Person in their official capacity as a Board Employee.

4. In terms of hospitality and gifts, only usable gifts of a small value may be accepted by individual staff or a section as a whole. Under no circumstances may cash be accepted as a gift.
5. Hospitality must be recorded in a register of gifts and hospitality to be kept at the Board's offices.
6. Where an outside organisation is seeking to sponsor a Board activity (whether by invitation, tender, negotiation or voluntary), the basic rules concerning acceptance of gifts and hospitality shall apply.

P. MEMBERS' AND EMPLOYEES' ALLOWANCES

1. All staff claims for payment of car allowances, expenses, travelling and any other incidental expense shall be submitted as required duly certified, in a form approved by the Chief Executive.
2. The certification by or on behalf of the responsible officer shall imply that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Board.
3. An officer shall not certify a claim form made payable to him/herself.
4. Claim forms submitted more than six months after the expenditure has been incurred shall be paid only on the approval of the Chief Executive.
5. Payments to Members, (including co-opted Members of the Board or its Committees), who are entitled to claim travelling or other allowances will be made by the Chief Executive upon receipt of the completed prescribed form.

Q. INSURANCES

1. The Chief Executive shall, in consultation with the responsible officer, initiate all insurance cover and negotiate all claims in consultation with other officers where necessary.
2. Responsible officers shall promptly notify the Chief Executive and Operations Engineer of all new risks, properties or vehicles needing to be insured, and of any disposals or alterations affecting existing insurances.
3. Responsible officers shall notify the Chief Executive and Operations Engineer of any loss, liability or damage or any event likely to lead to a claim on any Board policy, and shall where appropriate notify the police of the relevant circumstances.
4. All employees of the Board shall be included in a suitable fidelity guarantee insurance.
5. The Chief Executive shall annually, or at such other period as she considers necessary, review all insurances held by the Board in consultation with other responsible officers as appropriate.

6. Responsible officers shall consult the Chief Executive in respect of the terms of any indemnity which the Board is requested to give.
7. Subject to the agreement of the Chief Executive, the responsible officer shall inspect insurance policies of contractors for building, construction or engineering works to ensure as far as possible that all necessary cover has been taken out.

R. SECURITY

1. Each responsible officer is responsible for maintaining proper security at all times for all buildings, stores, plant, vehicles, equipment, cash, documents and information under his/her control. Each responsible officer shall consult the Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
2. All officers of the Board have a duty to comply with the requirements of the Data Protection Act 1984 and any amending legislation. Responsible officers shall ensure that staff are aware of their responsibilities under this legislation.
3. Keys to safes and similar receptacles are to be carried on the person of those responsible at all times. A list of such key holders shall be supplied to the Chief Executive. Where keys are transferred between staff, the new recipient assumes responsibility. The loss of any keys must be reported immediately to the Chief Executive.

S. PROTECTION OF PRIVATE PROPERTY

1. Each responsible officer shall notify the Chief Executive of any case where steps are necessary to prevent or mitigate loss or damage of moveable property.
2. The Board shall not be liable for accidental loss or damage to the personal possessions which employees' use whilst on Board business that are not included under the Board's Insurance Policies.

REVIEW

These Financial Regulations shall be reviewed at least every five years by the Board.